

Chapter 7

Approaches to funding in newly established ACCHOs

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Approaches to Funding in newly established ACCHOs

Summary

ACCHOs are small to large sized businesses which provide a complex array of programs to their local Aboriginal and Torres Strait Islander communities. ACCHOs strive to provide holistic, comprehensive, and culturally responsive health care to promote health and address the social and cultural determinants of health. This chapter explores how a newly established ACCHO created a sustainable approach to funding. To secure the financial position of the organisation into the future, the newly established ACCHO developed financial management strategies to maximise income and ensure operational expenditure is smart and strategic. Practical cost saving strategies included sharing IT expenses with other services and sub-leasing office spaces.

Funding constraints can limit the ability to address the social determinants of health through transport and home visits. The success of the approach is enabled by the strength and unity of the organisation, clear and transparent communication, staff capacity and passion, relationships with funders, monthly monitoring of income and expenditure, having a local community that supports the service, and positioning the service in a central and accessible location. The multi-level funding challenges faced by ACCHOs can include the time investment and resources needed to build relationships with funders and prepare submissions, the complexity of managing numerous income streams, and the inability to meet community priorities due to financial constraints.

The content within this chapter was drawn from an in-depth case study with a regional newly established ACCHO that was reviewed and refined by the CREATE Leadership Group and strengthened with learnings and perspectives from the ACCHO sector nationwide.

What we cover in this chapter:

- Introduction to funding of ACCHOs
- Context for this chapter
- Values and principles guiding the funding approaches of newly established ACCHOs
- Elements of funding approaches in newly established ACCHOs
- Generating Income
- Strategic operating expenditure
- Enablers of financial security in newly established ACCHOs
- Challenges related to funding in newly established ACCHOs
- Recommendations
- Discussion
- Further considerations
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- Reflection Tool

Introduction to funding of ACCHOs

A broad array of programs and services provided by ACCHOs to Aboriginal and Torres Strait Islander communities are resourced via a range of funding streams such as state, territory and Commonwealth governments, primary health networks and the Medicare Benefits Schedule. This funding includes core funding through the *Indigenous Australians Health Program* in addition to program and grant funding such as through tender-based submissions. These multiple income streams and tender processes have different application and reporting requirements which create considerable administrative complexity and reporting burden for ACCHO workforce, leadership and Board of Directors. The available funding streams can vary greatly across the states and territories of Australia, and from one year to the next. In this sense, ACCHOs must be proactive in identifying available funding and responsive in preparing timely competitive funding submissions. The financial viability of ACCHOs is dependent on the income they can generate through the Medicare Benefits Schedule which is impacted by client numbers and the availability of general practitioners. Attracting and retaining general practitioners can be a challenge, especially for regional and remote services.

Context for this chapter

The content in this chapter was based on an in-depth case study with a small and newly established ACCHO. In this sense it may not be representative of ACCHOs across Australia who have a longer history, larger client base and greater number of funding sources.

The content provides an example of how newly established ACCHOs can be proactive in financial management to promote financial security and sustainability. There are, however, limitations to service delivery and staff capacity development as a result, both of which are at odds with the principles of the ACCHO sector which aim to promote accessibility of services and development of the Aboriginal and Torres Strait Islander workforce.

Values and principles guiding the funding approaches of newly established ACCHOs

Quality Culturally Safe Care

The ACCHO mission to provide quality culturally safe community-centred care guides all decision making in relation to funding. A passion for providing quality culturally safe care drives staff to go above and beyond in their roles and drives services to provide programs even without allocated funding.

Aboriginal community control: The Board and CEO make strategic decisions based on community priorities

ACCHO community-elected Board of Directors (the Board) work with the CEO to determine the strategic direction for the service. Decisions consider the funding opportunities available and the priorities of the community. Decisions are informed by financial projections developed by the accountant or finance team.

Balancing Holistic Care with Long Term Financial Affordability

The CEOs and Boards of ACCHOs carefully consider how they can meet community needs whilst maintaining the sustainability and financial security of the ACCHO. The extent of programs and services provided by ACCHOs are determined by their core funding, their MBS income, successful grants and tenders, and targeted program funding for special initiatives. In this way, service delivery is targeted and selective. This means that for newly emerging ACCHOs, tough decisions need to be made in relation to providing unfunded services such as transport and home visits. Services are often forced to make strategic decisions to maximise income and minimise operating costs, balancing holistic service provision for community with the financial security of the organisation.

Elements of funding approaches in newly established ACCHOs

Newly established ACCHOs work hard to develop funding approaches that are sustainable in the long term. They carefully consider how to maximise income generation and ensure operational expenditure is strategic so that they can provide quality culturally-centred care based on community priorities.

Newly established ACCHOs face two key funding constraints including the inability to fund capacity development opportunities for staff and services that promote accessibility (i.e. transport and home visits). These limitations are at odds with the principles of the ACCHO sector which aim to promote the accessibility of services and the development of the Aboriginal and Torres Strait Islander workforce. In this sense, the funding constraints impacting newly established services do not support the ways of working the ACCHO sector is known for, and that address the social determinants of health.

