



Accessible and quality drug treatment

VAADA would like to see a Victorian drug treatment system that is:

- Accessible to all Victorians irrespective of age, cultural background or geographic location
- Quality driven and evidence-based with sufficient resources for strategic planning, innovation and responding to emerging trends and needs.

However, quality comes at a cost and the Victorian drug treatment sector has been hindered by comparatively low-levels of state government investment over the past five years.

AOD agencies have independently and collectively reported to VAADA that the failure of funders to pay the full cost of service delivery is placing considerable pressure on services across the state. More investment is needed if we are to seriously tackle the problem that has enormous costs to the individual, families and communities.

As one AOD service provider writes:

In all our state-funded AOD programs, funding from the government has not kept with our expenses for service delivery and administration. We relied heavily on small grants from trusts and foundations, donation income and our own reserves in order to sustain [our] service last year. It is worse this year, and will continue to be worse in the future if this is not corrected. *Clearly being able to offer quality supported accommodation, CCCCs and residential rehabilitation services in the future will not be viable if nothing changes.* For example, the gap between what our resi rehab is funded at, and what it costs us to deliver, is in the order of \$300K.¹

An analysis of the Victorian state budget funding allocations for the period 2004/05 – 2010/11 shows how the average annual rate of growth for drugs services has lagged behind all health output groups.

¹ AOD service provider, VAADA consultation, August 2009.

Figure 1.

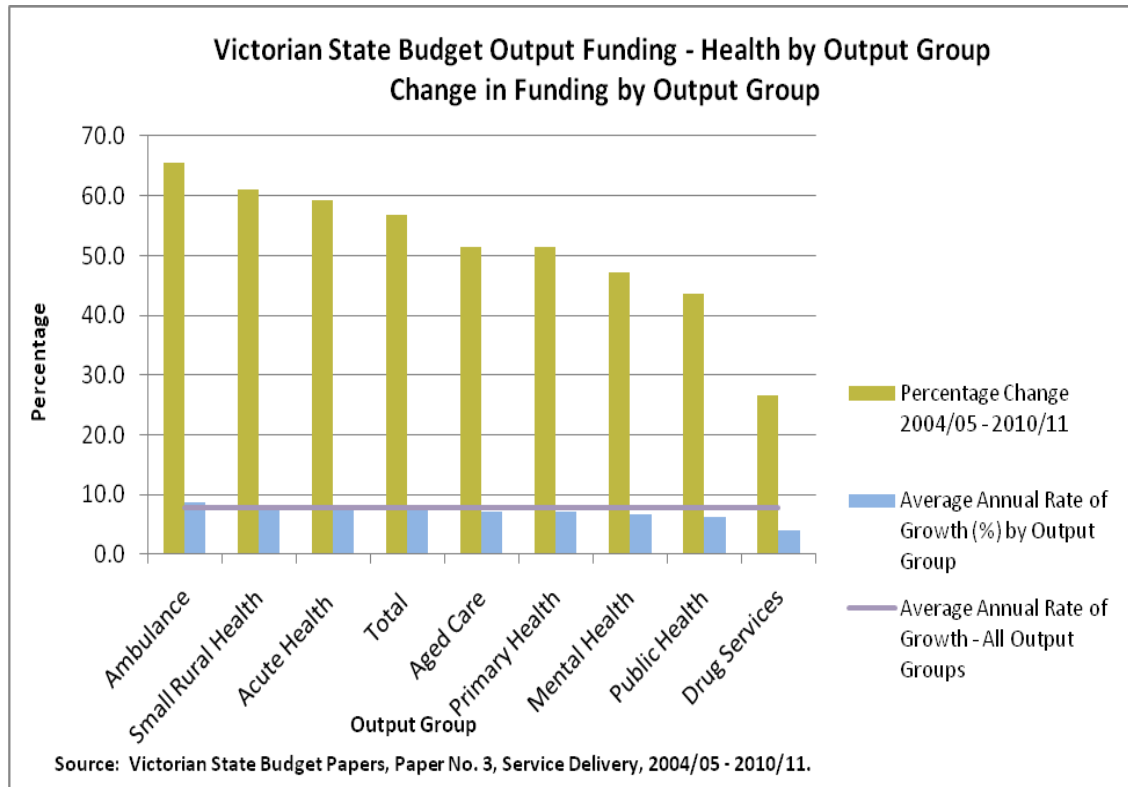


Figure 1 shows the overall percentage in funding allocations for each output group of the health portfolio from 2004/05 to 2010/11. It shows a percentage change in funding allocation of 26.6 per cent for drug services² - the lowest of all health output groups.

