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Australian Government
**Department of Health,
 Disability and Ageing**

Ministerial Submission – Policy Approval
MS25-000728
Version (1)
Date sent to MO: 1 August 2025

To: Minister Butler

**Subject: Medicare Urgent Care Clinics (UCC) - PHN Grant Opportunity Guidelines
 Policy Approval (Tranche 3)**

Critical date: 12 August 2025 to enable the department to commence grant processes with Primary Health Networks (PHNs) to deliver Tranche 3 of the Medicare UCC Program.

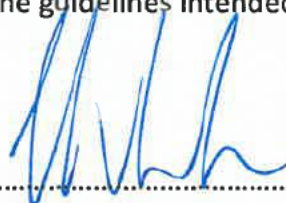
Recommendations:

- This document has been released under the Freedom of Information Act 1982 (Cth) by the Department of Health, Disability and Ageing
1. **Note** that the spending proposal is a grant for the purposes of the Commonwealth Grants Rules and Principles 2024 (CGRPs). **Noted**
 2. **Note** that the spending proposal is designed to meet the objectives of the grant program and the key requirement of achieving value with relevant money. **Noted**
 3. **Note** that the legislative authority for this grant opportunity is provided by Item 180 of Part 4 of Schedule 1AB of the *Financial Framework (Supplementary Powers) Regulations 1997*. **Noted**
 - s47E(d)
 5. **Agree** to the spending proposal of up to \$366.4 million (GST exclusive) over three financial years from 2025-26 to 2027-28 under the Medicare UCC Program for establishment and operational activities. **Agreed / Not agreed / Please discuss**
 6. **Agree** to the grant opportunity being undertaken as a closed non-competitive selection process, targeting selected PHNs to commission and support new Medicare UCCs. **Agreed / Not agreed / Please discuss**
 7. **Agree** to Deputy Secretary, Primary and Community Care Group being the decision maker for the grant process. **Agreed / Not agreed / Please discuss**

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8. **Note** that the Department of Finance has agreed **Noted** to an overall risk rating of medium (and reasonable and available mitigation will not be implemented) the department will provide a further ministerial submission with a letter to the Finance Minister seeking their agreement to release the guidelines, at least 10 business days prior to the guidelines intended release.

Signature..... Date: 11 / 98 / 25

Media Release required? YES/ NO

Comments:

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Submission summary:

On 2 March 2025, the Australian Government announced an investment of \$644.3 million over three years from 2025-26 to establish 50 additional Medicare UCCs. \$366.4 million (GST Exclusive) over three financial years (2025-26 to 2027-28) is allocated for this grant opportunity, providing funding to PHNs to commission new Medicare UCCs.

Your agreement is sought for the Department of Health, Disability and Ageing to undertake a closed non-competitive and non-application-based grant process targeted to PHNs to support the delivery of 50 additional Medicare UCCs across Australia in 2025-26 with funding to operate those clinics to 30 June 2028.

Issues:

1. The grant opportunity is an expansion of the Medicare UCC Program. The grant agreement for the delivery of the activity ceases on 30 June 2028.
2. The department recommends that a closed non-competitive selection process be used to allocate grant funding. This will enable PHNs to deliver funding under the broader PHN Program to support the establishment of Medicare UCCs in 50 more locations.

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3. There is no application process for ongoing grant funding under the PHN Program. Where the Australian Government has decided to allocate funding to PHNs, the department assesses the suitability of each PHN to receive further funding in consideration of alignment with grant opportunity objectives, organisational capacity and performance, and efficient and effective use of grant funds.
4. The grant opportunity will be undertaken in August 2025. Successful applicants will be notified from September 2025, with funding expected to commence upon execution of the grant agreement.
5. In November 2024, the Government Solicitor (AGS) provided advice that the expenditure represents a medium constitutional risk and medium legislative authority risk.
6. AGS advised the legislative risk could be reduced to low by introducing a new schedule 1AB in the FFSP regulations. The department is considering options to reduce the legislative risk.
7. The grant opportunity guidelines will be reviewed by Finance. If Finance determines that the overall risk rating is low or medium (and supports the department's mitigation strategies), and delegates authority to you to formally approve the release of the guidelines, you may proceed with approving their release.
8. This grant opportunity has been designed to achieve value with relevant money and to ensure the efficient, effective, economical and ethical management of grant funding. The following matters were considered:
 - the overall objectives to be achieved in providing the grant,
 - the extent to which the evidence in existing information held by the department demonstrates that it will contribute to meeting the outcomes/objectives,
 - the relative value of the grant sought, and
 - how the grant activities will target groups or individuals.
9. An evaluation of the Medicare UCC Program is being undertaken over 2023-2026 based on the nine Measures of Success (MoS) developed and agreed by the Government and state and territory governments. These MoS recognise the importance of delivering high quality, timely, safe and coordinated care as well as reducing Emergency Department pressure and cost-effectiveness. Initial insights indicate that Medicare UCCs are delivering intended outcomes by providing services for urgent but not life-threatening conditions and that majority of patients return home after receiving care.
10. Should you choose to be the approver of the grant process outcome and associated expenditure, **Attachment A** outlines the mandatory grant rules and guidelines and other requirements to finalise this grant process. The department will provide a further ministerial submission for your consideration of the grant selection process outcome.
11. The grant opportunity guidelines have been reviewed by the Departments of Finance and the Prime Minister and Cabinet to determine process for release based on risk rating (not applicable for ad hoc grant opportunities) (Estimates Memorandum 2024/36). A medium risk rating has been advised.

