



NSW Health



Air transport funding review

Summary Report

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Acknowledgement of Country

NSW Health respectfully acknowledges the many Aboriginal nations of NSW; the traditional custodians of the lands we live and work on.

Acknowledging Elders past, present and future, we pay our respect to the continuing cultural practices and spiritual connection Aboriginal people of NSW have with the land, waters and seas.

We hold an appreciation and respect for the sharing of their knowledge across our organisations.

Artwork acknowledgement: Jessica Bark (2014)

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Background, scope & approach

Air Transport in NSW Health

NSW Health provides healthcare in one of the world's most sparsely populated jurisdictions. As a result, air transport is a critical enabler of healthcare delivery, particularly for the 2.9 million residents of regional, rural and remote NSW. NSW Health utilises air transport in a variety of ways to deliver services, including by transporting:

- Patients
 - (fixed wing and rotary) aeromedical services for transporting emergency and non-urgent patients
 - (fixed wing) aeromedical services for transporting non-emergency patients
 - escorting eligible patients requiring clinical monitoring on commercial flights
 - financial payments to eligible patients to subsidise costs of commercial air travel.
- Healthcare workers
 - commercial flights for healthcare workers to deliver services (e.g. specialist clinics and medical locums) where scheduled services operate;
 - fixed wing charter services for healthcare workers to deliver services;
- Products
 - Commercial flights for certain blood products (e.g. stem cell transfusions), primarily to tertiary health facilities in metropolitan areas.

Rural Health Inquiry

The inquiry into health outcomes and access to health and hospital services in rural, regional and remote New South Wales (i.e. the Rural Health Inquiry) delivered 44 recommendations in May 2022. Recommendation 4 was:

That NSW Health review the funding available for air transport.

NSW Government response

This recommendation was supported by NSW Government:

The NSW Ministry of Health will consider NSW Health's Patient Transport Service (PTS) non-emergency fixed wing (air) patient transport costing data in its review of funding available for air transport by end June 2023. NSW Ambulance will be engaged as a partner in this discussion, given the existing statewide retrieval network consisting of a rotary and fixed wing fleet that is managed by NSW Ambulance, on behalf of NSW Health.

Purpose & scope

Purpose

In line with Recommendation 4 of the Rural Health Inquiry, NSW Health has undertaken a review of funding for Air Transport. The purpose of the review was to:

- Determine the funding provided by NSW Health for air transport across various services and programs;
- Assess if there is unmet demand for these services and programs, including through an assessment of utilisation of fixed wing services;
- Undertake a value for money assessment of these services and programs that uses an analysis of inputs, activities, outputs (and where data is available, outcomes);
- Develop a forward plan to improve how those services and programs could be better structured to enhance their effectiveness and financial sustainability, giving consideration to alternative mixes of service delivery, economies of scale and innovation to derive value for money and high quality patient outcomes.

The Terms of Reference for the Steering Committee overseeing the review is included in the Appendix.

Scope

The scope of the review will include:

- Air transport for patients, including
 - Non-emergency fixed wing services (including road component) that transport patients, including
 - Patient Transport Service's Class B to D patients
 - A subset of NSW Ambulance's P4 and P5 patients
 - NETS' non-emergency transport service (transported by NSW)

