Special Commission of Inquiry into Healthcare Funding

Statement of Wendy Hoey

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1. This statement made by me accurately sets out the evidence that I would be prepared, if necessary, to give to the Special Commission of Inquiry into Healthcare Funding (**Inquiry**) as a witness. The statement is true to the best of my knowledge and belief.

A. INTRODUCTION

2. I am the Chief Executive of Justice Health and Forensic Mental Health Network (**Justice Health NSW**), a role I have held since February 2022. Prior to this, I was the Executive Director, Clinical Operations at Justice Health NSW and have held a number of appointments in Queensland including as Executive Director of Rockhampton Hospital. A copy of my curriculum vitae is exhibited.

3. This statement is provided in response to a request contained in the Inquiry's letter of 24 October 2024 to the Crown Solicitor's Office. Specifically, it addresses:

   a. The funding sources and models applied to Justice Health NSW,

   b. The challenges the current funding models pose for Justice Health NSW,

   c. The adequacy of Justice Health NSW funding to deliver services required of it,

   d. Matters raised in the Justice Health NSW submission to the Inquiry dated October 2023, and

   e. Matters relevant to Terms of Reference A and C regarding funding models.

B. BACKGROUND

4. Justice Health NSW provides health care to adults and young people in contact with the forensic mental health and criminal justice systems in NSW. It is a statewide service that operates in over 100 locations and cares for approximately 13,000 at any given time across custodial, inpatient and community settings.

5. Justice Health NSW supports highly vulnerable patient populations in these settings, with a multidisciplinary workforce. Services include primary care, drug and alcohol, mental health, population health, women's and midwifery care, oral health, Aboriginal health, youth health, and a range of allied health services.

6. This statement addresses the funding of Justice Health NSW to deliver services to adults and juveniles in custodial and forensic mental health settings.

C. FUNDING METHODOLOGY IN A CUSTODIAL SETTING

7. In Australia, states and territories bear the cost and responsibility for health care provision to those in custody with prison health services being ineligible to access Medicare Benefits Scheme (**MBS**) funding for provision of healthcare or the Pharmaceutical Benefits Scheme (**PBS**) for the provision of most pharmaceutical treatments, with the exception of highly specialised drugs and some specific arrangements under the National Partnership Agreement such as COVID-19 and Mpox vaccines.

8. Justice Health NSW had an operating expense budget of $278 million for 2023-24 to provide health services to patients across custodial, forensic mental health, and courts and community setting. Unlike local health district (**LHD**) services that operate under Activity Based Funding and secure funding through national weighted activity unit (**NWAU**) data, custodial health services are not part of the National Health Reform Agreement between Commonwealth and State and Territory Governments. Justice Health NSW receives block funding exclusively from the State, informed by historical funding levels and specific initiatives from the Ministry of Health (**MOH**) such as End of Life/Palliative Care, Excess Demand, nursing full time equivalent staffing (**FTE**) enhancement, or any generic growth funding at MOH's discretion.

9. The result is a slow divergence between funded capacity and demand. Some examples include dental services where funding has been static for over 10 years while the demand in the form of waitlist is increasing. Other examples include long-acting injectable Opioid Agonist Treatment (**OAT**), which received funding during COVID-19. This service has grown from 70 people receiving treatment, to close to 2,200 patients on the program, with a further 700 on the waitlist. Resources are required to manage the growing wait list and waiting time.

10. Additionally, Justice Health NSW is the highest prescriber of hepatitis C treatments in NSW, which contributes to NSW Health's target to eliminate hepatitis C by 2028. Despite

no material change in funding, patient screening has increased, resulting in a 30% increase in treatments in 2023.

11. It is important to note that Justice Health NSW has limited control over total and changing custodial population numbers at both a state and facility level. Corrective Services NSW (**CSNSW**) and Youth Justice NSW (**YJNSW**) move people around the state to meet their classification and security needs and make decisions about prison facility capacity, closures, openings and change of purpose, with limited consideration for health service operations. Recent changes to the application of bail in response to domestic violence and youth crime has led to an upswing in custodial populations, particularly in remand. One third of adults and 59% of young people in custody identify as Aboriginal or Torres Strait Islander (hereafter **Aboriginal**). Activities associated with the screening and interventions for people entering custody (at reception) is putting upward pressure on Justice Health NSW resourcing, particularly in metropolitan reception centres.