Image 9: Approaches to funding in newly established ACCHOs

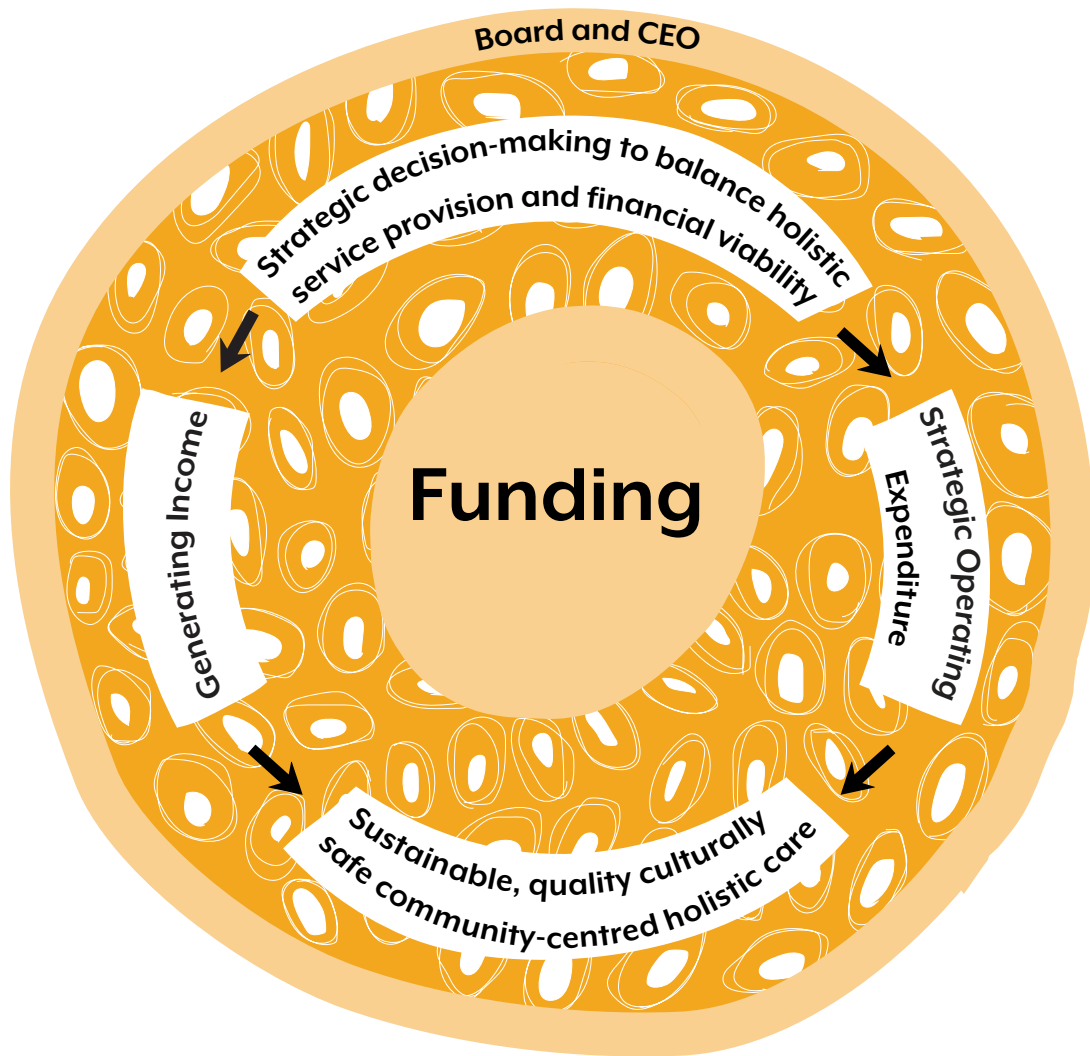


Image description

The image depicts how the Board of Directors and CEO undertake strategic decision-making that balances holistic service provision for community with the long-term financial viability of those services. The ACCHO leadership strive to generate income through multiple sources while ensuring that all operating expenditure is smart and strategic. The ultimate aim of the ACCHO approach to funding is to provide sustainable, quality, culturally-safe, community-centred holistic care to local Aboriginal and Torres Strait Islander peoples.

This image was developed through the CREATE project based on a case study with a newly established ACCHO and consultations with the CREATE Leadership Group.

Generating Income

Newly established ACCHOs provide services to community based on what they believe they can offer over the long term, which is dependent upon their ability to identify and secure funding. The ACCHO receives core funding from the government and generates income through the Medicare Benefits Schedule and Practice Incentive Program. Additional revenue may be sought through the local PHN, GP training organisations, sub-leasing office space, and tender opportunities through special initiatives. The service carefully considers whether a source of funding is beneficial to the organisation, given the reporting and time commitments and burdens associated with taking on the funding.

Commonwealth Funding

ACCHOs receive core government funding through the *Indigenous Australian's Health Program*¹ (both recurrent and one-off funding opportunities) and *New Directions Mothers and Babies Services* funding to provide primary health care services to Aboriginal and Torres Strait Islander communities.

Medicare Benefits Schedule

ACCHOs generate income through the Medicare Benefits Schedule (MBS) for episodes of care provided by their General Practitioners, Registered Nurses, Registered Midwives and Aboriginal Health Workers. Income is generated through Aboriginal And Torres Strait Islander Peoples Health Assessments (also known as 'Health Checks' or '715s'), GP Management Plans, Team Care Arrangements, Brokerage, and Enhanced Primary Care items (for allied health services). There are claimable MBS items for reviews of GP Management Plans and Team Care Arrangements and also for Case Conferences.

The clinic staff work closely with the medical reception staff to ensure MBS billing is complete. To ensure income is maximised against investment of staff time, ACCHO staff are trained in MBS claiming and may check client eligibility for MBS items prior to service provision. Clients are eligible for only one health check per year.

