

Connecting care for a healthy tomorrow

Business case fact sheet

The Boards of Alexandra District Health and Eastern Health have formally recommended a voluntary amalgamation to strengthen access to care closer to home for the Alexandra and district community. A comprehensive business case has found the voluntary amalgamation would create a more sustainable local health service and support the delivery of more connected care across the rural–metropolitan catchment.

This is a summary of the business case prepared by the Boards of Alexandra District Health and Eastern Health. It outlines why the business case was developed, what it considered, its key findings, and the recommendations for the future of local healthcare in the Alexandra and district region.

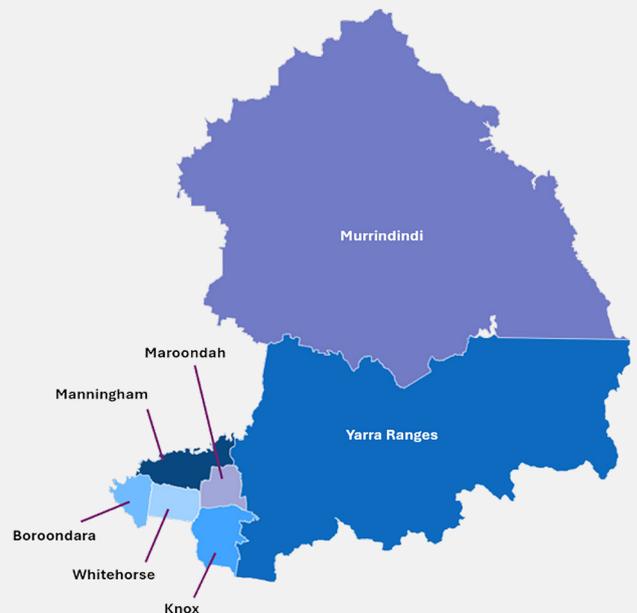
While the formal business case contains commercial-in-confidence information and can't be released publicly, you can read a version at connectingcare.net.

What is a business case?

A business case is a structured and evidence-based analysis that helps an organisation make an informed decision about its future. It outlines the benefits being sought, explores possible options for achieving them, and weighs up the costs, risks and outcomes of each.

Why was a business case developed?

The business case was developed after the Boards of Alexandra District Health and Eastern Health each resolved to explore the potential of a voluntary amalgamation for the benefit of their shared communities and the workforce. The business case was developed in late 2025 and followed a structured engagement period with staff, stakeholders and the community. It explored two options and was informed by what the Boards heard from staff, stakeholders and the community, as well as financial, service and workforce analysis, to identify the best way to connect care for a healthy tomorrow.



What the business case considered

Two options were assessed against seven agreed benefits:



Increased access to services and care closer to home



Improved integration and connectivity of care



Improved equity in health and wellbeing outcomes



A more sustainable and strengthened workforce



Improved clinical quality and safety



Improved use of system resources



Improved access to research related activity

Option 1: Base case, representing no change from the current arrangements

Key components	Findings outlined in the business case
<ul style="list-style-type: none">Alexandra District Health and Eastern Health remain separate health services, each with its own Board, CEO, strategy and clinical services plan.Service development continues through existing partnerships, particularly the East Metro and Murrumbidgee Local Health Service Network (EMM LHSN).Planned improvements to progress through the EMM LHSN, including:<ul style="list-style-type: none">Step Closer Care pathwaysSustaining Residential In ReachHospital in the Home accessAccess to Eastern Health's ICT environmentInstallation of new X-ray systems at Alexandra District HealthContinued development of oncology servicesImplementation of a dialysis service at Alexandra District Health	<ul style="list-style-type: none">Delivers modest, incremental improvements only.Retains duplicated governance, compliance and corporate systems.Leaves Alexandra District Health facing ongoing workforce fragility and worsening financial pressure over time.Option 1 does not provide a clear or funded pathway to:<ul style="list-style-type: none">Materially increase inpatient, procedural or specialist clinic activity at Alexandra District Health.Remove duplication in governance, clinical systems and corporate services.Provide reliable access for Alexandra District Health patients and staff to Eastern Health's research and clinical trials.Significantly strengthen workforce sustainability at a small rural service.Community is mindful of a loss of local connection and identity but healthcare and service expectations outpace progress made under the EMM LHSN.Under Option 1, Alexandra District Health's operating position remains in deficit across the 5-year modelling horizon, with the annual deficit worsening from around \$0.1 million in 2026-27 to approximately \$0.7 million by 2030-31.

