POLICY BRIEF AUGUST 2009

Removing the Regulatory Overburden

from Primary Health Care for Aboriginal and Torres Strait Islander People

Policy context

Aboriginal Community Controlled Health Services (ACCHSs) are among the main providers of comprehensive primary health care for Aboriginal and Torres Strait Islander people around Australia, especially in regional and remote areas. They are also the only sector of the Australian health system that both provides an essential comprehensive primary health care service and does so from a base of fragmented funding contracts.

Many of these funding contracts are condition-specific – in other words, the funding is aimed at improving outcomes in particular areas, such as ear health or skin infections. Each funding contract requires separate reporting and acquittal, and the administrative burden this imposes on ACCHSs diverts vital resources away from the ultimate goal of improving overall health outcomes for their clients. Equivalent health providers servicing mainstream, metropolitan areas of Australia do not generally face the same onerous level of reporting requirements – hence the name of this study, the Overburden Project.

This study explores, from the point of view of primary health care provider organisations, the problems with the way that Indigenous-specific primary health care is currently funded and regulated across jurisdictions, and identifies possible solutions to this crisis.

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Key research questions

The Overburden Project explored two research questions:

- What are the major enablers and impediments to effective primary health care (PHC) delivery embedded in the current frameworks of funding and accountability for PHC services to Aboriginal and Torres Strait Islander people in Australian States and Territories?
- How could the effectiveness of funding and accountability arrangements be improved, drawing on insights from current Australian practice and international comparisons?

What was learned?

- ACCHSs are funded in more complex ways, and from more sources, than most other health care organisations (of equivalent size). These arrangements get in the way of effective health care for two main reasons:
  - i) It is difficult to pull together a comprehensive PHC service from a series of specific purpose grants with separate reporting requirements. PHC needs to be responsive to the whole person or family, regardless of the different kinds of health needs they have. Targeted funding (e.g. for hearing problems) will only work when there is core funding of services to support it.
  - ii) The amount of time and effort that goes into preparing and processing reports is out of proportion with the funding levels. Reporting requirements often duplicate each other and are focused on 'counting heads through the door' rather than monitoring people's health outcomes.
- The complex contractual environments in which ACCHSs work are not monitored or managed in any consistent way. They have emerged from a series of unlinked policy and program decisions, and simply grown over time. Health authority staff are aware of these problems and there is a widespread effort to address them. However, it seems that the implementation of intended reforms is slow and patchy, particularly where cooperation between two levels of government, or different government departments, is required.
- Staff on both sides often act as if they are in long-term funding relationships, even though the contracts are generally short-term. This means that the intended advantages for governments of the existing contracts (e.g. retaining the power to cease funding) are not achieved. At the same time, the advantages of relational contracting (such as long-term commitment to programs on the ground, reduced transaction costs and improved staff retention) are not achieved either.
- Funding from governments is packaged in ways that do not match the way that services are delivered on the ground, which leads to a high reporting burden on services.

Research background

The goal of the Cooperative Research Centre for Aboriginal Health's Comprehensive Primary Healthcare, Health Systems and Workforce program is to improve the performance of health systems, with a particular focus on maximising health gains for Aboriginal and Torres Strait Islander people. The Overburden Project represents the most comprehensive attempt to date to document the effect of government regulatory burdens on the operation of ACCHSs across Australia, and to suggest effective ways to improve their operation.

How the research was done

The main study took place between April 2007 and July 2009. It used a relational contracting framework to analyse the characteristics of funding and related policy in five main areas: nature of funding, priority setting, monitoring, transaction costs and risk. The major activities were:

- Building relationships with key stakeholders.
- Compilation of a policy and funding 'map' across Australian jurisdictions, based on an analysis of current PHC funding models as applied to PHC providers. This involved desk review of public policy documents and internal documents supplied by stakeholders, as well as interviews with key informants in each jurisdiction to cross-check the information and to explore the experience and beliefs of those engaged on both sides of the funding relationship.
- A study of the financial and activity reports of a sample of 21 ACCHSs for the 2006/07 financial year. This involved an analysis of the sources, purposes and reporting requirements of the funding they received.
- Producing a report detailing the results of the above investigations.

KEY MESSAGES

- Governments (as part of their efforts to 'close the gap') are committed to the development of a robust community-controlled health sector delivering comprehensive primary health care for Aboriginal and Torres Strait Islander people.
- The implementation of this policy goal is compromised by the use of complex fragmented funding contracts.
- Successful implementation of government policy commitments will require a different way of thinking about the relationship between government and the sector, with implications for both sides.
- An approach based on relational (or alliance) contracting will offer ways of improving both health care delivery and accountability. Relational contracting in this field would recognise the long-term relationship between health authorities and ACCHSs and seek to maximise the common interests of the parties in the partnership.

Next steps

- In its final report into reforming Australia's health system, the National Health and Hospital Reform Commission states that authorities must 'strengthen the vital role of Community Controlled Health Services' as well as 'train and recognise an Aboriginal and Torres Strait Islander health workforce' (*A Healthier Future for All Australians*, Ch. 3:88). Removing the regulatory overburden and simplifying funding arrangements will be a key contributor to this goal.
- To improve understanding of the accountability/funding issues facing ACCHSs, the project team has embarked on a repeat analysis of funding and reporting arrangements for ACCHSs for the 2007/08 reporting period. This is due for completion in June 2010.

THE MEANING OF 'OVERBURDEN'

The term 'overburden' comes from the mining industry, where it is used to refer to the soil, rock and other materials that must be removed to get to the ore beneath. We used 'overburden' in this project to mean the administrative work that has to be done by providers and funders to allocate, acquire, manage, report on, and account for both funding and the services and other activities for which it was used. The best outcomes for PHC providers occur where there is two-way accountability with the least 'overburden'.

PUBLICATIONS

Lavoie, J., Boulton, A. & Dwyer, J. (in press), 'Analysing Contractual Environments: Lessons from Indigenous health in Canada, Australia and New Zealand', *Public Administration*.

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