At *Regional ACCHO*, the clinic reception staff call Medicare to determine whether clients are eligible for a health check, and to make sure they haven't already had a health check at another service.

Newly established ACCHOs provide patients with SMS clinic reminders to guard against avoidable missed appointments and undertake retrospective audits of MBS billing to ensure income is generated for each service provided. Incentives may be offered to clients to promote engagement with the service such as providing t-shirts on completion of health checks and hosting community lunches during health promotion events.

One of the ways ACCHO peak bodies may support member services is through developing funding flowcharts which outline how to navigate available MBS items in providing comprehensive client-centred primary health care. There are also a range of fact sheets and funding flowcharts available through the Commonwealth Department of Health and state and territory PHNs (e.g. the Department of Health's Chronic Disease Management – Provider Information Fact Sheet² and the Queensland Primary Health Network's Chronic Disease Management Flowchart³).

The clinic staff and leadership of *Regional ACCHO* attend forums provided by their peak body regarding the funding model of the *Indigenous Australian's Health Program* and how to navigate the MBS. They also use the MBS funding flowcharts developed by their peak body to ensure they are effectively claiming MBS items that ensure their clients are accessing a full range of eligible services.

¹Department of Health. (2018). *The Indigenous Australians' Health Programme*. Accessed on January 17, 2020 at:

health.gov.au/internet/main/publishing.nsf/Content/indigenous-programme-lp

²Australian Government Department of Health. (2016). *Chronic Disease Management – Provider Information Fact Sheet*. Accessed on January 17, 2020 at: www1.health.gov.au/internet/main/publishing.nsf/Content/mbsprimarycare-factsheet-chronicdisease.htm

³Queensland Primary Health Network. (2016). *Chronic Disease Management Flowchart v5*. Accessed on January 17, 2020 at: primaryhealth.com.au/wp-content/uploads/2016/12/001.-Chronic-Disease-Management-Flowchart-v5.pdf

Practice Incentive Program

ACCHOs eligible for *Practice Incentive Program* funding can receive income under the Close the Gap scheme for chronic care payments and scripts, for Diabetic and Asthma cycles of care, for Cervical Screening incentives and Medical Students.

Primary Health Networks

ACCHOs often access funding through their local Primary Health Network (PHN) which at times can require a tender process.

The *Regional ACCHO* accesses funding for their Integrated Team Care program, Mental Health, and Drug and Alcohol funding through their local PHN.

Rural Doctor's Network

The Rural Doctor's Network can contribute income to regional ACCHOs such as through room rental income, through funding Registered Nurse and Aboriginal Health Workers' services, and by providing client linkage to specialist services.

GP Registrar Training

ACCHOs that train GP Registrars can be reimbursed for this service through their local GP training organisation. The training must be provided by a GP who is a Fellow of the Royal Australian College of General Practitioners.

Sub-leasing office space

Some ACCHOs also generate income through renting or sub-leasing office space.

The *Regional ACCHO* receives rental income from the Rural Doctors Network and the local National Disability Insurance Scheme provider who rent office space.

Strategic operating expenditure

Newly established ACCHOs have limited core funding through the *Indigenous Australian's Health Program* and therefore need to minimise their operating costs to be sustainable. ACCHOs can register as a charity to save on Council rates and seek out business loans to purchase property to reduce rent expenditure. ACCHOs can also seek out opportunities to share costs with other organisations, such as sharing IT expenses or sub-leasing office space. To secure the financial position of the organisation, newly established ACCHOs may be forced to make tough decisions to limit services that are unfunded (such as transport and home visits) or that are not financial viable (e.g. dental services, aged care, disability services). They also carefully and strategically manage their expenditure on professional development, looking for subsidised training where possible.

Registering as a charity to save on Council rates

ACCHOs who register with the Australian Charities and Not-for-profits Commission can request a waiver from the local Council for their annual council rates. This charity status also enables staff to be eligible for salary sacrifice opportunities. Salary sacrifice provides benefits to both organisations and employees, including associated tax benefits. Salary sacrificing reduces employees' gross taxable income which reduces the income tax they are required to pay.

Seeking a business loan to purchase property and reduce rental costs

ACCHOs can be burdened by high rental costs. Some ACCHOs seek out business loans through Indigenous Business Australia to purchase their property. This process can take a long time but can result in reduced operating expenses since loan repayments can amount to less than the expense of renting premises. This is a long term strategy to ensure funds can be redirected to the provision of services for community.

The *Regional ACCHO* sought a loan to buy their property which resulted in an overall decrease in their operating expenses (since their mortgage repayments are less than their rental expenses). Moving forward, the service has positioned itself with a solid financial standing to continue growing the services provided to the local community and as a key employer of Aboriginal peoples.

Sharing operating costs with other services

ACCHOs understand that the money they receive is to service the community, so they carefully manage their operating budget to ensure their funding is invested in programs and services. This includes looking for opportunities to share expenses such as IT with other services or by sub-leasing their office space.

The *Regional ACCHO* is strategic in their expenditure. They carefully consider how to minimise costs such as through sharing IT expenses with other services and replacing uniforms and equipment only when necessary.

Seeking subsidised Professional Development for staff

Small or newly established ACCHOs may be limited in their ability to fund professional development opportunities for their staff and therefore encourage staff to seek out subsidised professional development opportunities wherever possible.

The *Regional ACCHO* has a limited budget for capacity building and hence looks for subsidised opportunities for training and professional development for their staff. The leadership ensures that any training undertaken will directly benefit the community.

