

Budgets and Health Services Plan

Key messages for health sector

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On Thursday, 8 August the Victorian Government made three key announcements including:

- The release of the Health Services Plan
- The establishment of Hospitals Victoria
- An additional \$1.5 billion in funding for the health system in 2024/25

Health Services Plan

- In July 2023, the Department of Health commissioned an Expert Advisory Committee (the Committee) to lead a process to examine the design and governance of Victoria's health services system.
- Over 10 months, the Committee engaged with health service leaders and explored many of the challenges experienced by patients, communities and our health workforce.
- The Committee submitted its Health Services Plan to the Victorian Government for consideration, and the Government has accepted in full or in principle 26 of the plan's 27 recommendations and will not be accepting the recommendation relating to directed consolidations of health services.
- We'd encourage you to review the Plan and to explore the opportunities it presents to improve the health of communities and patients across our region.
- The Plan's goal is a more connected system that enables higher quality and safer care, regardless of where you live in Victoria. It also addresses workforce challenges so we can make our specialist services and clinicians available to as many people as possible across the state.
- The Plan and the vision it provides for Victoria's Health System, is outlined through three key pillars of reform:
 - **Establishing Local Health Service Networks (Networks)** – geographic groupings responsible for planning and managing care so that it meets the population health needs of their communities.
 - **Formalised relationships between each Network and a women's, a children's and a major tertiary hospital**, ensuring every Victorian has seamless access to specialist care and expertise when they need it.
 - **A Victorian Role Delineation Framework**, which will support collaboration across the system through setting out the roles and responsibilities of every health service site, aligned to their size and capability.
- The Department of Health will work with health services to identify which groupings of services into Local Health Networks will be the most effective and efficient – and will deliver the best outcomes for our community.
- The Plan is a roadmap for a more connected system that delivers the right care, at the right time, in the right place. And complements our work on the triple aim of delivering better patient experience, better population outcomes at a lower price.

- The Department will soon provide further advice in relation to the next steps and support from here.
- More detail on the recommendations and Government response to the Plan is available on the Department of Health's website at www.health.vic.gov.au/research-and-reports/health-services-plan.

Local Health Service Networks

- In line with one of the report's key recommendations, the Government will replace Health Service Partnerships with stronger Local Health Service Networks.
- Bringing together hospitals within a geographical region, these Networks will support collaboration – to work together to deliver better care, while also better supporting staff across the region.
- Each Network will be accountable for meeting the acute care needs of their population, including through planning clinical services; ensuring the majority of acute care needs are met within the region; improving referral pathways and strengthening workforce attraction and retention.
- Each Network will establish a formal relationship with a major tertiary, a women's and a children's hospital. This will mean patients can more easily and quickly access specialist care when they need it, strengthening referral pathways and enabling the sharing of expertise across specialties.
- Once established the Networks will share functions like payroll and IT – making sure hospitals can focus on what they do best, caring for patients.
- While the details of this change are still being worked through, health services will continue to deliver on the work plans already established by Health Service Partnership.

Budgets

- The Victorian Government has today announced it will invest an additional \$1.5 billion in this year's budget to ensure health services are able to continue delivering the front-line services Victorians need.
- Over the next week, health services will work with the Department to understand exactly what this means for their individual budgets – finalising additional funding amounts and agreed activity targets.
- We understand the additional investment includes funding to maintain the record volume of planned surgery delivered in 2023-24, further grant funding and will kickstart the roll Electronic Medical Records (EMR) program for hospitals who do not yet have them.
- With this additional investment, there will still be a renewed level of fiscal discipline and accountability required to help stabilise the health system and ensure every Victorian dollar is spent on the frontline care the community needs.
- The Department's recently implemented cost containment measures, such as monthly workforce and locum expenditure caps will continue, to try and put downward pressure on the some of these high growth areas.

Hospitals Victoria

- The Department of Health is also establishing a new division in the Department of Health called Hospitals Victoria (HV).
- Northern Heath CEO Siva Sivarajah will join the Department as the CEO of HV. Siva is well known to many in the sector having been the CEO of Northern Health for the past eight years and previously COO at Monash Health.
- The creation of HV signals the Government's desire for a further uplift and dedicated focus on working with us to ensure all parts of the health system are financially sustainable.

- HV will support Victoria's health services to continue improving efficiency in their delivery of care and back of house operations to give Victorians the right care, in the right place, at the right time.
- HV will be a dedicated function within the Department of Health providing more oversight of hospital finances and with a more assertive role in the financial sustainability of the system as a whole.
- HV's enhanced focus on financial performance will complement the ongoing focus on quality of care and innovation led by other parts of the Department.
- Siva will be reporting to Secretary of the Department of Health in his new role from Monday, 19 August and have accountability to the Health Ministers. The final details of the delineation of responsibilities between existing functions in the Department and HV will be resolved and communicated soon.