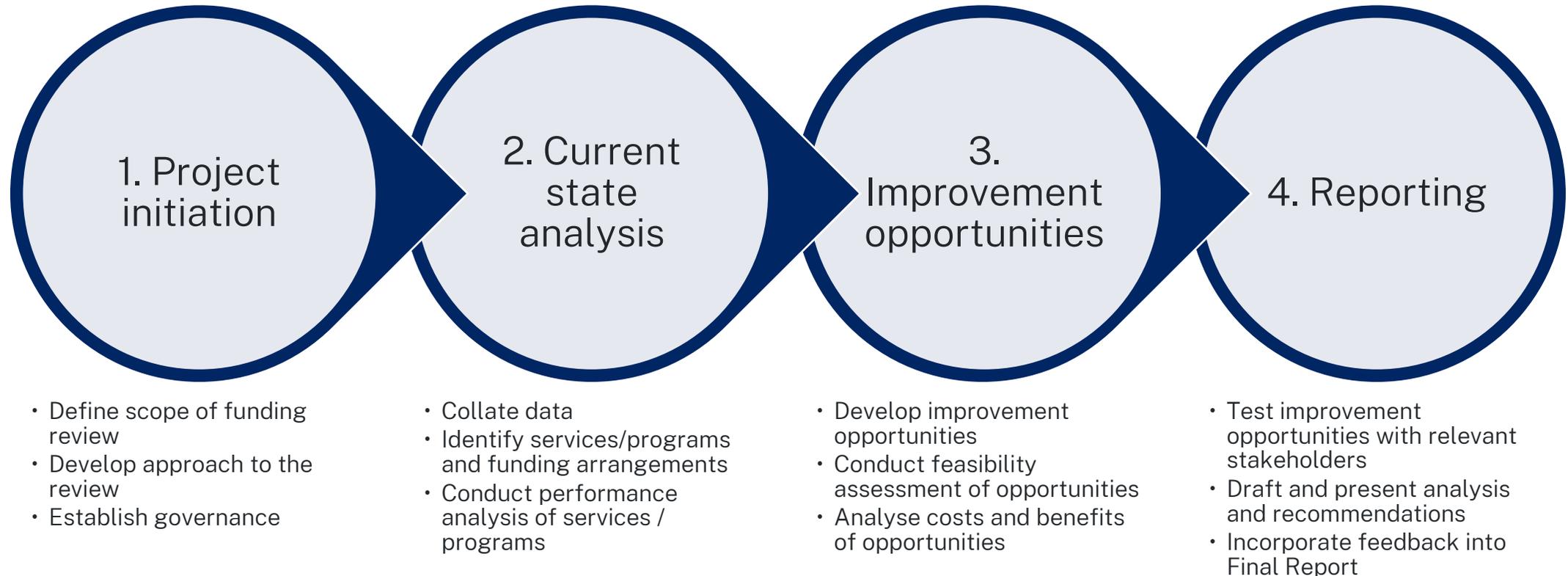
- Patients that are escorted by healthcare workers on commercial flights;
- Payments made to subsidise the cost of commercial air transport for eligible patients (e.g. IPTAAS)
- Interstate transfers, including repatriation (e.g. Broken Hill to Adelaide);
- Air transport for Healthcare workers, including:
 - Charter and commercial flights for healthcare workers to deliver services in regional NSW.
- Providers operating:
 - under contract with NSW Health; and
 - providers operating with Ministerial Approved Grants;
- Cover the periods 2018-19 to 2022-23, where data is available and comparable (to account for pre and post COVID variances).

Out of scope

The following items will be out of scope for this review:

- Emergency air transport
- Rotary air transport
- Air transport of pathology products and specimens
- Air transport of medical consumables, pharmaceuticals, medical equipment and prosthesis.
- Air transport of NSW Health staff for management, project or educational purposes

Overview of approach to funding review



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Findings and Recommendations

High level current state findings

| | |
|--------------------------------|---|
| Programs & services | <ul style="list-style-type: none">• NSW Health has eight defined programs that provide non-emergency air transport to patients and staff, including fixed wing services, bundled services that transport staff to undertake clinics in remote areas and commercial air transport. |
| Expenditure | <ul style="list-style-type: none">• There was \$204m spent on these programs from 1 July 2018 to 30 June 2023, with \$46m spent in 2022-23. |
| Funding | <ul style="list-style-type: none">• There were a variety of mechanisms used to fund these programs. MoH block grants and intra-health charges being the primary sources of funding. |
| Key suppliers | <ul style="list-style-type: none">• External suppliers providing fixed wing services were key enablers of air transport. They were also a key driver of spend, accounting for \$152m (75% of total) over the period. |
| Activity delivered | <ul style="list-style-type: none">• The spending has delivered more than 120,000 patient and staff transfers via commercial and chartered aircraft over the review period, with over 80% of this via commercial air transport (either directly or subsidised via IPTAAS). |
| Lack of coordination | <ul style="list-style-type: none">• There has been a lack of coordination and consistency in how services with suppliers have been delivered resulting in both overlap and gaps in some services provided. |
| Grants complexity | <ul style="list-style-type: none">• There was \$69 million in grants provided to fixed wing suppliers, with 12 separate grant agreements. The grants landscape is overly complex, detracts from managing for outcomes and is sometimes poorly coordinated. |