Enablers of financial security in newly established ACCHOs

The financial security of newly established ACCHOs can be enabled by the strength and unity of the organisation, clear and transparent communication, staff capacity and passion, building relationships with funders, effective financial management strategies, and having an engaged community that supports the service.

A strong and united organisation

Financial security is enabled by Boards, leadership and staff having a united approach to funding and service provision. It also helps when services have a clear short, medium and long-term strategy towards financial management and growth.

The *Regional ACCHO* has an organisational culture that all staff understand and are committed to. Staff are aware of the organisation's short, medium and long-term plan and understand why there are current limitations to their service delivery model.

Clear and transparent communication

ACCHOs benefit from effective communication across the organisation including within the governance structure, between staff, with community and with funders. Effective communication provides all staff with a baseline understanding of the service's income and expenditure, which contributes to staff being 'on the same page'. Relevant staff have a more in-depth understanding of the financial strategies in line with their role.

Building relationships with funders

ACCHO staff develop good working relationships with their funders, including Medicare. They communicate directly with a Medicare Officer to ensure they are correctly billing all items they are eligible for.

Staff Capacity and Passion

The capacity of ACCHO staff is a key enabler of the financial success of the organisation. When CEOs and leadership have experience in Medicare and can write tenders this attracts income to the organisation.

At *Regional ACCHO*, all staff (nursing, Aboriginal Health Workers, managers and administration staff) know how to book appointments and claim items for the MBS. This ensures that MBS billing is up to date even when administration staff are away. The service provides training to clinical staff across all levels to ensure they can manage Medicare billing and the complexities of multiple funding streams.

Effective financial management strategies

ACCHO CEOs and executive teams carefully monitor income and expenditure on a monthly basis and report this to the Board. This enables leadership to monitor finances in an ongoing way and enables the Board to make informed strategic decisions. ACCHOs strive to meet community need through quality service provision while generating sufficient income for the service. They use SMS and telephone reminders to minimise missed appointments, undertake 6-monthly retrospective audits to identify unclaimed MBS items, seek extra funding opportunities through submitting tenders, and check patient eligibility with Medicare prior to undertaking health checks.

An engaged community

The sustainable funding of ACCHOs is dependent on MBS income, which is dependent on engagement from communities. Engagement by community is enabled when ACCHOs are situated in a high visibility location that is central and accessible for community.

The *Regional ACCHO* is on a bus route half way between the medical precinct and many other service providers such as pathology and x-rays. It is in a high visibility and central location which increases accessibility for clients.

Challenges related to funding in newly established ACCHOs

The funding challenges facing newly established ACCHOs are wide ranging and multi-level such as high rent expenses, inadequate funding to address the social determinants of health, the time investment and resources needed to build relationships with funders and prepare submissions, the complexity of managing numerous income streams, and the inability to meet community priorities due to financial constraints.

High rental expenses

ACCHOs are challenged by high rental expenses and staff salaries.

The newly established *Regional ACCHO* had high operating costs including particularly high rents. For this reason, the service went to great lengths to minimise expenditure over a two-year period so that they could purchase their site and reduce operating expenses over the longer term.

Transport is not funded

Transport is not funded under the *Indigenous Australian's Health Program* and ACCHOs must fund their transport services using income generated through the MBS, or via alternate funding sources (e.g. aged care funding). Newly emerging ACCHOs often have minimal funds to purchase vehicles and employ a transport officer and therefore cannot routinely provide transport for clients to attend appointments. Exceptions are given to support clients in high need and in emergency situations where transport or taxi vouchers are provided. This is a challenge for ACCHOs because holistic culturally-centred care for community should include support to access services.

Building staff capacity in relation to MBS billing

ACCHOs can find it challenging to meet the training and development needs of staff in relation to MBS billing. The ability of ACCHOs to build staff capacity is continually impacted by their limited funds. Some clinic staff can be hesitant to claim MBS items due to the complexity of the MBS system and the challenge of understanding client eligibility for MBS items.

Unable to fund programs to meet all of community priorities

ACCHOs consult with community to identify their needs, but due to funding limitations cannot deliver all necessary services (e.g. dental services). Aboriginal and Torres Strait Islander people have an inequitable burden of oral and dental health challenges which can impact on health, social standing and employment opportunities.

The community of the *Regional ACCHO* identified dental health as a priority, yet the service could not offer dental services due to financial constraints. The service is also unable to routinely fund home visits and transport services out of its operating budget.

MBS funding models may not always match Aboriginal ways of working

ACCHOs generate income through the MBS that provides only 20 minutes for a standard GP consultation, and 40 minutes for a long consultation. This is a challenge since Aboriginal and Torres Strait Islander patients often have needs which take much longer to address. The three-year freeze on MBS items was also a challenge for ACCHOs in addition to there being few items for Registered Nurse and Aboriginal Health Worker episodes of care.

MBS income is reliant on GPs

The reliance of MBS income on GPs present a funding barrier for ACCHOs. To drive MBS income ACCHOs need GPs, and many ACCHOs experience challenges in attracting and retaining GPs including their need to subsidise GP contracts from core funding. For newly established ACCHOs and those with high GP turnover, it can take time for new GPs to earn the respect and trust of the local community which affects MBS income generation. This also impacts the ACCHOs ability to meet nKPI targets.

Complexity of numerous income streams

ACCHOs need to manage numerous funding streams and the associated reporting burden. CEOs and leadership invest a great deal of time applying for tenders and managing various Memorandums of Understanding and financial reporting responsibilities.