12. Justice Health NSW is also mandated to monitor the provision of health services in managed correctional centres according to section 236A of the *Crimes (Administration of Sentences) Act 1999* (**the Act**). The Justice Health NSW Risk and Assurance (**R&A**) team monitors the provision of health services in these correctional centres. Justice Health NSW has never received funding to undertake this role across the three privately operated centres.

The historical base of block funding

13. Justice Health NSW's budget is comprised of a historical base combined with additional growth funding. The original formulation of the historical base is unclear, but it continues to inform Justice Health NSW's budget without any clear methodology. This creates difficulty in determining whether the base budget is adequate to deliver the services that Justice Health NSW is required to provide under the *Crimes (Sentencing Procedure) Act 1999* and under its Service Agreement.

14. Justice Health NSW works within its funding envelope, meaning that programs and services are developed according to the budget allocated to Justice Health NSW rather than the health needs of those in custody. For this reason, Justice Health NSW is reviewing the unmet demand in our services, discussed further in section E below. To date, the review demonstrates there are patients waiting longer than clinically recommended, across all service waitlists. Justice Health NSW is currently undertaking work to understand and categorise the population health needs of those in custody to

enable the building of a “bottom up” structure, which starts with understanding population health needs to determine funding requirements, rather than a “top down” approach, which starts with the allocated budget. In 2023-24 and 2024-25, Justice Health NSW attempted a “bottom-up” approach for the application and division of internal funding, however this proved too difficult as there is no staffing or tested population methodology that enables this structure to be implemented. At present, there is a disconnect between historical funding models and the service needs of our population.

Escalation for CPI and wage increases

15. Justice Health NSW’s annual growth funding for consumer price indexation (**CPI**) and new initiatives is consistent with LHDs, however the latter is driven by Government priorities that do not always align with local priorities. The gap between identified need and annual budget allocations is met through internally derived efficiencies and curtailing of unfunded initiatives.

16. A challenge with budget CPI increases arises with respect to Justice Health NSW’s delivery of goods and services where there is a gap between the budgeted CPI increase as per the Service Agreement and actual cost increases. For example, our Public Private Partnership contract stipulates quarterly increase consistent with the Australian Bureau of Statistics (**ABS**) published CPI data, which has been significantly higher than the Service Agreement budgeted CPI increase in the last two years. As a result, we have to find efficiency and/or cut operational costs to meet the overall goods and services budget target. The reality is the majority of our contracts are indexed to the CPI.

17. Ideally, goods and services CPI increase should be funded in full, based on published ABS data. This could be in the form of quarterly top-up funding based on actual increases or decreases to negate any movement from the time the budget was handed down. It is not always easy to find volume offset internally given the service demand tends to increase year-on-year with the population growth, new service offerings and emergence of new technology or products which tend to cost more, not less.

18. Justice Health NSW considers that a needs analysis-based approach to determine resourcing at state and local levels could better inform funding allocation and targets, help identify gaps and future priorities, and deliver improved care outcomes. We have recently developed an internal, untested, FTE distribution formula called the “Sheehan model”. This model takes into consideration the complexity of the custodial settings such as maximum, medium, minimum security classifications, and women, however it does

not yet consider acuity multipliers such as age, Aboriginal status and drug and alcohol use. Justice Health NSW is progressing work to understand and build a population-based model to adequately assess and apply resources across the state through an equitable process, The model will ideally better allocate funding based on the needs of changing custodial populations. Ideally, this process could then be used to work out the internal allocation of funding for equity purposes and then, through an application of data collected from this model, calculate the actual costs of delivery to meet current needs and to recalibrate our funding model with the MOH to reflect that costing.

19. We have also tried examining areas of equivalence, comparing what we spend per head with the general community spend per head, to identify the specific areas of need arising in the custodial setting. Due to the uniqueness of our setting the barriers to efficient care and the intensity of health-related issues, it is difficult to prove equivalency.

Supplementary funding

20. Supplementary funding may be available to Justice Health NSW to deliver new programs or expand existing ones. This requires Justice Health NSW to present a business case to MOH. For example, we recently received $2.5 million supplementary funding for drug and alcohol programs following the Special Commission of Inquiry into the Drug 'Ice'. This funding was used to provide therapeutic pathways for people with methamphetamine and polydrug use disorders, and complex care needs. Given the rates of Aboriginal people in custody, Aboriginal cultural care and health is a central feature to the enhanced model of care, including through the use of identified Aboriginal positions. However, the funding envelope may be insufficient for a statewide service and given the rates of patient transfers, some people and locations may be unable to access the service, which is inequitable.

