



DUE DILIGENCE REPORT

Nathalia Cobram Numurkah www.ncnhealthservices.org.au

KEY FINDINGS SUMMARY

Introduction

The major centres of Nathalia, Cobram, Numurkah and smaller towns and communities are serviced by three Small Rural Health Services (SRHS) – Cobram District Health (CDH), Numurkah District Health Service (NDHS) and Nathalia District Hospital (NDH) – all providing acute health care, aged care, primary health care, disability and community care services. These services are located in the Moira Shire with a community of 28,942 (2016) people.

The Boards and Executive staff of Nathalia District Hospital, Cobram District Health and Numurkah District Health Service - known as Nathalia, Cobram and Numurkah (NCN) health services - have examined how these three health services could more actively strengthen partnerships and to determine whether there is the capacity to construct a safer, reliable and more sustainable health system for the community. This has included input from staff.

A Collaborative Options Paper was presented at respective Board meetings. Options explored included: Do Nothing; Partnerships; and Voluntary Amalgamation. In principle agreement was reached across all three health services to further examine the option of a proposed voluntary amalgamation of Nathalia District Hospital, Cobram District Health and Numurkah District Health Service.

The first round of consultation was positive so the proposal continued to progress.

A Due Diligence Review was undertaken to uncover any barriers to the successful joining of three entities - Nathalia District Hospital, Cobram District Health and Numurkah District Health Service.

The Due Diligence review was undertaken in February 2018 and updated in December 2018. Key areas of investigation included:

- Organisation structure and location;
- Contracts;
- Policies;
- Infrastructure;
- Clinical services;
- Financial position;
- Human resources;
- Legislative and regulatory requirements; and
- Organisation performance issues.

The Due Diligence Review has provided information to support the Boards of Directors in deciding to progress with a voluntary amalgamation proposal to the Minister for Health for approval as the best option for the local community. The Boards have been working on this and are jointly committed to strengthening our local health services and helping to improve the health outcomes of our local communities.

In March 2018 it was decided to progress leadership roles with a single CEO and executive management structure across the three organisations. The Boards have continued to work on strengthening partnerships and the voluntary amalgamation proposal during 2018. Strengthened partnerships have attracted additional funding of \$1.1million for Nathalia, Cobram and Numurkah to provide additional care in chronic disease, urgent care and mental health including farmer and agricultural support.

Amalgamation would enable Nathalia District Hospital, Cobram District Health and Numurkah District Health Service to continue providing care to their local communities and surrounding areas under the current Small Rural Health Service funding model.



Progress in 2018/19 – Resulting In Numerous Benefits

A 'strengthening partnerships' model was implemented during 2018 while the voluntary amalgamation proposal and due diligence assessments continued. The following was achieved:

Key roles, appointments and services development

- A locum Chief Executive Officer (CEO) was appointed at Cobram District Health in February 2018 as a shared role with Numurkah District Health Service. This role has been extended as part of a CEO Services Agreement to Nathalia District Hospital and Numurkah District Health Service.
- A Memorandum of Understanding between Numurkah District Health Service, Cobram District Health and Nathalia District Hospital governing the delivery of shared services is in place.
- CEO Services provided by Numurkah District Health Service to Nathalia District Hospital commenced from 1 July 2018 as part of a change in the composition of services provided by Goulburn Valley Health to Nathalia District Hospital. Occupational Health and Safety and Human Resources services for Nathalia District Hospital transferred to Numurkah District Health Service as part of the shared arrangements from 1 November 2018.
- Accounting services have been contracted to an external accountant for Numurkah District Health Service and Cobram District Health to provide compliance-based financial reporting – Board financial reporting, Department of Health and Human Services reporting. Goulburn Valley Health currently provides this service for Nathalia District Hospital.
- The NCN Director of People and Culture was appointed in August 2018.
- The NCN Director of Corporate Services was appointed in August 2018.
- Other shared roles appointed include Management Accountant, Human Resources Administration, Aged Care Funding Coordinator.
- Recent appointments at Numurkah District Health Service include Deputy Director of Nursing / Clinical Projects and Administration Co-Coordinator.
- A number of key management roles have been filled at Cobram District Health including Community Health Manager and Aged Care Manager.
- Rural and Regional partnerships has representatives from NCN Health Services at CEO forum and subcommittee level, ensuring that each community benefits through capacity building, sharing resources, knowledge and new technology – working together in an integrated way.