Wage increases are not matched by increases in Commonwealth funding

The core funding that ACCHOs receive from the Commonwealth is not currently indexed to inflation. The salaries that ACCHOs pay to staff are indexed to inflation, and therefore go up each financial year. This mismatch between Commonwealth funding and ACCHO salary costs leave ACCHOs with a deficit that they need to manage.

Time and resources needed to build relationships and prepare funding submissions

There are different sources of funding available for ACCHOs in different states, which might include but not be limited to: mental health, Drug and Alcohol, Social and Emotional Wellbeing, Trauma informed care, National critical response, Tackling Indigenous Smoking, Closing the Gap, and a number of trials including health care homes, national suicide prevention, partners in recovery and family partnership. The challenge and burden for many ACCHOs is in having the human resources (both in terms of time and staff capacity) to work with funders to build strong relationships and determine the service's eligibility for different funding streams. Without time and resourcing to invest in staff training, ACCHOs face significant barriers to preparing tenders and funding applications.

Competing and negotiating with PHNs and NGOs for Aboriginal health funding

ACCHOs must compete through tender processes with PHNs and NGOs for funding set aside for Aboriginal and Torres Strait Islander clients. PHNs are often allocated funding by the Commonwealth such as for Integrated Team Care, Mental Health and Drug and Alcohol which then requires a process of negotiation before it is re-allocated to ACCHOs. There are delays in funding allocation to ACCHOs because of inefficiencies during the co-design and negotiation process. This mechanism creates a system where PHNs represent another barrier for ACCHOs in accessing funding for Aboriginal and Torres Strait Islander peoples. In contrast, ACCHOs that have an embedded Integrated Team Care coordinator within their workforce model reduce duplication and increase continuity of care between the ACCHO and both secondary and tertiary services. Activities include care planning, care coordination, family conferences, client advocacy, transport, and coordination of equipment and medication. Clients benefit from a seamless, coordinated culturally safe service with workforce they know

and trust, who advocate on their behalf to promote access to the equipment and services they need to manage chronic conditions.

Staff turnover due to delays in funding announcements

When there are delays in funding announcements, staff who are on short-term contracts are faced with uncertainty around whether their contracts will be renewed. This leads to a high turnover of staff in the ACCHO and loss of corporate, program and cultural knowledge in addition to community engagement.

Ongoing reform challenges

The ACCHO sector is frequently faced with reforms and changes to their funding model which brings uncertainty to organisations and drains on resources during change management processes.

Recommendations

Recommendations for ACCHOs

- Develop a strong relationship with Medicare so that you can build staff capacity in relation to MBS billing and ensure the service accesses all eligible MBS income.
- Seek support from your state/territory peak body in relation to maximising MBS income.
- There are potential savings in operational expenses by obtaining loans to purchase ACCHO sites. Some ACCHOs may be in a position to undertake a cost-benefit analysis to weigh up purchasing versus renting the premises.
- Look for opportunities to share expenses with other services, such as IT costs.
- Include rental costs in funding submissions so that the government is aware of the expense ACCHOs incur through renting premises.
- Carefully consider whether a source of funding is beneficial to your organisation, given that it will come with various reporting requirements. Some services only accept funding for over \$100,000 to make it worthwhile.

Recommendations for Peak Bodies

- Continue to support member ACCHOs with financial modelling to maximise all forms of income and through training in relation to preparing tenders and funding submissions.

Recommendations for Policy Makers

- The salary costs of ACCHOs have increased over time and are not covered by increases in Commonwealth funding. ACCHOs would benefit from a fair investment of core funding from the Commonwealth and state health departments to adequately fund the services they provide.
- Consider a review of MBS items for ACCHOs to reflect the real time costs of providing holistic services to the Aboriginal and Torres Strait Islander community that supports Aboriginal ways of working.
- Fund ACCHOs to provide integrated family-centred care to their communities and provide transport and home visits to promote accessibility of services.
- Fund ACCHOs through an outcome focused model with priorities set by the ACCHO sector that includes resourcing activities that ACCHOs undertake to address the social and cultural determinants of health.
- Streamline the reporting requirements and processes related to ACCHO funding to reduce the administrative and reporting burden.
- Directly fund ACCHOs for Mental Health, Drug and Alcohol and Integrated Team Care rather than indirectly through PHNs to minimise delays in service provision to community.
- Ensure sufficient timelines are provided for funding submissions so that ACCHOs with limited staff capacity can participate and be competitive.
- Develop subsidised training and professional development opportunities for ACCHO staff as these are challenging for individual services to support under core funding.
- The ACCHO sector needs to be funded to directly provide dental services, where there is capacity, or facilitate access to dental health services through collaboration with jurisdictional government dental services and private dentists.

Discussion

ACCHOs are small to large sized businesses which provide a complex array of programs to their local Aboriginal and Torres Strait Islander communities. ACCHOs are charged with the responsibility of providing 'holistic, comprehensive, and culturally appropriate health care to the community which controls it' which encompasses physical, social, emotional, cultural and spiritual dimensions of health (NACCHO, 2018a). ACCHOs have long been recognised for the holistic service provision they provide to community and are valued by community for their culturally safe and appropriate holistic care in addition to their accessibility and welcoming social spaces (Gomersall et al, 2017). ACCHOs provide a breadth of services that address the social determinants of health (e.g. racism, housing, income, employment, education) and cultural determinants of health, as illustrated in a recent document review of ACCHO annual reports (Pearson et al, 2019). This chapter, however, demonstrates that newly emerging or smaller ACCHOs with limited funding cannot promote accessibility through transport and home visits and are therefore limited in their ability to address the social determinants of health.