21. It is important to note that CSNSW and YJNSW are historically funded to deliver psychological programs in custodial settings. Under the CSNSW service model, the remand population is ineligible for these services, resulting in a considerable service gap.

22. Where supplementary funding is provided for new programs, which could be provided in a lump sum based on what MOH can afford, it may not adequately account for the cost of overheads associated with program delivery. As Justice Health NSW is a fairly small service, overhead costs such as back of office increases or increased travel have been historically underestimated or missed, creating deficiencies once funding is approved. We have increased our investment in People and Culture programs, asset management

and contracts and procurement through internally allocated efficiency, however there remains a potential shortfall for future initiatives.

23. Currently, State and Commonwealth funding processes for new and targeted initiatives are inconsistent and could be better coordinated to support more rigorous and evidence-informed submissions. Applications coordinated through MOH are requested from various lead branches, and often have short timelines for submission. Justice Health NSW's processes to identify and assess new initiatives are rigorous and provide a strong and ready source when alternative funding opportunities arise. Feedback on unsuccessful submissions would enhance transparency of these processes and provide an opportunity to strengthen future applications.

24. Further, short-term and incremental allocation of funding for some initiatives adversely impacts workforce recruitment and retention, which jeopardises service and patient care continuity. It is not uncommon to receive confirmation of funding extensions in the final weeks or days prior to the end of existing funding once staff on temporary contracts have already secured alternative employment.

D. CHANGING DEMOGRAPHICS

25. Compounding the challenges of a budget where the calculation of the base is unclear, Justice Health NSW is experiencing changing demographics in the custodial population, with increases in women, young people, and Aboriginal patients.

26. Women in custody are a vulnerable cohort, experiencing higher rates of social disadvantage than men and commonly have been victims of crime, particularly family violence and sexual abuse. Women enter prison for less serious offences than men, spend short, disruptive periods in custody, and are more likely than men to be the primary carer of dependent children. Lost access to housing, health, social care services, and family contact when in custody increases their likelihood of reoffending and reincarceration. Following increases in the number of remand and sentenced women in custody in NSW of 55% and 85 % respectively between 2011 and 2017; the female custodial population has been relatively stable in the last three years, (855 at 30 June 2024).

27. Despite this, the number of Aboriginal women in custody increased by 28 % from March 2013 to February 2021. Aboriginal women are the most rapidly growing population of people in prison, with double the incarceration rate of Aboriginal men between the years of 2000 and 2015, and 15 times that of non-Indigenous women. Aboriginal women are

more likely than non-Indigenous women to have significant mental illness, cognitive disability, substance use and homelessness.

28. Despite an overall downward trend in the number of young people in custody in NSW in the last 10 years, the population jumped by 41% in the 12 months to 30 June 2024 (to 247). Young people in contact with the criminal justice system present with emergent and complex health, social and behavioural needs. Compared to the wider community, they have higher rates of mental illness, neurodevelopmental disability, alcohol and substance use, speech and language impairment, ear and hearing issues, complex trauma, and engage in risky sexual behaviour. Health services and interventions for young people need to align with their specific care and developmental needs, which are distinct from adults.

29. Due to the short amount of time young people spend in custody (an average of 48 hours, with 50% released within 24 hours), around half of young people are released before any comprehensive assessment and care planning can be arranged. The cost to governments nationally as a result of late intervention through crisis services for young people in Australia, including justice involvement, has been calculated at $15.2 billion each year.

30. Early intervention (in the community especially, but also in custody) can prevent problems occurring or address emerging issues before they become harder and more costly to resolve. Aboriginal people are disproportionately represented in custody, accounting for 31% of adults and 59 %of young people, despite comprising only 3 and 5%of adults and young people in the wider NSW community, respectively. Aboriginal people are imprisoned in NSW at 10 times the rate of non-Aboriginal people; with the highest ever number of Aboriginal adults in custody (4039) recorded in June 2024; primarily in the remand population. Similarly, the number of Aboriginal young people on remand increased by 50% between June 2022 to June 2024. This is because more of their matters proceeded to court, they are more likely to be refused bail, and are less likely to be granted diversion from custody. When compared with non-Indigenous people in custody in NSW, Aboriginal people have poorer health status and care outcomes, and come from more socially disadvantaged backgrounds.