Option 2: Voluntary amalgamation of Alexandra District Health and Eastern Health

Key components	Findings outlined in the business case
<ul style="list-style-type: none">Alexandra District Health and Eastern Health amalgamate to form one health service, with a single Board and CEO.Service development continues through the EMM LHSN.Local services continue to be delivered at Alexandra, with local leadership retained.Corporate, clinical governance and planning systems are unified.The combined organisation plans services across the entire catchment, rather than site by site.	<ul style="list-style-type: none">The burden of chronic disease, mental ill-health and ageing in the Alexandra and surrounding communities requires more than incremental improvement in existing arrangements.Allows for planning and investment in expanding local services including:<ul style="list-style-type: none">A staged increase in bed occupancyImproved access to X-ray and diagnosticsAdditional low-complexity surgery servicesNew specialist clinics (general medicine, geriatrics and paediatrics)New three-day dialysis service operating as part of an Eastern Health hub-and-satellite model.Improves integration by allowing patients to move within one health service, supported by unified governance.Strengthens workforce sustainability through broader career pathways, rotations, education and supervision.Provides Alexandra District Health patients and staff with access to research and clinical trials not available under Option 1.Community feedback demonstrated support for sustainable local healthcare and expanded services, alongside assurances that structural change must protect local identity.Option 2 generates incremental operating benefits of around \$1.2 million in 2027-28, rising to approximately \$1.7 million per year by 2030-31, sufficient to offset the combined implementation costs within the modelling period.

What does the business case recommend?

While Option 1 remains a low-risk default that preserves existing constraints, Option 2 is the option that fully responds to the case for change across the shared catchment of Alexandra District Health and Eastern Health. Option 2 offers a greater path to improved access, equity, quality, workforce sustainability and system efficiency, with financial modelling supporting its affordability and long-term viability.

What does Option 2 mean in practice?

For patients and community

- Continued delivery of high-quality, safe care by Alexandra District Health staff, strengthened by the additional capacity and clinical expertise of Eastern Health
- More care delivered locally at Alexandra, reducing the need to travel
- Better access to specialist clinics and planned procedures closer to home
- Clearer and simpler pathways between local and metropolitan care
- Easy to navigate, single information source and access point, making it easier for patients
- Stronger focus on priority health needs such as chronic disease, mental health and ageing
- Access to clinical trials from Alexandra District Health

For staff

- Enhanced career and development opportunities across rural and metropolitan settings
- Increased training, supervision and rotation opportunities
- Reduced reliance on fragile single role staffing models
- Access to research, education and wellbeing programs

For local services

- Unified clinical governance and safety systems
- Reduced duplication of corporate and compliance functions
- More reliable planning and investment in services for the Alexandra and district community
- Greater resilience in emergencies and periods of high demand

What stays the same

- The delivery of safe, high-quality care to the Alexandra and district community
- Alexandra District Health would keep its name
- All funds raised for Alexandra District Health would continue to be used to support services for the local community
- Local leadership would remain in place in Alexandra District Health
- The existing Community Engagement Committee would continue to play a formal role in making sure local perspectives are part of service planning and decision making

What would change

- More services delivered at Alexandra District Health for patients and the community
- Alexandra District Health and Eastern Health would form a single health service under one Board appointed by the Minister for Health, which would include a current Alexandra District Health Board member possessing the requisite skills
- The amalgamated health service would have one CEO who is supported by local leadership at Alexandra District Health

Timeline



What comes next

The recommendation has been provided to the Secretary of the Victorian Department of Health and the Minister for Health for consideration and approval, in line with the *Health Services Act 1988*.

No changes will occur unless the Minister for Health approves the proposal. In the meantime, it is business as usual. Alexandra District Health and Eastern Health remain focussed on delivering safe, high-quality care for their communities and continuing to work together through their existing partnership.

If the Minister for Health approves a voluntary amalgamation, detailed transition and implementation planning would occur.

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