

SUBMISSION TO:

PRODUCTIVITY COMMISSION REVIEW

**INTRODUCING COMPETITION AND INFORMED USER CHOICE INTO
HUMAN SERVICES: REFORMS TO HUMAN SERVICES COSTS**

A PLACE BASED APPROACH IN RURAL AND REMOTE AREAS

By

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Summary

In human services governments have the role of system stewards. Stewardship arrangements are difficult to get right – the design and performance of these functions should be tailored to each service, and to the settings in which it is delivered (Draft Report, p4).

Current approaches to commissioning family and community services are not delivering the benefits they should. Poorly designed contracting and contestability arrangements are hindering the ability of providers to deliver outcomes for users. The characteristics of family and community services do not lend themselves to the introduction of greater user choice at this time. Instead, governments need to focus on practical reforms the way they select providers on behalf of users, and to plan and contract services in a way that puts users at the centre of service provision (Draft Report, p17).

Multipurpose Services (MPS) are currently used in the Aged Care Sector to address market failure in rural and remote areas and provide a place based solution. The model is based on the principle that communities are able to pool funds from previously separate Commonwealth and State aged care and health programs to provide a more flexible, co-ordinated and cost effective framework for service provision.

There is an opportunity to build on the MPS model to overcome market failure in the human services sector and provide a place based solution where there are thin markets in rural and remote areas. A detailed paper on the proposed model was attached to our previous submission dated 3 January 2017.

About Mallee Track Health & Community Service (MTHCS)

MTHCS is a MPS which delivers a range of health, education, dental, and wellbeing services to the communities of the Mallee Track. MTHCS is located in the North West of Victoria and services the communities of Ouyen, Underbool, Murrayville, Sea Lake and surrounding districts. We service a geographical area of 18,000 square kilometres with a population of approximately 4,500 people.

This how the MPS model works at MTHCS

- The Commonwealth provides a flexible care subsidy for 50 flexible high care places, 35 flexible low care places and 5 flexible community care places determined in accordance with the Health Services Act 1998, the Approved Provider's eligibility for Flexible Care Subsidy for the Sites under section 50-1 of the Act and Calculated in accordance the method specified under section 52-1 of the Act (Commonwealth's Contribution). The Commonwealth's Contribution will be pooled with the State's Contribution in accordance with 15.20 (2) of the Principles to provide a mix of health care services which reflect the needs of the Mallee Track community and the Sea Lake/Buloke Shire (North) communities.
- The State's contribution is per annum and is broken down into program areas such as Acute Health, Aged Care, Home and Community Care (HACC) and Primary Health. A scope of services is identified within the funding agreement – but the funds are pooled to enable the

MPS (Community) to determine the best service mix to deliver the range of aged care, health and community services they need, but which are unable to be sustained separately. The service types within the current model include Population health, Allied Health (physiotherapy, Podiatry, Occupational therapy), mental health support, Community development, Youth support, social support programs and HACC services such as District Nursing, Home care, personal care, delivered meals, Planned Activity Groups, home based respite and volunteer coordination.

- The money pooled between state and commonwealth is provided to MTHCS as the local community controlled Multi-Purpose Service body. MTHCS then allocates those funds according to community needs to meet aged care and health needs. The funding provided is based on the amount standard programs would allocate to a community. This tripartite agreement demands compliance with a range of reporting and accountability reporting measures to ensure appropriate allocation and acquittal of pooled funds. MTHCS, as an MPS, is also subject to industry standard quality and financial reporting requirements.

Robust governance arrangements

In Victoria, MPS' are legislated in the Health Act 1988. This allows for a rigorous examination of the MPS by the relevant state and commonwealth agencies. The MPS, becomes a linked up government hub located in the nominated catchment – 'in place'. The governance model requires appointment to the local board through the relevant health minister and compliance relevant to funding and quality systems.

How the current family and community services system works in our area practically

Current block funded services are generally administered by agencies located in the adjoining provincial centres of Mildura, Swan Hill and Bendigo. Mildura is 100km from Ouyen and 210km from Murrayville. Swan Hill is 70km from Sea Lake. Bendigo is 210km from Sea Lake, and 315km from Ouyen.

Consumers report that they often have difficulty accessing services based in Mildura, Swan Hill or Bendigo due to the distance and lack of suitable public transport. Where services are provided in the home a round trip of say 200km from Mildura to Ouyen is required. This considerably reduces the value of the of the services to the consumer, as the return travelling time of more than 2 hours from Mildura to Ouyen needs to be funded from the consumer's allocation. In other cases where the support is provided in the larger provincial town a common response is for the consumer to be unable to access the services offered.

Ad-hoc development of family and community services

The Draft Report (June 2017, p19) identified that family and community services have developed in an ad-hoc way. Services and siloed and uncoordinated. Many users interact with a range of often

poorly coordinated services. This is wasteful and inequitable; in some areas there are gaps, in other areas services are duplicated. Collaboration is often poor.

This lack of service coordination, and service gaps, is the lived experience of users in many rural and remote areas. An enhanced MPS model provides a possible solution to these problems in rural and remote areas. This is consistent with *Draft Recommendation 7.2* (Draft Report, p40).

End of life care.

Draft Recommendation 4.1: State and Territory Governments should ensure that people with a preference to die at home are able to access support from community-based palliative care services to enable them to do so.....(Draft Report, p35).

An enhanced MPS model building on the current skill set of existing nursing and allied health professionals provides a ready platform to achieve a holistic, wrap around, service in rural and remote areas.

Market readiness

Competition and contestability are means to an end and should only be pursued when they improve the effectiveness of service provision (Draft Report, p2).

Given the thin market with low client numbers and long travelling distances, market theory suggests service providers will offer more and cheaper services to users located close to the larger provincial towns of Mildura, Swan Hill and Bendigo. Providers may even decline to offer services in the outlying areas due to the low volume of consumers and the extra costs associated with these consumers. This is supported by the lived experience of our consumers.

Consumers of services and their local situations are diverse and heterogeneous, not homogeneous and a number of users in rural and remote areas are vulnerable Thin markets may require some sort of government intervention to avoid poorer outcomes for users. Those at most risk include users living in rural and remote areas.

The Multipurpose Service (MPS) model as a response

The MPS model which is used in the Aged Care sector provides a solution to the issues of thin markets in rural areas. It is not a market based solution, but by pooling of funding it is a tested method of mitigating market failure. Opportunities for cost shifting are also avoided.

Use of the model also provides a possible solution to shortages of skilled workers by building on the skills of the existing workforce employed by the MPS provider. Existing staff with core competencies could be provided top up training where necessary or a delegated model where para professional staff are supervised by highly trained professional staff could be used. Suitable qualifications for the

supervising professional staff would be at the degree level and include Nursing, Social Work and Occupational Therapy.

Recommendation

It is recommended that the MPS model be trialled as a solution to market failure where there are thin markets in rural and remote areas. MTHCS would be prepared to be a trial site.

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