31. Aboriginal-led care models that address holistic social and cultural concepts of health and wellbeing have been shown to improve care engagement and health outcomes. Justice Health NSW has set a strategic priority to ensure all Aboriginal patients can choose to have care delivered by an Aboriginal clinician or peer worker by 2032.

Because there are very few funded Aboriginal-identified roles in Justice Health NSW, we have pursued a range of initiatives to achieve this priority, including targeted recruitment to various clinical roles and partnering with Aboriginal community-controlled health providers for in-reach services and to support transfer of care.

32. In accordance with the United Nations Standard Minimum Rules for the Treatment of Prisoners (**the Nelson Mandela rules**), people in custodial settings are entitled to equivalent services to those available to the wider community. Health services need to be appropriate for the diverse populations in custody including Aboriginal people, women and children, people living with a disability, people who identify as LGBTQIA+, and people of culturally and linguistically diverse backgrounds. There is a need to ensure that primary care, mental health, drug and alcohol and suicide prevention services are adequately resourced and are holistically and culturally safe. Security practices can impact negatively on health outcomes, such as segregation which impacts on mental and physical health, and social and emotional wellbeing.

33. There are significant and unfunded resourcing impacts on facility-based primary care services to support the provision of specialty care in custody. This includes facilitating tertiary and internal virtual care appointments, administering OAT, screening for communicable disease and mental health care.

34. Delivering care in a custodial setting requires collaboration and partnership with CSNSW and YJNSW officers to ensure access to patients in a timely manner. Various inquiries by independent oversight bodies, such as the NSW Coroner and NSW Auditor-General, have resulted in findings related to access barriers and inefficiencies, as well as many formal recommendations to improve patient access, with little progress or improvement to date. As an example, facility and inmate security classifications limit the number of patients that can be in the health centre at a given time and the total daily hours of patient access. In adult correctional centres, patient access ranges between 3.5 and 7 hours per day, with one third of sites having less than 4.5 hours daily access. Analysis of access-related adult correctional appointment cancellations in 2021-22 found 41%were due to CSNSW operational issues, such as centre lockdowns or short staffing.

35. The intersection with Justice partners and their impact on patient access, monitoring of patients and placement of patients are not within the control of Justice Health NSW and can prove challenging for the Justice Health NSW primary care services. This is compounded by population challenges: over-representation of Aboriginal people and significant growth of cohorts with complex needs, including those on remand, aged

patients (up 74% in last 10 years), people with disability, people identifying as transgender, people with increased risk of suicide, severe self-harming behaviours, women with high rates of trauma and co-morbid illnesses, and people with high medical needs.

36. Justice Health NSW works closely with Health partners and services, including local hospitals (inpatient and outpatient care), private prison operators, community mental health teams, Aboriginal Community Controlled Health Organisations, and local General Practitioners, to support transfer and continuity of care for people in secure forensic and custodial settings, and on release or transfer. The weeks following release from custody are a particularly high-risk period, with high rates of overdose, death and risky behaviours. The service impact for coordination, transfer and continuity of care for people in custody is felt most by Justice Health NSW's primary care service.

37. Effective coordination and transfer of care for people returning to the community can be impeded by their unexpected release, homelessness, service eligibility criteria or availability, or reluctance of providers to accept the referral due to the person's complex care and social support needs. For example, referrals into regional community-based health services is very difficult due to service availability. This can leave people with unresolved health issues that impact their wellbeing and offending behaviour, increasing the likelihood of future contact with the criminal justice system. The funding of Custodial Mental Health was historically based on an un-tested assumption that the funding was sufficient. Long waitlists, patient feedback on their dissatisfaction, and Coronial recommendations demonstrate systemic underfunding.

E. DETERMINING UNMET DEMAND AND ENSURING EFFICIENCY

Unmet demand

38. In 2024, there have been changes to Key Performance Indicators (**KPIs**) set in Justice Health NSW's Service Agreement with MOH, with a shift to a greater number of KPIs focussing on outcomes and meeting demand.

39. Previously performance measured against met and un-met demand was not well reported on or understood. The movement to KPIs focussed on outcomes and demand has highlighted the challenges faced by Justice Health NSW. Justice Health NSW continue to work with the MOH to develop a fit for purpose set of KPIs that are relevant, demonstrate the impact of demand and measure outcomes of care.

