



Australian Divisions of **General Practice**

19 March 2003

Mr Andrew Stuart
First Assistant Secretary
Primary Health Care Division
Department of Health and Ageing
GPO Box 9848
CANBERRA ACT 2601

Dear Andrew

Chronic Disease Management Funding for Divisions - 2003-2004

The Australian Divisions of General Practice (ADGP) continues to be inundated with calls and correspondence from Divisions of General Practice and State Based Organisations (SBOs) expressing frustration and dismay about the lack of information and level of engagement displayed by the Department in relation to the extension of the chronic disease management (CDM) funding for 2003-2004.

In his letter of 7 March 2003, Richard Eccles, Assistant Secretary, Primary Care Quality and Prevention Branch, states that: "... funding for the program was always on a reducing scale with the intention that Divisions would identify how their core activities could be applied to chronic disease management over the course of the funding..."; while it may be argued that Divisions should have anticipated a reduction in funding, the Department made no reference to a likely reduction when advising of the extension to CDM contracts.

In fact, prior to 20 February 2003, when Divisions were advised of their CDM funding allocation for 2003-2004, it was reasonable to assume funding would be at or about the same level. Correspondence from the Department to that date gave no indication of a reduction; on the contrary, it appeared the Department was concerned to assure Divisions it recognised the need to provide stability, and implied a continuum of funding for the next financial year.

I refer in particular to a letter from Leonie Smith to Divisions, dated 28 November 2002, regarding the extension of OBF and CDM funding, which states: "... the Department will also extend the CDM Initiative funding for a further twelve months. This will provide the opportunity for Divisions to build on the capacity developed during the early stages of this Initiative ...". There is no indication that Divisions would be facing a reduction in funding for CDM activities, rather the letter gives the impression funding will remain at the same level.

Further, a letter from State Offices of the Department to Divisions in December 2002 made no mention of a likely reduction in CDM funding, and again implied the same level of funding would apply, stating: "In using the 1996 population data, the Department is seeking to provide stability of funding to Divisions for the twelve month period and to avoid implementing changes upon the Divisions Network particularly while the Review of the Role of Divisions is underway".



Australian Divisions of **General Practice**

Divisions are expected to submit Business Plans for 2003-2004 to the Department by 31 March 2003, which means planning commences at least eight weeks before the due date. With no information or indication of the level of CDM funding to be provided, Divisions made quite valid assumptions that, as they were “on hold” for another twelve months, the status quo would apply. In many cases, this has included a commitment to continue staff contracts as a means of keeping appropriately skilled and valued personnel in order to deliver identified activities.

We now have a situation where a number of programs are under threat as Divisions do not have the capacity within their core (OBF) budgets to supplement CDM activities. This is further complicated by Divisions being advised that the level of mental health funding, incorporated into the CDM contracts, will be maintained for 2003-2004; in other words, proportionately, mental health funds will form a significant component of the overall CDM pool and the Department’s expectations of the outcomes for Divisions will continue to be high.

Divisions see their credibility being compromised, as they will be unable to support GPs and practices to expected levels, staff morale will decline and they will once again lose skilled personnel, further diminishing their capacity to deliver. Divisions are rightly asking, “what do we do now?”.

The impact of reduced funding is best demonstrated below:

Brisbane North Division

- \$230,000 – 1 January 2002 to 30 June 2003
- expected \$165,000 after discussion with State Office
- actual 2003-2004 funding allocation is \$50,000 to deliver CDM activities to 650 GPs and 230 practices, within a population base of 520,000
- in terms of staff, this equates to two CDM Project Officers lost and unable to be replaced
- result is an immediate adjustment of both CDM and IM activities and targets

Adelaide Southern Division

- \$176,000 – 1 January 2002 to 30 June 2003
- expected \$112,000
- actual 2003-2004 funding allocation is \$48,000 to deliver CDM activities to 450 GPs and 103 practices, within a population base of 329,000
- result is a reduced level of staffing/activity in mental health, CPD/CME activity and IT/IM with areas of disadvantage in outer metropolitan and rural communities particularly affected



Australian Divisions of **General Practice**

Adelaide Northern Division

- \$104,186 – 1 January 2002 to 30 June 2003
- expected \$62,000
- actual 2003-2004 funding allocation is \$37,492 to deliver CDM activities to 185 GPs and 63 practices, within a population base of 169,800
- result is a substantial reduction in work in mental health and diabetes and will lose capacity to support GPs with IM

Northern Division of General Practice, Melbourne

- \$118,870 – 1 January 2002 to 30 June 2003
- expecting \$72,000
- actual 2003-2004 funding allocation is \$38,976 to deliver CDM activities to 220 GPs and 98 practices, within a population base of 275,000
- in terms of staff, this equates to 0.6 of a FTE position lost, impacting on IM support to GPs and practices

Mid North Coast Division, NSW

- \$118,000 (including rural loading) – 1 January 2002 to 30 June 2003
- expecting \$72,000
- actual 2003-2004 funding allocation is \$38,976 to deliver CDM activities to 120 GPs and 45 practices, within a population base of 120,000
- in terms of staff, this equates to one FTE position lost

Murrumbidgee Division, NSW

- \$75,785 (including rural loading) – 1 January 2002 to 30 June 2003
- expecting \$50,000
- actual 2003-2004 funding allocation is \$34,624 to deliver CDM activities to 44 GPs and 19 practices, within a population base 65,000

It is clear the phased approach to funding Divisions to undertake CDM activities has not worked out the way in which it was intended; and the current situation only goes to highlight the argument initially put forward by ADGP about providing adequate, on-going funding to Divisions and SBOs to ensure the sustainability of CDM activities.

Divisions have also sought clarification about the \$4m allocated to practice nurse projects from the total amount of \$25.8m over three years (2001-2003) originally identified for Divisional infrastructure to support the roll-out of CDM Budget initiatives.

It is disappointing to find ourselves having the same discussion about the need for transparency in decisions relating to the funding of Divisions and SBOs, particularly when such decisions can have a significant impact on their capacity to provide on-going support for programs which are gaining momentum and starting to show results.



Australian Divisions of **General Practice**

ADGP requests that the Department revisit its decision to reduce overall CDM funding to Divisions and SBOs for 2003-2004; and seeks a commitment from the Department that all future decisions on funding only be taken after considered consultation with the Divisions Network, ie. Divisions, SBOs and ADGP.

We look forward to a positive response from the Department, and to working more closely with the Department to determine appropriate levels of funding for the Divisions Network to achieve mutually agreed outcomes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steve Clark'. The signature is fluid and cursive, written in a professional style.

Dr Steve Clark
Chief Executive Officer