

Health Care Homes Edition

About COPHE

COPHE is a business and service planning organisation which supports public and private primary health services to build stronger and sustainable integrated primary health care services.

COPHE Health Care Homes (HCH) Analysis

COPHE has recently been involved in analysing and modelling the impact of the HCH program. The HCH program is being implemented nationally in 10 PHN catchments to assist medical practices develop programs for patients with chronic diseases needing more team care.

As COPHE has had significant interest and experience in financial and service modelling for medical practices we were interested in answering the key question for our clients and those responsible for development and implementation of the model -

“will participating Medical Practices be out of pocket through participating in the HCH program?”

While this should not be the key reason for Medical Practices to participate it is unlikely that the program will be sustainable if it is not economically viable.

A strong service model needs to be underpinned by a strong financial model.

A summary of the COPHE analysis is available on our website www.cophe.com and key findings shown below

HCH Challenges

While COPHE supports the strategic objectives of the HCH program there still remain many challenges to its successful implementation.

These include:

- Financial viability of the program
- Developing effective chronic illness service models
- Capacity of Commonwealth Government and its agencies to support its implementation
- Varying capacity of medical practices, particularly in rural and remote communities to successfully implement the program

COPHE is able to support individual Medical Practices, Primary Health Networks and policy analysts to better understand and implement the HCH program in all of these areas.

COPHE HCH Financial Modelling and Calculator

COPHE has developed a financial analysis tool a summary of which is below.

We would be happy to demonstrate the calculator to anyone interested

Health Care Homes Financial Modelling

Our analysis is based on a range of transparent assumptions, many using published MBS and other data, as well as the Department of Health assumptions about distribution of differing degrees of chronic illness. The table below is the result of considering the following three variables:

- Bulk Billing vs Fee Paying vs Mixed Billing Practice
- The cost associated with administering the program
- The capacity for service substitution. The cost of service substitution has not been included in this model as this will vary from practice to practice

The variables can be adjusted to suit the style of billing for individual practices. The following is an example of this model.

300 enrolled patients	All visits Bulk Billing	Fee paying at \$70 per visit	Mixed Billing Visits
HCH revenue	\$ 301,068	\$ 301,068	\$ 301,068
Less – Administration fee	\$ 15,053	\$ 15,053	\$ 15,053
Less – Estimated cost to provide GP services to enrolled patients	\$ 145,074	\$ 202,079	\$ 166,654
Plus – patient contribution for GP visits	\$ -	\$ 60,795	\$ 24,318
Revenue to provide additional services	\$ 140,940	\$ 144,731	\$ 143,679
Additional GP revenue due to freed up appointments	\$ 55,046	\$ 90,623	\$ 71,071

Findings:

- Based on our analysis, the financial impact on introducing HCH into a medical practice will depend on their current billing practices and how the HCH program is established within the medical practice.
- Our analysis indicates that a bulk billing practice will benefit financially whichever of the three scenarios are used to establish a HCH program.
- A medical practice that has mixed billing will nearly break even in the HCH Funding only scenario and will be better off under the other two models.
- A full fee paying practice will only benefit from the scenarios that include a patient contribution and/or service substitution.

This table also indicates that:

- Mostly (if not all) medical practices will be able to make the HCH program breakeven under one or more scenarios.
- There will be variability from practice to practice depending on billing styles.
- Analysis of medical practice data will help medical practices take on the program with more confidence.

COPHE has provided these models to the following entities.

- Some PHNs involved in the delivery of the program
- Senior Commonwealth Department of Health Officers
- Royal Australian College of General Practice
- Australian Association of Practice Managers
- Australian Hospitals and Healthcare Association
- Australian General Practice Accreditation Limited
- National Rural Health Alliance
- Some academic institutions, policy analysts and think tanks

COPHE is a supporter of the strategic objectives of the HCH program and is happy to work with its membership and other interested entities in supporting the implementation of the program.

COPHE is working on further development of its model including recommendations regarding -

- ⇒ Best practice service models that can be developed and sustained through the HCH program
- ⇒ Distribution of revenue to practitioners within a medical practice

Should you wish to discuss HCH modelling and its implication for individual medical practices or the broader primary health care sector please contact us.

Other COPHE Projects

Some current COPHE projects are focused on:

- ⇒ Integrating mental health and primary health services
- ⇒ Mental health policy and its impact on NGOs
- ⇒ Financial and service modelling for development of medical practices within Victorian Community Health Centres
- ⇒ Strategic planning for PHN boards
- ⇒ Primary health Innovation initiatives for Commonwealth, State Governments and PHNs

Contact Us

Tony McBride

em: tony@cophe.com

ph: 0407 531 468

Rod Wilson

em: rod@cophe.com

ph: 0407 531 468

Chris Love

em: chris@cophe.com

ph: 0419 878 738

Website: www.cophe.com

COPHE Principals

Rod Wilson: has extensive experience in the Australian health sector. Rod has been CEO of three Victorian Community Health Services over three decades. In 2014, Rod was the Acting CEO of Northern Melbourne Medicare Local and has developed a number of best practice integrated primary healthcare services. Rod has written many papers and spoken at many conferences on this issue. Rod has also been an Executive Member of the Australian Healthcare Reform Alliance.

Rod is a founder and director of COPHE (Community Owned Primary Health Enterprises) which has undertaken many planning projects in the primary health sector

Tony McBride: is a consultant with wide experience in the Australian health and community sectors. He has worked closely with consumers, communities and health professionals on over 100 projects. He is a Board member of a PHN and a former Chair of the Australian Health Care Reform Alliance.

Tony is a founder and director of COPHE (Community Owned Primary Health Enterprises) which has undertaken many planning projects in the primary health sector

Chris Love: is a qualified Financial Accountant (CPA) and has strong expertise in financial and business management including data analysis. He has worked in the health sector for over 17 years including management roles in Corporate Services with various community health services as well as senior management positions in other organisations.