40. Challenges with the current funding model are demonstrated by an underlying and increasing funding gap between service need and capacity, however, this gap has never been adequately measured or reported. Up until 2023, Justice Health NSW has had very few demand related KPIs in its Service Agreement with MOH and, accordingly, unmet demands were not being accurately measured and accounted for.

41. Currently, Justice Health NSW is failing to meet most demand related KPIs set in the current Service Agreement, and this demonstrates a gap in the supply and demand equation. For example, we have recently implemented waitlists as part of the Justice Health NSW Service Agreement. These include waitlists and wait times for mental health, drug and alcohol and primary care in custody. The number of people waiting longer than clinically recommended demonstrates the disconnect between supply and demand. The current triage system is not evidenced-based and will be evaluated.

Efficiencies

42. Justice Health NSW has an established efficiency framework with the executives acting as the program steering committee. There are various time-limited working groups sitting under the program. Some examples of these working groups are travel, pathology, medications, accommodation, motor vehicles, and health managers. Justice Health NSW has underlying inefficiencies due to the reliance on CSNSW and YJNSW daily routines and staffing to gain access to patients. Justice Health NSW is committed to improving access through improved relations, protocols and shared performance measures. Unfortunately to date there has been limited improvement resulting in inefficiencies, increased waitlists and ultimately poorer outcomes for patients.

43. COVID-19 was also a complicating financial factor as the pandemic resulted in an influx of funding into the system which has had to be extracted back out. This shortfall has resulted in increased unmet demands. An example of this would be OAT mentioned above. The other efficiency challenge is the high cost of temporary labour, specifically the use of nursing locums which we have largely curtailed in last 12 months through increased investment in recruitment and retention strategies including graduate intakes.

44. Further, there have been considerable changes in custodial populations which have increased demands in certain service areas, particularly with an increase in the female, Aboriginal and youth populations. Overall, there has been increasing demand in all health domains, notably in the service areas of mental health, drug and alcohol intervention and OAT.

F. REBUILDING THE FUNDING FRAMEWORK

45. Whilst the population of prisons fluctuate, changing demographics should have a greater focus as these demographics dramatically impact health needs within different service areas. For example, an increase in the Aboriginal demographic has resulted in increased needs in the realm of chronic disease management, requiring a diversion from other resources.

46. These changing needs do not negate the requirement of providing general primary care within the custodial setting and there needs to be a balance between primary care delivery and services such as harm minimisation and prevention.

Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) subsidies

47. There are a number of MBS and PBS items which would better support individuals transitioning in and out of custody. As a result of the limitations on MBS and PBS subsidies, Justice Health NSW does not have access to MBS and limited PBS associated incentives, such as telehealth, which could increase the efficiency and cost-effectiveness of our services. Accordingly, whilst telehealth would be a significant opportunity for Justice Health NSW, we are unable to claim the incentive payment for such intervention and thus this additional cost would need to be factored into the current operating budget. It may be appropriate to overlay the current block funding model with incentives to help support telehealth and reduce health costs overall.

48. Justice Health NSW is also party to a research grant with UNSW to trial MBS transitional items in an Aboriginal Medical Service to see if they work to improve health outcomes. However, due to the limited population for which this grant will be available, the validity/broader applicability of this study will be limited.

Evidence Based Funding Structure

49. Justice Health NSW is currently undertaking a review of its demand and efficiency to allow for a negotiation of a funding model over the next few financial years. This requires an examination of how Justice Health NSW is being funded, what the specific division of funding is, and how this applies to the changing service demands of the varying custodial population and demographic.

50. Justice Health NSW is currently looking at collating data relating to the current internal budget pressure points to be presented to MOH at the funding roadshow for the 2025/2026 financial year, with further evidentiary support on a funding model to be provided by the 2026/2027 financial year.

51. Currently, Justice Health NSW has identified some services which have experienced an increased demand in service provision relative to previous years, including oral health. In 2023, funding was provided on a Dental Weighted Average Unit (**DWAU**) basis and our services were meeting those requirements, but this did not adequately reflect the demand for oral health care within the custodial setting. We have since changed our KPI measurements to reflect demand and outcome and, we are not even meeting 50% of the oral health demand in a custodial setting. This clearly demonstrates a need for increased funding from a demand perspective.

