



Special Commission of Inquiry into Healthcare Funding

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Name: Far West Local Health District
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Travel

Bordering three states, Far West Local Health District (FWLHD) covers 194,949 square kilometres in remote NSW. The district is the second largest district in NSW, the most sparsely populated district in NSW and has the highest proportion of Aboriginal residents (12 per cent). Clinical staff (mostly Nursing and Allied Health), non-clinical staff (mostly maintenance crew, disaster recovery and Bio Medical Engineers) and students are vulnerable to long distance travelling, hazardous conditions, and fatigue. The district needs to continue to have a safe fleet that is petrol/diesel powered due to refuelling as well as needing to negotiate unsealed roads between some sites. In addition, there is a reliance on Royal Flying Doctor Service for retrieval/transfer of ill patients into Broken Hill as the most time effective means of transfer this incurs a significant cost.

FWLHD has a large Flying In Flying Out (FIFO) workforce. Acquisition of talent and retaining the talent remains a challenge to the district. As the most rural and remote district in NSW, air travel, transport and suitable accommodation are key success factors to talent acquisition initiatives. The reality is that additional expenses will need to be incurred to compete with other regional districts and adjoining States offering packages that are considered more attractive to applicants.

Patient transport and retrieval services

FWLHD is heavily reliant on clinical services in South Australia for patients that require a higher level of care than can be delivered locally. This reliance is a strongly historical one and is primarily due to the proximity and significantly shorter travelling times to Adelaide for critically unwell patients.

Transfer of patients is undertaken primarily by air and the LHD has a heavy reliance on the Royal Flying Doctor Service (RFDS) as well as Medstar (South Australian equivalent) for these transfers.

AAS MedSTAR in South Australia is a unique 24-hour emergency medical retrieval service. FWLHD use the service to transfer patients from Broken Hill to South Australia. A significant price increase is noted from quote received in FY2023-24 (August 2023). South Australia has advised that MedSTAR has changed the pricing methodology to full cost recovery which did not occur in the past (prior to FY2023-24). The staff costs are calculated assuming the job is done on the day of the week as per request. The price will be adjusted for weekend shifts, changes to medical and nursing staff specialties, accommodation, ambulance transfer costs if required from hospitals to airfields. Compared to the last financial year the cost increase is 77 per cent.

Health Staff Accommodation

The district does not have enough short- and long-term accommodation for health staff for their growing demand. There is a mismatch between demand and current supply, leading to partial occupancies of larger style dwellings. The district's ability to meet demand is hindered by the region's housing market and available housing supply. This is attributed to low rental vacancy rate in the region, population growth, and competing

largescale government projects as well as private commercial industry (in Broken Hill this is mostly mining).

Following COVID19, FWLHD has experienced an increase of tourists, where rental properties have been converted to Air BnB's to meet the influx of short-stay tourists. With high occupancy rates by tourists, there are additional burdens to the availability in the market.

As health staffing is a highly competitive market, accommodation is an influential incentive to attract people into the LHD. Delivering quality, temporary accommodation is a key driver in sourcing and recruiting talent. This places a burden on district to deliver accommodation capable to encouraging health staff to accept positions and stay.

“FIFO lifestyle” comes with an expectation of accommodation at a high standard. Health staff accommodation needs are diverse and multivariable - short term accommodation and long-term accommodation. Also, health staff have different preferences for their accommodation depending on their personal circumstances and role. For example, housing must cater to the needs of health staff, for example single people may only need one-bedroom unit, whilst families may need 2–3-bedroom homes. Especially after COVID there is a large increase in demand for standalone accommodation solutions. While current Key Worker Accommodation capital works will be delivering around 20 one-bedroom units for the district, the district has filled the gap temporarily with a leased housing portfolio.

Funding model

FWLHD operates with a mix of Activity Based Funding (ABF), Small Rural Hospitals Funding Methodology (SRHFM), and Block Funding.

Below is a summary from the NSW Activity Based Funding and Activity Based Management Compendium 2022-23.

- ABF methodology applies to facilities which deliver more than 3,500 activities in total NWAU (rural hospitals). Broken Hill Hospital is funded by ABF.
- Small Rural Hospitals Funding applies to facilities which deliver less than 3,500 activities in total NWAU (rural hospitals). Funding is based on the parameters fixed cost plus variable cost variable cost is NWAU multiply by NSW State Efficient Price. Balranald MPS, Menindee Health Service, Tibooburra District Hospital, Wentworth District Hospital, Wilcannia MPS and Ivanhoe are funded by SRHFM. Dareton is combined with Balranald for funding purpose, White Cliffs is combined with Wilcannia for funding purpose, Buronga will be combined with Wentworth for funding in the future. All facilities are costed separately. Combined facilities will only be funded ONE fixed cost. Wilcannia, White Cliffs, Ivanhoe and Menindee are categorised under “Very Remote Area Post Codes and Suburbs”. All the other facilities including Broken Hill are outer regional. There is a price weight adjustment (loading) for patients residing or receiving treatment in outer regional, remote and very remote areas.
- Block Funding facilities/services which do not meet criteria for either ABF or SRHFM. Funding is informed by the costing report DNR for the current year (based on the latest clinical costing submission by Districts/Networks) plus escalation. For example: Teaching, training and research is currently block funded. Community mental health care is currently block funded as part of the National Efficient Cost (NEC) Determination, with states and territories advising their block funded expenditure each year. NEP22 was the second year of shadow

pricing for community mental health care using AMHCC Version 1.0. IHACPA intends to progress to pricing community mental health services using AMHCC Version 1.0 for the NEP Determination 2024–25 (NEP24). Acute MH is funded under AMHCC (Australian Mental Health Care Classification)