The average annual rate of growth in funding across the eight health groups combined (7.77 per cent) is also shown in Figure 1 (above). While the average annual rate of growth sat at nearly eight per cent per annum across the health output groups, drug services experienced a rate of growth of only 4.01 per cent across the five year period under review.

Figure 2 demonstrates the indexed rate of change in across selected health output (2004/05=100).³

² Drug Services, as defined in the budget papers includes drug prevention and control outputs such as Pharmacotherapy permits, needles & syringes provided through needle and syringe programs and contacts through Family Drug Help. It also includes Drug Treatment and Rehabilitation outputs such as community-based drug treatment services and residential-based drug treatment services.

³ VAADA has limited the analysis in Figure 2 to a select group of health outputs primarily because of the limited utility in comparing funding allocations for acute health and ambulance with outputs like drug services.

Figure 2

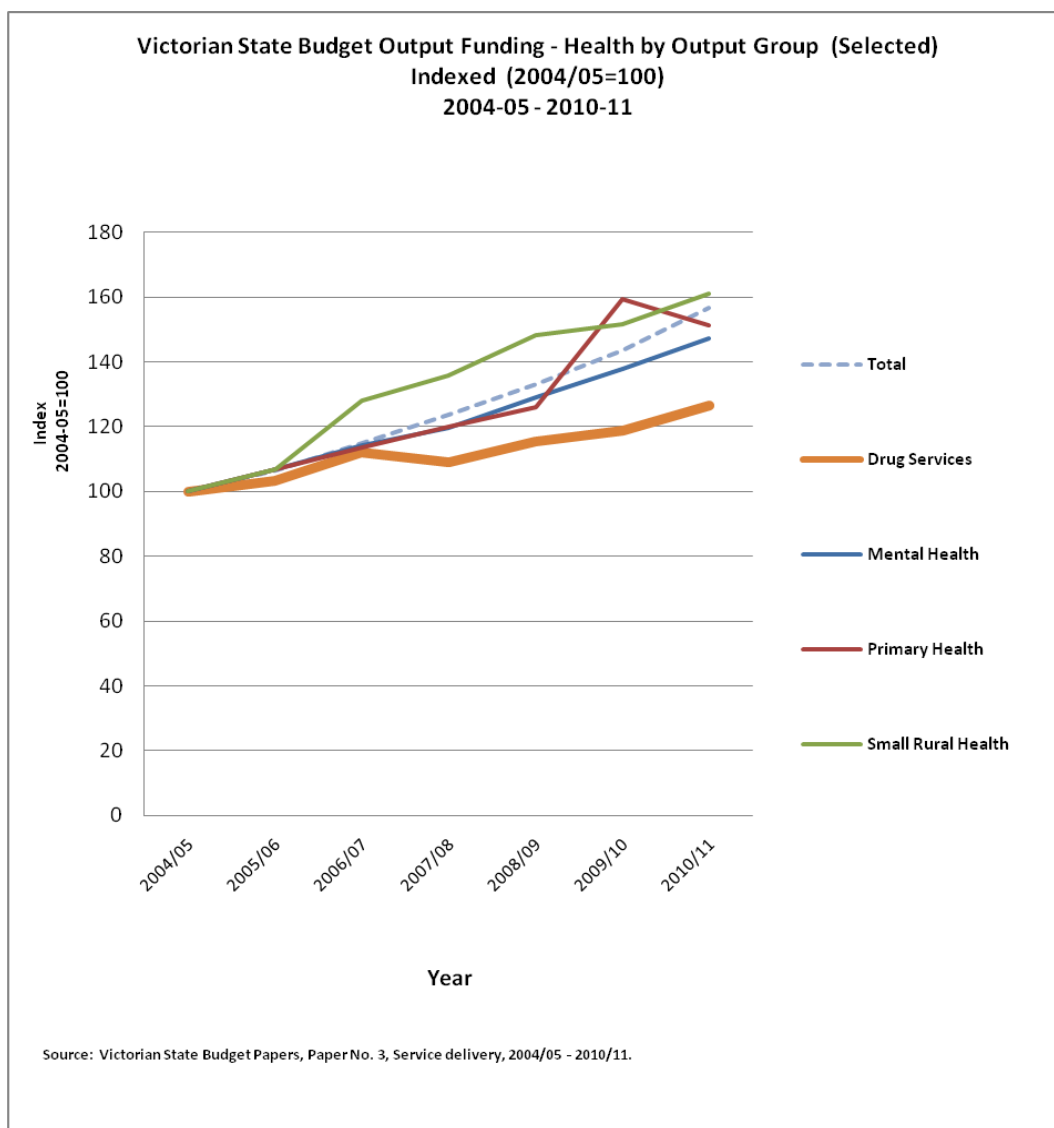
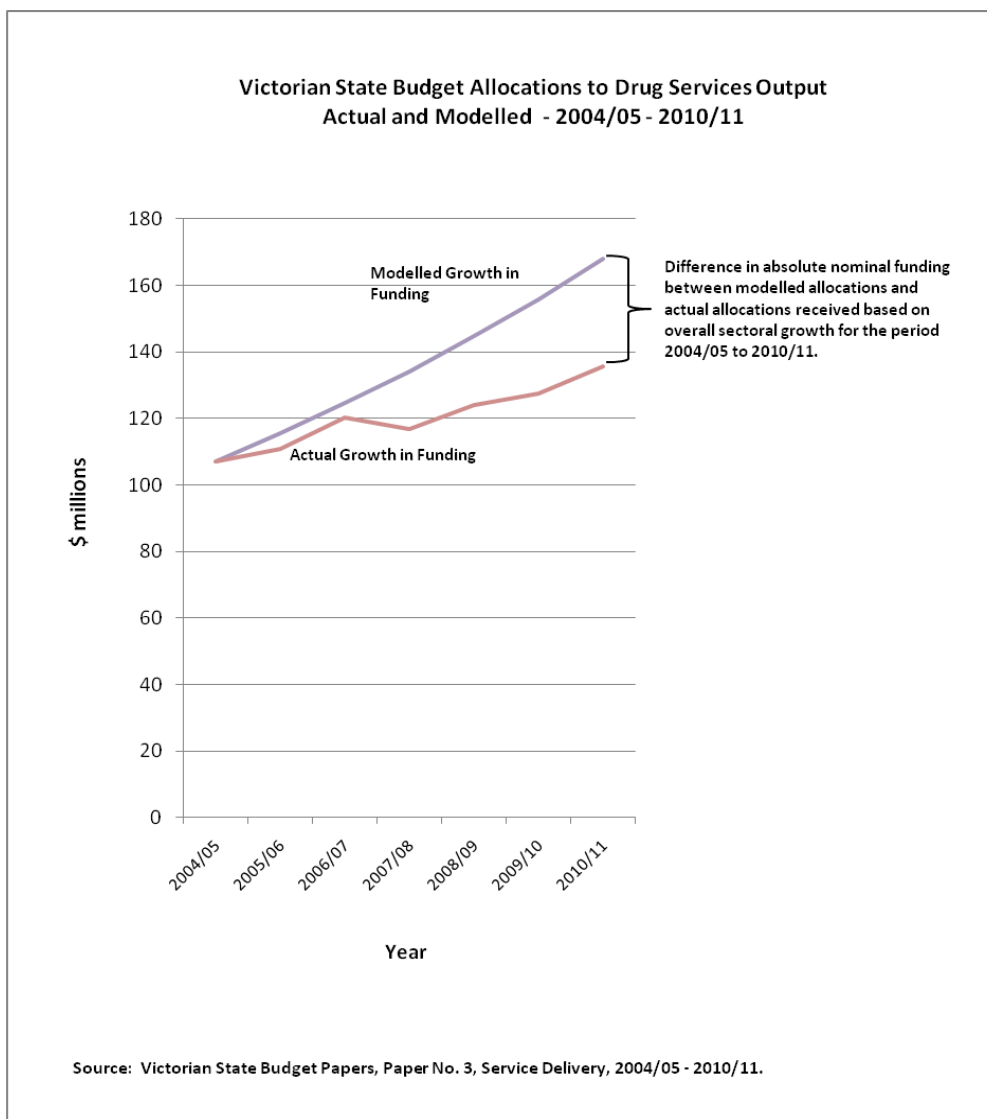


Figure 2 compares funding for drugs services with a selection of other areas of the health budget to demonstrate the significantly slower rate of growth in drugs service funding over the period 2004-05 to 2010/11.

Figure 3 further highlights the disparities in allocated funding between all health sector output groups and the alcohol and drug sector. Applying the average annual rate of growth for all output groups (a rate of 7.77% per annum) to drug services, it is evident that the funding shortfall for drug services is in the vicinity of \$32.3million over the period 2004/05 – 2010/11. If funding for drugs services had grown at the average rate across health outputs, funding in 2010/11 would have been in the vicinity of \$168.0 million as opposed to \$135.7 million.



