Special Commission of Inquiry into Healthcare Funding

Witness Outline

Name: Matthew Mackay

Occupation: Chief Executive Officer of Royal Rehab Group and Health Services Association President

1. This is an outline of the evidence that it is anticipated that the witness will give to the Special Commission of Inquiry into Healthcare Funding.

A. Role and Overview of Service

2. I am the Chief Executive Officer of Royal Rehab Group (Royal Rehab) and currently President of the Health Services Association, a collaborative of non-government public health service providers.
3. Royal Rehab has been providing Health Services to the people of NSW since 1899. The group has proudly cared for the people of NSW for 125 years and was founded out of philanthropy under the stewardship of Susan Schardt.
4. Royal Rehab is an affiliated health organisation (AHO) under the *Health Services Act 1997* which provides specialist rehabilitation and disability services across various Local Health Districts (LHDs) in NSW. Royal Rehab provides services for general rehabilitation patients but also in particular, to patients with spinal cord injuries (SCI) and traumatic brain injuries (TBI).
5. These services cover inpatient rehabilitation and rehabilitation in the community, including arranging for any necessary modifications to a patient's home (for example, installation of ramps, taps and other adaptive technologies), linking patients with multi-disciplinary care providers in the community (for example, social workers, social coordinators and physiotherapists), and liaising with organisations on the patient's behalf such as the National Disability Insurance Agency and insurers.

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B. Spinal Cord Injury (SCI) Rehabilitation

6. Royal Rehab provides rehabilitation services for serious SCI patients primarily from areas to the north of the Sydney Harbour and following their acute care at Royal North Shore Hospital. Patients south of the harbour generally go to Prince of Wales Hospital for their acute care and rehabilitation. On occasion, Royal Rehab will provide services to patients from other regions as due to the complex services that Royal Rehab can provide as well as patient choice when there is an available bed.
7. SCI is an injury that causes a life-long disability or health complication, for example an SCI that results in paraplegia or quadriplegia.
8. Royal Rehab has 26 beds for specialist SCI rehabilitation, and 16 beds for traumatic brain injury (TBI) rehabilitation.
9. Royal Rehab also has a licensed private hospital within the main campus that provides for neurological, reconditioning, musculoskeletal and general rehabilitation patients (such as people who have had a stroke) and currently operates 18 beds for those patients.
10. The NSW Spinal Outreach Service (SOS), based at Royal Rehab in Ryde, spans every LHD to provide post-hospital discharge care to SCI patients across NSW. The NSW Metropolitan SOS provides multi-disciplinary care for up to 1 year. The NSW Rural SOS links clients with multi-disciplinary care close to where they live, and also has a metropolitan based multi-disciplinary team that flies out to provide clinics in rural and regional areas nine times per year as well as providing 6 telehealth regional clinics. The NSW Rural SOS also aims to build the capacity of local clinicians so they can provide the best possible care to clients in their communities, and so will often liaise with and provide information to clinicians such as general practitioners on their visits to regional city centres.

11. Post-discharge services that Royal Rehab provides include arranging for any necessary modifications to a client's home (for example, installation of ramps, taps and other adaptive technologies), linking clients with care providers in the community (for example, social workers, social coordinators, physiotherapists, etc), and liaising with organisations on the client's behalf such as the National Disability Insurance Agency and insurers.

C. Funding arrangement with Northern Sydney Local Health District

12. Royal Rehab sits under the Northern Sydney Local Health District (NSLHD). While the budget of Royal Rehab is allocated by the NSLHD, Royal Rehab provides services across every LHD in the state of NSW, predominantly through its spinal outreach services.
13. The last Service Level Agreement (SLA) signed by Royal Rehab and the NSLHD expired on 30 June 2012. The services and funding arrangements between Royal Rehab and the NSLHD since that time have been based on existing relationships between the Chief Executives, and quarterly performance meetings.
14. These quarterly performance meetings are attended by executive staff of both Royal Rehab and the NSLHD, and are chaired by the Chief Executive of the NSLHD. At these meetings, we generally discuss whether Key Performance Indicators (KPIs) are being met, which cover topics such as spinal cord referral, access management, patient health outcomes, and efficiency and effectiveness of service delivery.
15. In my view, there is no negotiation between Royal Rehab and the NSLHD regarding the funding that is allocated to Royal Rehab. Royal Rehab is simply provided with a document setting out the funding allocations for each financial year as determined by the NSLHD.