All facilities in the Far West region are rural and remote. The activity-based funding model may not be the appropriate funding methodology for Broken Hill Hospital with very high percentage of fixed cost to total cost. Average Cost per NWAU (23) was \$7240 for the district compared to \$7381 for Broken Hill and \$5,507 average for NSW.

Primary Care

Timely and equitable access to general practice services is a growing issue across the district. The market failure of the local General Practitioners (GP) has significantly increased the dependence on the Emergency Department (ED) for fundamental medical care for the community. Access to GP services outside Broken Hill where relatively large communities live is extremely limited (Dareton/Buronga or Balranald). The district needed to implement innovative and complex on-demand virtual services at a high cost from external healthcare service provider (example My Emergency Doctor) to address basic health needs and reduce pressure on ED.

The arrangement with My Emergency Doctor delivers services that would be normally be delivered by primary care (GP). Gp services to the community are funded under Medicare (the Commonwealth). The MED services are funded through NSW Health funding thereby replacing funding by the Commonwealth for these primary care services.

Expectations from non-government healthcare partners.

The district staff needs to actively engage with local community groups and non-government organisation (healthcare partners) to understand the services and resources they provide, and to ensure that where possible and appropriate, service gaps filled by the government.

In a remote region such as Far West there is a dependence on working with community partners to ensure services for the community as well as reducing potential for duplication. This results in a range of contracts with community partners for delivery of services. As an example FWLHD has a contract with RFDS for delivery of dental services to remote communities. Costs associated with these contracts are subject to market forces and cost escalation in excess of the Health budget escalation factor is common.

Funding for population specific services such as Aboriginal primary health care and aged care are extremely important. The escalation rate applied to the healthcare partners is increasing (5.75% in FY2023-24) compared to the escalations provided to the district by the Service Level Agreement.

Consumer Price Index and standard escalation rate

The 2023-24 Health budget includes a standard escalation factor on budgeted goods and services expenditure of 2.5 per cent. The district has local procurement initiatives (training, security services, fire services, etc) to support local businesses and employment in the Far West region. Most of these are contracted services and are priced at a higher escalation rate; similar to the CPI published by Australian Bureau of

Statistics (The monthly CPI indicator was 5.4 per cent in the twelve months to June 2023).

Capital Works

Four large redevelopment projects are underway and managed by Health Infrastructure. These are in different stages of their project life cycle. Each project cost is above \$10 million. Material inflation and labour shortages have significantly increased the construction cost and is expected to continue over the next couple of years.

The approach with capital projects such as these to manage cost escalation is to reduce the specifications of the build.

There is a high degree of uncertainty in delivering the projects within the budget where the district may need to contribute from its operational budget to meet the original project specifications and community expectations.

NSW Health Climate Risk and Net Zero Unit initiatives – Electric Vehicle Fleet

PD2023_030 NSW Health Vehicle Procurement and Use says, “the procurement of vehicles must meet the NSW Government NSW Electric Vehicle Strategy target which states that by 2030, 100 per cent of all passenger fleet procurements should be fully electric vehicles”.

An important consideration when planning an electric fleet is the car battery. Most modern electric vehicles have a range of around 200-300 miles on a single charge, which may not be enough to cover long distances without stopping to recharge.

Geographically Broken Hill is the central hub of the FWLHD and is where the LHD Administration centre is located. The nearest facility to Broken Hill is Menindee which is 110km away; there are no townships or localities between Broken Hill and Menindee. All other sites are further from Broken Hill with the distance to Balranald being 451km on sealed road.

The challenge in maintaining an electric fleet is access to charging stations. Between Broken Hill and Balranald there is only a single charging station. Similarly, the distance between Broken Hill and Tibooburra is 330km (3hrs Drive) there is a single roadhouse approximately half way and there are currently no charging facilities available.

Whilst electric cars are not suitable for a district where people need to travel long distances on a regular basis hybrid cars are feasible. The quotes obtained recently to replace a current vehicle with a hybrid car is showing a significant price increase in finance rentals in some cases it is more than 100% increase compared to the current rental price (Kia Cerato hatchback \$180 per week to a Toyota Corolla Hybrid \$390 per week).

Talent Acquisition and Increased Labour Cost

Challenges in attracting and retaining permanent clinicians has resulted in reliance on attracting FIFO workers and paying premium labour costs to compete with other health services well above usual rates.