Current state of air transport programs

| Program / service | Primary delivery organisation | Spend (\$m) FY23 | Spend (\$m) FY19-23 | Funding Source |
|---|-------------------------------|---------------------|------------------------|--|
| PTS Fixed Wing | HealthShare NSW | 25 | 105 | <ul style="list-style-type: none"> • 96% Intra health charges • One-off grant of \$3.6m in FY19 |
| Commercial air travel | All LHDs | 7.5 | 33 | <ul style="list-style-type: none"> • Unknown |
| Aeromedical Operations Fixed Wing (non-emergency) | NSW Ambulance | 6.0 | 28 | <ul style="list-style-type: none"> • 50% Block grants (17% from MAG) • 44% Intra health charges • 5% Own source revenue |
| Remote clinics | FWLHD | 2.2 | 11 | <ul style="list-style-type: none"> • 100% Block grants (89% from MAGs) |
| Rural Aerial Health Service | Ministry of Health | 1.8 | 8.6 | <ul style="list-style-type: none"> • 100% Block grants (100% from MAG) |
| IPTAAS air travel spend | HealthShare NSW | 1.0 | 5.8 | <ul style="list-style-type: none"> • 100% Block grant |
| Interstate Ambulance Fixed Wing | FWLHD, MLHD | 0.2 | 1.1 | <ul style="list-style-type: none"> • Unknown |
| Commercial nurse escort | HealthShare NSW | 0.1 | 0.9 | <ul style="list-style-type: none"> • 100% Intra health charges |
| Other | Multiple | 1.8 | 10 | <ul style="list-style-type: none"> • n/a |
| Total | | 46 | 204 | |

Recommended future principles for air transport



Vision: NSW Regional Health Strategic Plan

Principles: Non-emergency air transport

Description

Equitable

1. Air transport should support equity of access to care

Air transport is critical in enabling access to specialist care for Regional NSW and reducing the tyranny of distance.

Integrated

2. Health services should be coordinated and avoid duplication

Air transport, due to its inherent nature, is generally best planned at a statewide-level. Due to historical arrangements and the overlap with primary care services, service planning should also include the Commonwealth.

Sustainable

3. Internal and External service providers should be accountable for performance

Air transport involves significant expenditure and supports service delivery for over 25,000 individuals annually (disproportionally in regional and remote NSW).

4. Price charged should reflect cost of service delivery

Price reflecting cost provides incentives for health services to be financially rationale. In addition, this supports the operation of the Activity Based Funding model.

Outcomes focused

5. The air transport modality used should be appropriate for requirements of the patient

Air transport programs cater for a range of patient acuities. The clinical requirements of the patient should guide the air transport modality used, and there should be consistency across NSW Health in how patients are classified.

6. Existing patient flow referral pathways should not be disrupted

Existing referral pathways reflect investment in relationships, continuity of care and geography. The default assumption should be that existing referral pathways remain.