G. RETURN ON INVESTMENT

Reduced costs for the Justice System

52. Investment in, and delivery of, efficient and high-quality health services to people in contact with the justice system has far reaching benefits beyond the individual patient or service. Given people in custody are an at-risk population who mostly return to the community, there is a moral, economic, and public health responsibility to address the health needs of this population.

53. Australian data shows adolescents commit over 20% of offences, with the cost of youth crime in Australia conservatively over $2 billion annually. There are significant health and economic benefits in intervening early to address the health needs of people at risk of contact with the justice system.

54. The Safeguards Team provides a specialist child and adolescent acute response mental health service to complement investments in schools supporting wellbeing and primary mental health support such as headspace. This is a relatively new program developed in 2020 with the NSW Branch Royal Australian and New Zealand College of Psychiatrists (**RANZCP**), in consultation with Child and Adolescent Psychiatrists in NSW. The program is about $3.5 million per annum and is funded to 2026-27.

55. Justice Health NSW is expanding our Statewide Community and Court Liaison Service to include 58 local courts in rural, regional and metro locations, after securing $2.4 million extra annual funding over 4 years. Cost-benefit analysis by Ernst and Young in 2021

found every $1 spent on Justice Health NSW's adult diversion service delivered a cost saving of $4.30, primarily within Justice Health NSW. The four-year temporary funding is to 2025-26.

56. Justice Health NSW community-based mental health services, such as the Teen Got It! Program, play an important role in early intervention and primary prevention, to stop vulnerable people coming into custody. Justice Health NSW also supports diversion of eligible adults from custody through the NSW Drug Court and Compulsory Drug Treatment Program.

57. Key cost avoidance benefits to the Justice cluster include:

    a. Diversion of individuals with histories of complex drug use from custody;

    b. Resource costs for patient transportation to external health services, such as escorting officer wages, including overtime; vehicle supply, wear and maintenance;

    c. Time and resource savings from negated risk assessments, form completion, and other administrative functions associated with coordinating patient transfers;

    d. Less disruption to correctional centre routines, especially associated with differing security classifications;

    e. Nil diversion of officer resources from usual centre functions, including facilitation of patient access to the facility's health centre; and

    f. Reduced incident and complaint management related to healthcare wait times.

Health System benefits

58. As a statewide service, Justice Health NSW has a fully integrated and specialised workforce to manage the complex health needs of these patients and support a seamless and continuous custodial care pathway. People in custody often report access barriers to healthcare in the community that can result in more significant and regular care. The post-release period in particular is a time of heightened risk for emergency care, hospitalisation, and death. Addressing their health needs in the correctional setting, and connecting them to care on release, reduces the burden of disease on the individual, community and public health system.

59. Benefits to the health system include:

a. Reduction in avoidable admissions and related time and resourcing costs that can be redirected to meet wider service demand, and

b. Less disruption to hospital operations, especially associated with managing risk to support staff, patient and community safety.

60. Greater investment in transitional support and community-based outreach services to meet the needs of people leaving custody, particularly those with problematic drug use, would enhance these health gains given existing capacity issues in community services and known benefits for health and recidivism outcomes from continued healthcare engagement on release.

Improved public health – preventative care

61. Given those in custody are a high-risk population, due to their complex needs, Justice Health NSW is uniquely positioned to improve broader public health and deliver preventative care through screening, treatment, control, and prevention of blood-borne and other communicable diseases including an increase in sexually transmitted infections such as syphilis. The risk to the prison population of morbidity and mortality is extremely high in the event of a major infectious disease outbreak such as occurred with the COVID-19 pandemic given the numbers of people in prison and close living quarters, a serious airborne disease is virtually impossible to contain in a prison setting.

62. A strong example of Justice Health NSW's positive impact on public health is its role in eliminating hepatitis C among those in custody. With the new highly effective direct acting antiviral treatment, Justice Health NSW embarked on a mass education, testing, and treatment program to 12 targeted facilities. By the end of 2018, 25% of people initiated on hepatitis C treatment in NSW did so in prison.

63. NSW was the first jurisdiction in Australia to achieve virtual elimination of hepatitis C in a correctional setting. Statewide, Justice Health NSW initiated 7,609 adults on hepatitis C treatment between 2015-16 and 2022-23, of whom 37% were Aboriginal, representing $13,442 million in avoided healthcare costs. Information from the Commonwealth Department of Health indicated that the average cost of treating a patient with Hepatitis C in 2017, when weighing various levels of severity and disease progression, was $1,727 per year.