ACCHO programs and services are resourced via a range of funding streams which can include core government funding, funding through the Medical Benefits Schedule, program funding and tender-based or grant funding. ACCHOs are faced with multiple different funding streams and tender processes all of which have different reporting and application requirements. The reporting burden and complexity associated with administering income across multiple funding sources was highlighted by Dwyer and colleagues close to a decade ago (Dwyer et al, 2009). An in-depth case study with Rumbala Aboriginal Co-operative in Victoria clearly demonstrates the ongoing burden of reporting for ACCHOs and argues that this burden negatively impacts service delivery (Silburn et al, 2016). In the delivery of holistic services in the 2013-14 financial year, Rumbala Aboriginal Co-operative held 48 separate agreements with 12 funding agencies that included state and federal government departments, government-funded not-for-profit organisations and other agencies. They were required to provide 409 reports against 46 of these agreements, with reports at monthly, quarterly, half-yearly and annual intervals (Silburn et al, 2016).

The available funding streams can vary greatly across the states and territories of Australia, and from one year to the next. In this sense, ACCHOs

must be proactive and responsive in identifying the funding available and preparing submissions. Competitive funding submissions take time, and therefore precious human resources. This is challenging for ACCHO leadership, who are often overwhelmed by multiple competing responsibilities (Hill et al, 2001) and the challenges of managing their organisations, supporting and growing their staff and providing services to community. This is particularly challenging for leadership in newly established ACCHOs who must invest significant time and resources towards navigating the transition to an incorporated Aboriginal community controlled service and in establishing the necessary organisational structures and processes in addition to governance mechanisms. The transition to Aboriginal community control is frequently challenged by inadequate resourcing with respect to time, money and capacity (Dwyer et al, 2015).

The ACCHO model of service provision requires a greater time and financial investment than mainstream primary health care services who generate sufficient income by servicing a volume of patients with shorter appointment times. In providing culturally safe care to Aboriginal and Torres Strait Islander clients with complex needs, ACCHO staff invest time in developing trusting relationships with clients. It is for this reason that ACCHO clients often require greater time with staff than the MBS reimburses through the schedule. This additional time, which needs to be funded out of the service's operating budget, is what ACCHO staff describe as 'doing it for love'. This is a challenge for newly emerging ACCHOs with limited core funding and demonstrates how MBS funding models do not align with ACCHO service provision.

ACCHOs need to constantly balance a fine line between meeting community expectations and ensuring the ongoing financial security of the service. If an ACCHO loses the trust and connection with community, the financial position of the organisation is threatened through fewer appointments and a loss of MBS income. On the other hand, if an ACCHO provides an extensive range of services to community to meet all expectations, it is likely to go into financial deficit. ACCHOs carefully select service provision that is achievable and can be provided over the long term. They communicate with community in a transparent way what their funding model can and cannot provide, maintaining community trust and connection through this approach. The limited core funding of newly established ACCHOs can

impede their ability to routinely provide much needed transport to their clients. More established ACCHOs often provide transport to and from appointments to increase primary health care access to Aboriginal and Torres Strait Islander clients impacted by the social determinants of health (Davy et al, 2016).

ACCHOs and other First Nations' primary health care services are characterised by a culturally appropriate and skilled workforce in addition to flexible approaches to care and other key elements (Harfield et al, 2018). In contrast to other primary health care services, ACCHOs often have to invest a significant amount of time and resources in training and developing Aboriginal and Torres Strait Islander staff which can affect their income generation. As the single largest employer of Aboriginal and Torres Strait Islander peoples across Australia (NACCHO, 2018b), ACCHOs would benefit from commensurate resourcing for the key role they play in building the capacity of local Aboriginal and Torres Strait Islander workforce. This could enable ACCHOs to fund tailored external professional development opportunities for their staff to further strengthen ACCHO workforce capacity.

ACCHO staff report a considerable time cost associated with preparing funding submissions and preparing reports for the various funding streams they access. This is a challenge for services and is consistent with the burdensome reporting load of ACCHOs described by others (Dwyer et al 2009). The need for ACCHOs to invest time and resources in tendering for Aboriginal and Torres Strait Islander health programs through their local PHNs demonstrates that governments do not recognise the ACCHO sector as the preferred provider for Aboriginal and Torres Strait Islander clients. The need for streamlining of reporting requirements and funding mechanisms for ACCHOs, or greater support for emerging ACCHOs in navigating these funding mechanisms, is evident. Given the burdensome nature of multiple funding streams and reporting requirements, ACCHOs must carefully weigh up the benefit of any additional funding stream against the time costs incurred in administering the funds.

To enable ACCHOs to provide quality culturally safe care to community, the Commonwealth could consider a review of MBS items to reflect the real time and resource costs associated with developing relationships and providing services to

clients. A match in the core funding of ACCHOs in line with increases in salary expenses would support ACCHOs, in addition to directly funding ACCHOs for Aboriginal health programs rather than indirectly through PHNs. ACCHOs would also benefit from additional support and subsidised professional development opportunities for staff, in recognition of their key role in building capacity in Aboriginal and Torres Strait Islander workforce nationwide.

Further considerations

This chapter focused on the funding approaches and challenges of a newly established ACCHO. In Table 11 on the following page, funding challenges broadly impacting the ACCHO sector are outlined. These challenges were drawn from a review of ACCHO case studies on the social determinants of health, health promotion, aged care, funding and workforce. Potential policy level responses to the identified funding challenges are also included for consideration.