Hospital Care

- Each campus has a hospital that will continue to provide all the services they do now, including low acuity medical care at each campus and surgical services (Numurkah and Cobram only), urgent care, palliative care, transition care program, community based services including aged care such as home care packages (Cobram).
- The current beds for acute hospital care will be retained at NDH, CDH and NDHS. With an amalgamated entity there may be potential to increase access to acute health care by developing innovative models of care using telehealth and video conferencing from each acute bed based hospital using remote medical management from another larger hospital. This will save travel for the patient and carer/family if they chose to use this service.
- Under NCN health services and with one Director of Medical Services, consistent policies and procedures will be developed for all GPs and clinical staff to use.
- At each site there will be Information and Communication and Technology support for the clinical staff and patients.

Urgent Care

- Urgent Care capacity and capability will be retained at all sites. Recent funding from Better Care Victoria has enabled participating health services to develop urgent care clinical care pathways that reduces clinical variation in care and improves quality and safety.

Residential Aged Care

- Residential Aged Care will be retained at NDH, CDH and NDHS.

Primary and Community Health

- There will be no change to existing community, allied health, district nursing, palliative care and other services provided at each location. Home Care Packages in Cobram will remain in place.
- Amalgamation is likely to result in several new or extended services to the community. The population health needs have some local unique characteristics that will continue to be met and there are many similarities that an amalgamation will strengthen.

General Practitioner (GP) and Dental Services

- Sustainable GP and Dental services are essential for local health services. Each campus has a strong and collaborative partnership with local GP practices. This will continue. Challenges facing recruitment and retention of GPs will be better supported through joined up effort.

Specialist Doctors

- There are some specialist doctors who provide services at each location under a separate arrangement at each facility. An amalgamation would maintain the current specialist doctors (pending ongoing funding from external sources) and strengthen the capacity and capability to attract more specialists and meet local health needs. This saves travel for the patient and carer.
- The telehealth system will be used at all sites for patient care if appropriate.

Financial Reserves

- **Reserves:** The Department of Health and Human Services has confirmed the financial reserves at each organisation can be kept for local priorities at each health service. For example, The Numurkah District Health Service reserves to undertake planning and the redevelopment of Numurkah Memorial Pioneers Lodge will be held for this specific purpose. Nathalia District Hospital reserves will be used to improve local health outcomes in the local community. Reserves will be reported separately in annual reports.
- **Donations:** Donations and items will remain with each facility/location. Donors and fundraisers will continue to be able to direct their donations to a specific service, facility or project at each facility/location. Donations will be reported separately to ensure they are used only for their intended purpose.

Governance

Board and Community Advisory Committees:

- The Board Directors are appointed by the Minister for Health. Boards have been six and twelve individuals. The proposal will provide recommendations that the board composition include equal (example: three each) local community representation from NDH, CDH and NDHS. Additional Board Directors may be appointed based upon skills, experience and diversity by the Minister for Health. Community Advisory Committees will be established in each community and made up of local people.

Corporate:

- An amalgamation of the health services will provide improved effectiveness including strengthening clinical governance, reducing duplication for compliance, enhancing external and internal reporting, common workforce plan and training program with individual health service requirements met.

Projects / Programs

The following partnership projects are underway:

- Urgent Care project
- Moira Respiratory project
- Moira Mental Health project
- Moira Palliative Care
- Early Intervention in Chronic Disease
- Community Rehabilitation Centre
- Patient Opinion Australia pilot

Entity Name

Community consultation has identified a number of unique characteristics and local identity of local communities that are valued and will be preserved.

The names for each local site will remain the same - Nathalia District Hospital, Cobram District Health and Numurkah District Health Service and be known as NCN Health Services. Pending approval of the voluntary amalgamation proposal the Board of Directors will undertake further consultation regarding the name and identity of the new entity.

Communication and Engagement Activities

Communication and engagement plans were prepared at each stage of the proposal to maximise information, engagement and participation with key stakeholders through a variety of methods. Communication and consultation on the proposal has taken place with staff and the community in two stages. The first stage of consultation was from November 2017 to March 2018. The second stage of consultation was from 16 January to 15 February 2019. Further sessions will continue as required.

