



## Overview of the Proposed Amalgamation of Otway Health and Lorne Community Hospital.

*This document is intended to provide the community of Apollo Bay and the surrounding areas with an overview of the proposed amalgamation of Otway Health and Lorne Community Hospital. If you require additional information, please contact the Board at [CAC.OH@swarh.vic.gov.au](mailto:CAC.OH@swarh.vic.gov.au)*

### **THE CURRENT SITUATION AT OTWAY HEALTH**

Otway Health (OH) is a Multi-Purpose Integrated Health Service (MPS) providing residential and urgent care services, General Practice (GP) Clinics, and in-home allied health and community services to approximately 3000 full time residents and many holiday makers visiting the Otways and Great Ocean Road.

Over the years, OH has faced ongoing financial and service provision challenges mainly due to the size of our service and our isolated, rural location. These factors make it very difficult to attract and retain the clinical resources required to ensure quality and consistency in services provided to patients.

We also face external factors that influence our ongoing sustainability including important changes in health policy and regulations, designed to ensure safe delivery of services, which require us to maintain even higher standards of clinical governance. In addition, due to the continuing tight fiscal environment, there is an expectation from government, that all health services co-operate to ensure better utilisation of resources.

In 2016, Otway Health and our community faced significant challenges with the loss of a General Practitioner and the resignation of the Chief Executive Officer (CEO). At that time, Board Directors liaised with Lorne Community Hospital (LCH) Board, and agreement was reached to contract the LCH CEO to work across both services.

This collaborative arrangement has created opportunities to improve patient care and staff conditions across both health services with staff now sharing professional development training, in-home community services and General Practitioner (GP) services.

This increased level of integration between OH and LCH has helped build professional relationships, improve staff capabilities and provide greater job satisfaction.

In February 2019, we will commence - for the first time in Apollo Bay - a GP registrar training program, which will enable doctors to experience the real challenges faced by patients in rural areas.

However, there remains duplication in some services and activities. Identifying and improving ways of working together in these areas could lead to further financial savings which could be rerouted into strengthening these services for patients across both communities.

In mid-2017, the Board of Otway Health commenced meeting with Lorne Community Hospital Board representatives and a decision was taken to engage an experienced consultant to undertake expert due diligence of both services, and to assess the value of formalising the sharing of services.

In April 2018, community engagement regarding collaboration with LCH commenced via small group meetings ('tea talks'), through the Community Advisory Committee, in staff forums and via newsletters, social media, radio and the website. The feedback provided by staff and community members has informed both Boards in their discussions about potentially coming together.

In mid-2018, the Chairs of both Boards - having identified the benefits of formalising the collaboration - met with the Department of Health and Human Services, to seek its input into a proposed voluntary amalgamation.

A further program of community consultation was instigated in December and included; 'tea talks', one-to-one stakeholder meetings, community newsletter updates, website updates and an information stall at the Saturday morning market.

Feedback from the community has been generally positive and community consultation will continue in the first quarter of 2019.

**WHY AMALGAMATE?**

While it 'makes sense', and we are already benefiting from sharing services, why go ahead and amalgamate?

The due diligence review directly addressed this and specifically looked at four key areas across both facilities: Community Need and Service Gaps; Financial Considerations; Operational Management and Legislative Requirements.

The review findings indicated the following:

Theme	What the diligence review indicates:
Operating model	Amalgamation should provide for LCH to continue to operate as a Small Rural Health Service and Otway Health to continue to operate as an MPS providing health services principally to the communities around their respective local areas.
Entity name <sup>1</sup>	The names for each local 'campus' will remain the same – Otway Health and Lorne Community Hospital.
Inpatient Services	Both health services should continue to provide all services as they do now, including low acuity medical inpatient services (including palliative care); urgent care; residential aged care; transition care program services; and community-based services (including community aged care services, and a range of community health services). Lorne is expected to continue providing renal dialysis services.
Acute Care	Acute bed capacity and capability to be retained at both LCH and Otway Health. There may also be potential to extend the clinical acuity of care by developing remote medical management model of care for some higher acuity patients at LCH and Otway Health from another larger hospital.

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<sup>1</sup> Community question

<b>Theme</b>	<b>What the diligence review indicates:</b>
Urgent Care	Urgent care capacity and capability to be retained at both LCH and Otway Health.
Residential Care	Residential Aged Care (RAC) to be retained at both LCH and Otway Health.
Community Services	<p>In relation to community health and community aged care, amalgamation is likely to result in several new or extended, or strengthening needs-based services.</p> <p>Alcohol and drug services are currently recognised as an area of service gap. Anecdotally, there are hidden mental health disorders that generally do not progress to serious mental health conditions but would benefit from local mental health support services and improve the lives of local community members who are touched by mental ill-health.</p>
GP Services	The development of a sustainable GP service would address a major service gap at Apollo Bay and strengthen GP services at Lorne. The individual practices would benefit from a strong, collaborative partnership which would assist in growing the long term medical workforce.
Specialist Doctors	An amalgamation between LCH and Otway Health would provide the necessary scale to develop an initiative of virtual (telehealth) specialist clinics with tertiary health services, or private medical specialist practices.
Financial sustainability	Otway Health is in a vulnerable financial position going forward. The financial position at both health services could be improved by developing a shared corporate model, incorporating a more efficient use of resources. Corporate costs currently average 25% of all revenue. The benchmark level is 18% for similar sized health services. Achieving the benchmark level would result in a significant potential redirection of up to \$625,000 to further improve patient services.
Corporate costs and governance	<p>An amalgamation the health services would provide improved effectiveness including; strengthening clinical governance, rationalising and consolidating corporate services, reducing duplication of attendances at regional forums, more streamlined compliance, enhanced internal reporting, requirement of a single set of accreditations, and a common workforce training plan and program.</p> <p>The ultimate composition of the Board is at the Minister’s discretion however, the proposal will provide recommendations that the board composition include equal numbers from both OH and LCH; at least some of whom have strong connections with their local community, and ensure Community Advisory Committees in each community, made up of local residents”</p>
Donations <sup>2</sup>	Donors and fundraisers will continue to be able to direct their donations to a specific service, facility or project -at either campus. Structures will be put in place to quarantine directed donations to ensure they are used only for their intended purpose.

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<sup>2</sup> Community question

Theme	What the diligence review indicates:
What if we don't merge?	<p>There are current and identifiable risks associated with maintaining the status quo. These include; continuing poor or fragile access to GPs, clinical governance weaknesses at Otway Health and diminishing services over time as corporate governance compliance costs take a higher proportion of overall funds available.</p> <p>Overall, there is a compelling case for LCH and Otway Health to undertake a voluntary amalgamation.</p>

### IN SUMMARY

A voluntary amalgamation has several clear benefits:

1. It will retain and strengthen services currently in place as well as improving access to new services that will better meet the needs of local communities along the Great Ocean Road
2. It will provide a more reliable and robust set of services, and provide greater financial stability.

### For More Information:

Regular information updates will be published through local newspapers and newsletters, Otway Health and Lorne Community Hospital websites, mail-outs, social media platforms and direct discussion at Tea Talks, alternatively please contact Otway Health directly.

### Otway Health

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