Table 11: ACCHO Funding challenges and policy implications

Domain	Challenge	Potential policy level response
Funding agreements	Funding that is insufficient, short term and/or insecure.	Funding agreements to provide long-term sustainable funding to adequately resource the ACCHO comprehensive primary health care model and program evaluations.
	Restrictive funding agreements including programs with predetermined priorities or that do not support a comprehensive social determinants of health approach.	Engage the sector to co-design relevant KPIs that reflect and capture the comprehensive primary health care model of ACCHOs.
	ACCHOs consult with community to identify local needs, but due to funding limitations cannot deliver identified services.	Funding agreements to incorporate flexibility that enables ACCHOs to consult with their communities, identify local priorities and tailor services to local need.
	Complexity in coordinating multiple sources of funding including reporting burden.	The frequency and complexity of reporting to be streamlined to reduce the burden on the ACCHO sector. The sector requires additional resourcing for administration including IT, data and reporting and financial management.
MBS	MBS funding models may not always match Aboriginal ways of working (e.g. short consult times, few MBS items for Aboriginal Health Workers).	MBS to consult with the ACCHO sector regarding MBS items needed to support cultural ways of working.
	ACCHOs that meet with challenges in recruiting and retaining GPs are limited in their ability to generate MBS income.	
	ACCHOs can find it challenging to meet the training and development needs of staff in relation to MBS billing.	ACCHOs benefit from support and training for workforce related to MBS billing.
Submissions and tenders	Considerable time and resources needed to build relationships with potential funders and prepare tenders and funding submissions.	<p>Funding opportunities through tenders and funding submissions to have reasonable timeframes and be promoted to the ACCHO sector.</p> <p>The ACCHO sector would benefit from capacity building in relation to preparing competitive submissions.</p> <p>The ACCHO sector would benefit from support to develop financial models (that contrast potential income against anticipated expenditure) to inform decision making related to the financial viability of additional program delivery.</p>
	Competing for Aboriginal health funding with non-Indigenous organisations.	ACCHOs to be recognised as experts in Aboriginal comprehensive primary health care and the preferred recipient of funding for Aboriginal and Torres Strait Islander initiatives.

Domain	Challenge	Potential policy level response
The social determinants of health	<p>ACCHO funding does not adequately resource activities to address the social determinants of health. ACCHOs are not funded for their extensive advocacy activities or to provide transport (note: some ACCHOs use income generated through the MBS to fund these activities).</p> <p>Aboriginal and Torres Strait Islander people have an inequitable burden of dental health challenges which impact social standing and employment opportunities.</p>	<p>Funding agreements to resource ACCHOs to address the social determinants of health through intergrated family-centred care coordination and including services to promote accessibility to holistic health care such as transport and home visits and for their extensive advocacy activities.</p> <p>The ACCHO sector to be directly funded to provide dental services, where there is capacity, or funded to facilitate client access to dental health services through collaboration with jurisdictional government dental services and private dentists.</p>
Workforce recruitment and retention	Funding that is insufficient, short term or insecure can lead to non-competitive staff salaries, job insecurity, staff turnover, lost corporate knowledge and community connections. Delays in funding announcements cause staff to leave ACCHOs.	Funding agreements to provide greater resourcing for ACCHO programs, indexed to inflation, so staff can be competitively remunerated in line with other sectors. Long-term and secure program funding is needed to promote job security and retain corporate knowledge.
Workforce capacity building	ACCHOs invest in strengthening the capacity of ACCHO staff including mentorship of non-Indigenous staff around cultural ways of working.	Funding agreements to recognise and resource ACCHOs for their key role in strengthening the capacity of Aboriginal and Torres Strait Islander workforce and non-Indigenous workforce.
Funding reforms and sector reforms	While desperately needed, funding reforms create uncertainty for the ACCHO sector.	NACCHO could be funded to develop and disseminate resources and training packages to support ACCHOs to navigate the funding reforms including beyond the 3-year grace period.
	ACCHO resources are drained when taking on new programs and navigating sector reforms (e.g. staff training, time invested in adopting new systems, processes and terminology).	When major initiatives and reforms are planned, policy makers to consider preparing an ACCHO Impact Assessment and an implementation guide for the ACCHO sector.