Overall, we have heard from a wide range of the community, including 165 attendees at staff and community consultation sessions, 125 attendees at community tents, 72 survey responses, more than 28 meetings with staff, community groups and individuals (reaching hundreds), thousands reached via social media posts/advertising with 506 engagements, plus 20 letters/submissions received. We will incorporate this feedback into the proposal.

Information has continued throughout 2018 in relation to updates on partnership initiatives (through media, newsletters and the website etc) and into 2019 - leading to the second stage of consultation.

Summary of Issues and Risks

Organisation, structure and location

- There are no issues of major concern. A shared CEO is in place across Numurkah District Health Service, Cobram District Health and Nathalia District Hospital.
- Shared NCN roles for Director of People and Culture and NCN Director of Corporate Services have been appointed. These and other shared roles such as Management Accountant, Human Resources Administration and Aged Care Funding Coordinator are working effectively. Amalgamation would strengthen structure and provide more specialised expertise.
- Board of Directors at each location have retiring members creating significant change in composition of Boards. Continuity of knowledge, community representation and skill at Board level is needed. It is important that mechanisms are put in place to maintain effective governance.
- There is no change in location or facilities.

Policies and Processes

- There are no issues of major concern. Each of the three health services has almost identical policy, procedural and compliance documentation requirements. A common system is already utilised. Efficiencies and greater consistency in documentation would be achieved under a joined entity, enabling better compliance monitoring and continuous improvement.
- A key area of focus will be on Information and Communications Technology transition, requiring significant work, however reducing duplication and increasing efficiency.

Contracts

- There are no issues of major concern. Contract registers vary across all three health services in terms of detail, currency and scope. A single improved contract management system will be implemented as part of the consolidation of systems.
- Service arrangements exist across the region including each of the three health services.

Clinical services

- Successful accreditation has been retained across all health services.
- A single Director of Medical Services has been appointed to work across all sites improving the consistency and standard of clinical governance quality and safety.
- There are no outstanding areas of concern with respect to Safer Care Victoria matters.

Human Resources

- There are no vacancies in key roles across any of the three health services.
- There are GP workforce shortages and this proposal enables the services to better engage with GPs and maximise coverage across the communities.
- There is an ageing workforce and we are undertaking succession and transition planning to support the community health needs of our communities.

- Workforce planning, staff development, training and organisation culture improvements are taking place across all three organisations.

Financial Position

- There are no issues of major concern. Cobram District Health and Nathalia District Hospital have experienced small operating deficits at stages over the past three years. Numurkah District Health Service achieved a positive net result. Nathalia District Hospital's deficit has reduced compared to the previous financial year.
- All services met Department of Health and Human Service benchmarks for liquidity.
- The business model of the medical clinic at Nathalia District Hospital and medical and dental clinics at Cobram District Health are integrated with the health services, with better coverage, learnings from each service, shared resources and expertise, which will achieve improvements.

Infrastructure

- Existing hospitals/facilities will remain in place in their current locations.
- Master planning should be undertaken across all three sites and will be included in the proposal.
- There is ageing infrastructure at Cobram District Health and Numurkah Pioneer Memorial Lodge. Capital funding has been made available by the Department Health and Human Services for a new kitchen and further upgrades to Irvin House at Cobram District Health.
- Capital funding has been provided by the Department of Health and Human Services for rectification works at Nathalia District Health.
- Renovation of Karinya Nursing Home at Numurkah District Health Service is at tender stage with works to commence in 2019 with capital funding provided by Department of Health and Human Services.
- Masterplanning and feasibility planning has been approved for Numurkah Pioneers Memorial Lodge at Numurkah District Health Service to undertake significant capital works to this residential aged care facility.
- Nathalia has been funded by Department of Health and Human Services to upgrade airconditioning in the Nursing Home and replace vinyl flooring across the facility.

Summary

Voluntary amalgamation does not present any issues of major concern. A voluntary amalgamation will:

1. Retain and strengthen services currently in place as well as improving access to new and existing services. (No loss of staff, services or funding.)
2. Ensure local health care needs will continue to be met in all communities and their surrounding district.
3. Provide more reliable and robust systems and processes.
4. Allow reinvestment into direct clinical care to benefit all communities.