D. Insufficient funding

16. Under the current arrangement, Royal Rehab is funded on an activity-based model. A copy of Royal Rehab's budget for the 2023-2024 Financial Year is at SCI.0008.0027.0001. For FY2023-24,

Royal Rehab is funded for $28,925,495. This comprises $12,339,231 for Purchased Activity, $10,589,590 from a transitional grant, and $5,996,675 for other services.

17. Royal Rehab's funding is also affected by an 'own source revenue' target, which is deducted from the funding provided by NSLHD. This includes revenue we receive from insurers and others. For FY2023-24, this is $4,179,768. This means the total funding given by NSLHD for FY2023-24 is $24,745,727. This target is not discussed and is just "allocated". The methodology of how this is allocated to Royal Rehab is unknown to Royal Rehab.
18. I consider it would be of great benefit to Royal Rehab if its funding from NSLHD was not subject to own source revenue targets, and it was able to maintain its own revenue sources. I understand that there are some AHOs under the Health Services Association which are able to maintain their source revenue as part of their funding.
19. Royal Rehab is not seeking extra funding, it is seeking to be funded the full amount as per the annualised budgets without an own source revenue reduction.
20. In the past approximately 20 years Royal Rehab has been providing services, there has been little to no uplift in Royal Rehab's overall base funding other than indexation applied in line with the public sector wage increases. Even then the full indexation is often not applied to Royal Rehab's annual funding. In my view the government relies on our generosity of wanting to keep doing things for people, as we find ways of topping up any funding shortfall.
21. It is Royal Rehab's position that it requires 100% of the allocated recurrent funding in order for it to continue to provide the range of specialised services. I have raised those issues with the NSLHD, including with Ms Deb Willcox, who was Chief Executive of the NSLHD at the time, and also with Ms Jacquie Ferguson, Executive Director of Finance and Corporate Services of the NSLHD. These issues have also been raised with the Ministry of Health, however, have been redirected to the LHD for an outcome.

22. As yet, those funding issues have not been resolved.

23. As part of the process of engaging with the NSLHD in relation to Royal Rehab's funding, I have been told that Royal Rehab is "lucky" to receive the funding it is allocated because the NSLHD does not pass on efficiency targets that the LHD facilities are required to achieve. In my view, efficiency targets in the context of AHOs are problematic because they do not appropriately recognise the differences between an AHO and the state system. For example, AHOs get no recurrent capital funding, only funding for care, yet they are expected to function like state facilities that do get capital funding. Any capital funding received is discretionary from either the LHD or on occasion direct from the NSW Minister for Health. There is also little consideration given by the LHD or the Ministry on the value-add extras that come to the state. Innovative Care models, the application of adaptive and assistive technologies, research, and direct philanthropy is overlooked and undervalued.

E. Governance structures

24. In my view, for services such as Royal Rehab, which cater to not just one LHD but state-wide, there should be a structure which allows for centralised governance that is not LHD-specific. I am in support of a "hub and spoke" type of centralised governance structure, where a central body such as the Ministry oversees the allocation of funding and setting of targets for such services. This could include statewide management of the SCI beds. To that end, I would endorse the comments made in the Public Submission provided to the Inquiry by James Middleton on behalf of the NSW Spinal Cord Injury Service in relation to the benefits of a hub and spoke model for this class of care.

25. I have been advised by the Ministry that it is the LHD that decides the distribution of funding provided across its various hospital and community-based services (including to AHOs) and that the Ministry does not see any AHO budgets as part of the funding process. In my opinion, it

would assist for the Ministry to be more involved and better understand the work that Royal Rehab and AHOs do across the state.