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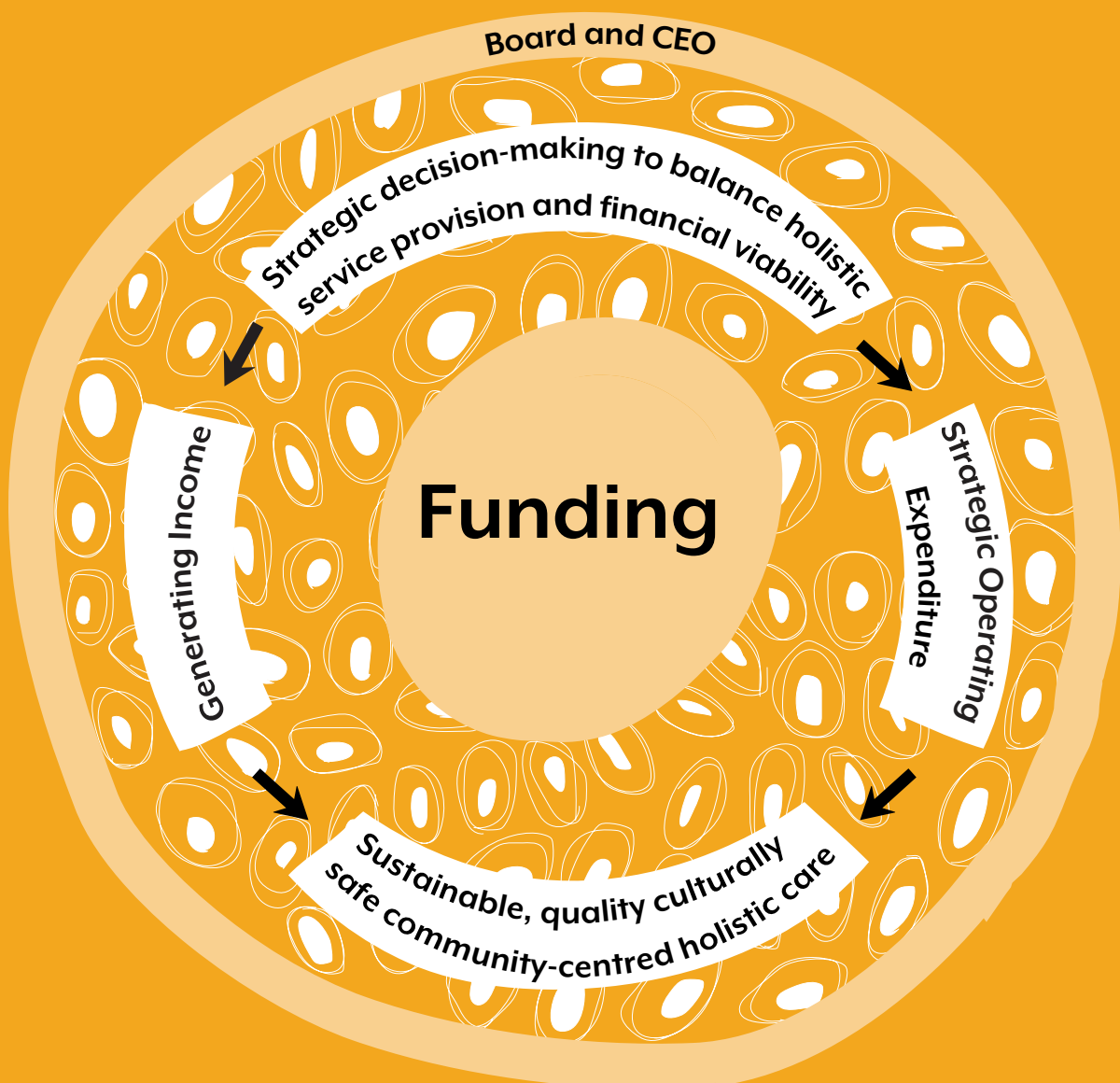
Funding approaches in newly established ACCHOs: Reflection Tool

Newly established ACCHOs work hard to develop funding approaches that are sustainable in the long term. They carefully consider how to maximise income generation and ensure operational expenditure is strategic so that they can provide quality culturally-centred care based on community priorities. The Board of Directors and CEO undertake strategic decision-making that balances holistic service provision for community and the long-term financial viability of those services. The ultimate aim of the ACCHO approach to funding is to provide sustainable, quality, culturally-safe, community-centred holistic care to local Aboriginal and Torres Strait Islander peoples.

Step 1. Consider the values and principles guiding funding approaches in newly established ACCHOs, and the strategies some services use to generate income and ensure operating expenditure is strategic.

Step 2. What strategies do you have in place and are there others that you could consider?

Approaches to funding in newly established ACCHOs



Values and principles guiding the funding approaches of newly established ACCHOs

- Our mission to provide quality culturally safe community-centred care guides all decision making in relation to our funding and drives our staff to go above and beyond in their roles.
- Our Board of Directors and CEO make strategic decisions about service provision that consider the funding opportunities available and the priorities of the community. These decisions are informed by financial projections developed by our finance team.
- We balance holistic care with long term financial affordability: our CEO and Board carefully consider how we can meet community needs whilst maintaining the sustainability and financial security of our service. Our service delivery is targeted and selective and determined by core funding, MBS income, successful grants and tenders, and targeted program funding for special initiatives.

Strategies to maximise income through the MBS

- We provide clients with SMS reminders to minimize missed appointments.
- We use funding flowcharts to ensure that clients are receiving all services they are eligible for.
- We check client eligibility with the MBS prior to undertaking health checks (to ensure community members have not completed a health check in the past year at another service).
- We provide incentives to community members to attend the service (e.g. all clients receive a t-shirt when completing their health checks).
- We undertake retrospective audits to ensure all MBS claims are complete.
- We provide training and support to all staff to ensure that MBS claiming processes are functioning well.

Other income generation strategies

- We have registered for the Practice Incentive Program to receive income under Close the Gap for services we provide to community and for hosting medical students.
- We generate income through training GP Registrars in our clinic.
- We sub-lease our office space, where possible.
- We look for funding opportunities through government departments, PHNs and non-government organisations and prepare tenders and funding submissions for special initiatives.

Strategies to ensure operating expenditure is strategic

- We have registered as a charity with the Australian Charities and Not-for-profits Commission and have a waiver from the local Council for annual council rates.
- We provide salary sacrificing to our staff to reduce their taxable income and their yearly tax bill.
- We have obtained a business loan through Indigenous Business Australia to purchase our property to reduce our operating expenditure (as our mortgage payments are less than rent expenses).
- We share operating costs with other services wherever possible, such as sharing IT expenses.
- We seek out subsidized professional development and training courses for our staff wherever possible to ensure that our staff receive the capacity building they deserve.