64. Since the new Direct-acting antiretrovirals for Hepatitis C became available in 2016, Justice Health NSW has treated 7,609 people (to June 2024) and saved an estimated

$13,442,975 in avoided health-care costs. In addition, Justice Health NSW has a comprehensive flu vaccine campaign annually offered to all patients which also specifically targets vulnerable patients such as aged care, those with co-morbidities and Aboriginal people. Justice Health NSW also offers a suite of other vaccinations such as Hepatitis B, and most recently rolled out vaccinations for at risk populations for MPox. NSW Health has a current target for hepatitis C elimination by 2028 and, as Justice Health NSW are the largest providers of hepatitis C testing and medication, there is an increased demand for this service, compared to the community due to reinfection, and behaviours in custody. that lead to hepatitis C,. resulting in a greater divergence between funding provision and funding requirements. Unfortunately, as we are only beginning to report on our demand indicators, the gap in funding is not presently clear. Many patients treated for hepatitis C are due to reinfection occurring in custody due to lack of access to a needle syringe program and other harm reduction measures such as access to adequate disinfectant. This results in many injecting related injuries such as cellulitis, abscesses and in some cases endocarditis.

65. Since 2016 the number of retreatments continues to increase. In 2016/17, 2.1% of all hepatitis C treatments were retreatments compared to 36.6% in 2023/24. Some of these are treatment failures but the majority are reinfections that have occurred both in and out of prison. Aboriginal people are significantly over-represented. In quarter 4 of 2023-24, 55% of the retreatments for hepatitis C reinfection in prison were Aboriginal people. The true demand is not fully known as not all patients entering custody are not tested for hepatitis C due to resourcing. Ideally opt out blood borne virus testing would be offered to all people as they enter custody.

66. The Deputy State Coroner has called for the custodial health system to be appropriately funded in the 2024 Inquest into the death of Michael Raymond Baker.

Balancing Preventative Care against Chronic and Primary Care

67. While there are clear economic and community benefits from engaging in preventative care in custodial settings, there needs to be a balance between preventative care and chronic and primary care delivery within the current funding envelope. We are in the process of undertaking a cost benefit analysis of preventative care against primary care. The custodial setting is an opportunity to make a major contribution to improving the health and wellbeing of some of the most disadvantaged and marginalised people in NSW and provide health services and health promotion to a population with multiple co-morbidities and modifiable risk factors for chronic disease.

68. The custodial population represents the intersectionality of identified priority populations including Aboriginal people, people from low socio-economic backgrounds, people with a disability, ageing custodial populations, culturally and linguistically diverse people and people from rural and remote areas. It remains a priority to provide health equity to support vulnerable cohorts and enhance health literacy, agency and wellbeing as a resource for life both in custody and on release to the community. This opportunity to advance preventive health care with long lasting health improvement requires a health prevention and promotion workforce.

Statewide Forensic Mental Health Network

69. Justice Health NSW is the lead agency for the NSW forensic mental health system. However it has no delegated authority for patient admissions and flow outside the high secure environments.

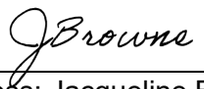
70. Unlike custodial health service, the forensic in-patient unit, which is part of the public hospital, generally attract 45% Commonwealth funding under ABF block funding under a small public hospital arrangement. Justice Health NSW's payment from the Commonwealth was $36 million in 2023-24 for the Forensic Hospital.

71. Forensic patients also retain their access to Medicare as well as Centrelink support. They are also liable for the charges gazetted by the MOH under the Hospital Fees Policy. The forensic bed-stock in NSW is insufficient to manage service demand. There is not enough medium secure beds and no low secure beds, to allow patients to flow into these less restrictive settings, resulting in a number of forensic patients remaining in custody after their acquittal.

72. The $700 million Statewide Mental Health Infrastructure Program (**SWMHIP**) has been committed to expand mental health inpatient services. This includes the resourcing of new and much needed medium and low secure forensic beds.

73. The capital planning process does not guarantee future recurrent funding to cover the necessary operating costs. The operating cost is subject to the annual Purchasing Roadshow process, with uncertain outcomes.

Wendy Hoey



Witness: Jacqueline Browne

13 November 2024

Date

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Date