The need for a cost rebuild for alcohol and drug treatment services

In 2009, VAADA contracted KPMG to undertake a review of the cost of delivering Victoria's most common drug treatment type – Counselling, Consultancy and Continuing Care (CCCCs). The review, although limited in scope,⁴ provided VAADA with figures on the 'real costs' of CCCC service delivery and provides data to support VAADA calls for a review of the cost of service delivery and the need for a cost rebuild for CCCC and across the sector. The major findings of the KPMG review are as follows:

- The funding provided by the Department of Health for CCCC is based on a unit priced model that was once based on a constructed cost
- The constructed cost has become compromised by the move to a single flat rate indexation approach since 2007/08. This does not take into account actual expenditure incurred by agencies in delivering this service to the Victorian community.

⁴ Seven agencies were involved in the review.

- The funding model is under providing for the quanta of costs incurred by service providers across all three components of funding model, these being labour, on-costs⁵ and operating costs
- In many cases, service providers face deficits over 10 per cent and **in combination, the three cost components appear to be underfunding CCCC providers by up to 18 per cent of base allocated funding.**
- The shortfalls arise from:
 - Labour – the funding model **under provides required salary costs by 13.5 per cent** for providers using Health Services Union Award (HSUA) staff. Community based agencies manage this by employing staff on cheaper awards (SACS or individual agreements). While this can reduce salary shortfall, it raises issues of equitable employment conditions across the sector, and treatment quality which can be achieved with available funds.
 - Underfunding of labour/salaries results in on-costs being underfunded as well
 - The funding model provides for 14.5 per cent of operating costs in addition to salary and oncost funding. This appears significantly less than is warranted and at the maximum benchmark range, the funding is one third below that warranted.

Investment in the alcohol and drug workforce

There is a need to invest in the ongoing professionalisation of the alcohol and other drug workforce in Victoria. A competent, capable and effective workforce is vital to the future sustainability of the sector.

Recruitment and retention of qualified staff remains a major impost on many agencies and services across Victoria. Comparatively low remuneration rates contribute to the high rate of staff turnover, and as agencies are not funded to compensate for the high turnover rate, they must shift resources from other areas to attract and train new staff.

Employers in the AOD sector repeatedly comment there are significant problems attracting new staff to work in AOD, a field that is often perceived as low status with limited opportunities for ongoing professional development and limited career pathways. Employers increasingly report a loss of qualified and experienced clinicians to allied health and/or the private sector.

Reducing waiting times

...there are all kinds of bottlenecks in the system – especially bed based services. Victoria has a worse bed rate than other states (per capita). This means that effectively clients are asked to wait here, while in another state, they'd get a service.⁶

⁵ On-costs include superannuation, leave loading, WorkCover and the like.

⁶ Service provider feedback, VAADA consultation August 2009.

Issues of service availability, proximity and timeliness must be immediately addressed to ensure equity of access to AOD services across Victoria, particularly in rural and regional areas.

There is growing experiential evidence that people in need of treatment are 'dropping off' wait lists and out of the system because of inhibited capacity. Some regional services report a 3-month average wait to access residential services. During that period, agencies are required to support and 'hold' clients until a bed becomes available. Rural and regional clients are required to travel to Melbourne to access residential services and are removed from local supports and services.

Agencies continue to report that official wait times collated and published by the Government are not reflective of what is happening on the ground.

Actions to ensure an accessible and quality drug treatment system

Funding

Current funding levels across the Victorian drug treatment sector, and the current funding model for the delivery of the most common treatment type, CCCC, is delivering material shortfalls for alcohol and drug agencies across the state. Moreover these material shortfalls may impact on the quality of service delivered to people seeking drug treatment in Victoria.

Actions for responding to current funding shortfalls include:

- Commission an urgent and independent review of funding and funding models across all drug treatment service types and undertake a cost rebuild accordingly
- Commit to a cost rebuild for Victoria's drug treatment services in recognition of the underfunding of this vital community service
- Recognise that the debate about funding is a debate about the quality of drug treatment available to the Victorian community

Workforce development

- A funding model that provides for equitable employment across the AOD sector and parity between AOD and other community services - at the present time, the funding model underprovides for **salary costs by 13.5 per cent** for providers using Health Services Union Award (HSUA) staff. Community based agencies manage this by employing staff on cheaper awards (SACS or individual agreements).

Wait times

- An independent study of wait times across the sector is required in collaboration with VAADA and the sector. The data and recommendations could be used as a basis for mapping demand and future planning.