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12. On 12 December 2022, you wrote to Health Ministers to confirm the implementation approach to the establishment of 58 Medicare UCCs under Tranche 1, including the approach to funding and the finalised locations (MS22-900375 refers). These funding mechanisms remained in place with the additional investment under the Strengthening Medicare package and establishment of a further 29 Medicare UCCs.
13. To date, the department has executed funding Schedules with relevant PHNs totalling \$334.3 million over four years (2022-23 to 2025-26) under the Medicare UCC Program to support the establishment and ongoing operations of the current 87 locations.
14. On 2 March 2025, the Government announced an election commitment of \$644.3 million over three years from 2025-26 to establish 50 additional Medicare UCCs. \$640.2 million is provisioned to the department and the remaining funds are allocated to Department of Veterans' Affairs and Services Australia for flow on impacts.
15. The new investment will result in an additional \$366.4 million in funding to the PHNs, bringing the total envelope of PHN Medicare UCC funding to \$585.2 million over three years (2025-26 to 2027-28) including overlap funding for the 137 clinics in the 2025-26 financial year. The grant opportunity guidelines are being updated to reflect the revised funding envelope to PHNs.
16. The department continues to meet regularly with relevant PHNs and state and territory governments to discuss the operation of Medicare UCCs across Australia and monitor and evaluate the Medicare UCC Program's effectiveness.
17. The grant opportunity reflects the transition in administrative arrangements to adopt a PHN commissioned approach for Victoria (MS25-000521), Tasmania (MS25-000461) and the ACT (MS-000667) for the additional clinics.
18. The department intends to fund PHNs in all jurisdictions, except for the Northern Territory (NT), to commission Medicare UCCs in the announced locations within their regions.

Streamlined Grants Administration

19. This grant opportunity has been designed in consultation with Grants Branch, Financial Management Division. Grant agreements will be established and managed by the Community Grants Hub. The department is working with the Grants Branch to update the existing grant opportunity guidelines and will ensure all documentation is in accordance with the CGRPs. The grant opportunity guidelines will be published on GrantConnect – the Government's grants information system.

Budget/Financial Implications:

20. Additional funding of \$366.4m (GST Exclusive) is available in 2025-26 and 2026-27 and 2027-28 from Priority 27 – Primary Health Care Development for the establishment and operational activities of additional Medicare Urgent Care Clinics. This measure contributes to the Department of Health, Disability and Ageing's Outcome 1, Health Policy, Access and Support, specifically Program 1.6, Primary Health Care Quality and Coordination. The Primary Care Division Finance Business Partner has confirmed the summary of the financial implications in the table below.

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Priority 027 – Primary Health Care Development - Summary Table (GST exclusive)	2025-26	2026-2027	2027-2028	2028-2029
	(\$m)	(\$m)	(\$m)	(\$m)
Allocation Current (as at 23 July 2025 - Budget 2025-26)	1,135,088,000.00	1,169,307,000.00	1,403,631,000.00	1,348,153,000.00
Expended (as at 23 July 2025)	366,170,256.55	-	-	-
Legal Commitments (as at 23 July 2025)	322,444,167.25	391,621,447.39	16,694,165.25	10,230,000.00
Required ongoing activities not yet committed (includes funding for this purpose)	6,806,304.00	109,641,456.00	484,045,107.00	28,761,000.00
Subtotal	695,420,727.80	501,262,903.39	500,739,272.25	38,991,000.00
Unallocated funding (including funding pressures)	439,667,272.20	668,044,096.61	902,891,727.75	1,309,162,000.00
Impact of this proposal	150,349,000.00	108,037,000.00	108,037,000.00	-

Information is correct as at 23 July 2025 and will change subject to grant agreement execution and new commitments. Unallocated funding does not include all ongoing commitments that are subject to ceasing grant agreements.

Election Commitments/Budget Measures:

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22. On 2 March 2025, you announced the 2025-26 Federal Budget would provide a further \$644.3 million (GST Exclusive) to establish 50 additional Medicare UCCs across Australia.

Sensitivities:

23. The new performance-based funding model seeks to incentivise specific performance metrics which align with the Medicare UCC Operational Guidance and key program outcomes. In alignment with this funding mechanism, providers are to be paid according to performance, potentially resulting in reduced funding for under-performing Medicare UCCs.

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Consultations:

26. The department has consulted extensively with PHNs and state and territory governments on the approach to establish 50 additional Medicare UCCs at the announced locations.
27. The Department of the Prime Minister and Cabinet, Treasury and the Department of Finance have been consulted on the revised funding model and the approach to funding under the election commitment. Grants Branch, Primary Health Networks Branch, and the Primary Care Division Finance Business Partner, were consulted in the preparation of this Submission.

Attachments:**A: Mandatory Grant Rules and Principles and Other Requirements**

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