Future state operating model options for fixed wing

| Option | Features | Benefits | Costs | Risks | Dependencies | Transition | Assessment |
|---|---|--|--|---|---|---|--|
| 1. NSWA responsible for Non-emergency Fixed Wing | <ul style="list-style-type: none"> NSWA takes responsibility for non-emergency Fixed Wing NSWA is responsible for tasking non-emergency Fixed Wing aircraft. | <ul style="list-style-type: none"> \$0.8-1.8m in annual savings from NSWA and PTS coordination. \$2.3m in annual non-cashable benefits from lower acuity patients using non-emergency service Additional unquantified savings from single responsibility for tasking non-emergency service. | <ul style="list-style-type: none"> \$1.2-1.8m in annual additional costs for NSWA (6-9 FTE) + one-off capital (~\$150k) | <ul style="list-style-type: none"> Non-emergency patient transfers are de-prioritised, causing additional wait times. Potential for non-emergency service to adopt higher cost emergency model of care practices. | <ul style="list-style-type: none"> New non-emergency contract terms required to implement in-sourcing of tasking. Requires new pricing mechanism to realise benefits from maximising non-emergency utilisation. | <ul style="list-style-type: none"> Only can be implemented with new non-emergency contract in late 2025. NSWA should take lead in new non-emergency contract. | <p><i>(Against principles)</i></p>  |
| 2. PTS establish internal capability and integrate workflows with NSWA | <ul style="list-style-type: none"> NSWA Aeromedical Operations and PTS Fixed Wing work more closely together operationally. PTS establish internal aircraft tasking capability. | <ul style="list-style-type: none"> \$0.8-1.8m in annual savings from NSWA and PTS coordination. \$0.5-1.5m in annual non-cashable benefits from lower acuity patients using non-emergency service Additional unquantified savings from single responsibility for tasking non-emergency service. | <ul style="list-style-type: none"> \$1-2m in annual additional costs for PTS and + capital costs (~\$150k) | <ul style="list-style-type: none"> Separate reporting lines between NSWA and PTS prevent collaboration on a day-to-day basis. Separate cost centres does not incentivise cost saving measures. | <ul style="list-style-type: none"> New non-emergency contract terms required to implement in-sourcing of tasking. Requires new pricing mechanism to fully realise benefits from maximising non-emergency utilisation. | <ul style="list-style-type: none"> Only can be fully implemented with new non-emergency contract in late 2025. However, can be progressively implemented in the lead-up. |  |

Whole of Health recommendations

| # | Category | Recommendation | Relevant principle |
|---|-----------------|---|--|
| 1 | Financial model | NSWA should increase prices for Fixed Wing services charged to LHDs to reflect actual cost of service delivery. | <ul style="list-style-type: none"> Price charged should reflect cost of service delivery |
| 2 | Funding model | Ongoing air transport grants for service delivery should be converted to contracts. (The MAG funding services for both NSWA and FWLHD should be separated into individual contracts.) | <ul style="list-style-type: none"> Internal and External service providers should be accountable for performance |
| 3 | Operating model | The emergency and non-emergency fixed wing services should use a consistent classification system for patients. | <ul style="list-style-type: none"> Health services should be coordinated and avoid duplication Air transport should be appropriate for the clinical acuity and requirements of the patient |
| 4 | Operating model | FWLHD should adopt a commissioning approach to air transport grants. FWLHD should be funded for district resource that will be responsible for commissioning with NGOs. | <ul style="list-style-type: none"> Health services should be coordinated and avoid duplication Internal and External service providers should be accountable for performance |

Agency-specific recommendations

| | # | Category | Recommendation | Principle |
|--------------------------------|----|----------------------|--|---|
| Patient Transport Service | 5 | Funding model | PTS to review the pricing model used for long-distance road transfers. | Price charged should reflect cost of service delivery |
| | 6 | Operating model | WNSWLHD and PTS to investigate the feasibility of having a dedicated road crew for long distance transfers between WNSWLHD and Sydney. | The air transport modality used should be appropriate for requirements of the patient |
| | 7 | Operating model | PTS to facilitate calls to LHD Patient Flow Manager / After Hours Bed Manager when offload delays occur. This should be aligned with the Road Transport offload delay processes. | Health services should be coordinated and avoid duplication |
| | 8 | Data and information | PTS should develop robust regular reporting on the timeliness and cost of non-emergency Fixed Wing services. | Internal and External service providers should be accountable for performance |
| Far West Local Health District | 9 | Data and information | FWLHD to work with grant recipients to develop templates for reporting that make it easier to assess the performance of the recipients. | Internal and External service providers should be accountable for performance |
| NSW Ambulance | 10 | Funding model | NSW Ambulance to investigate why revenue from Other Hospital Charges has fallen, and whether some patients are not being charged for services provided. | Price charged should reflect cost of service delivery |
| | 11 | Data and information | NSW Ambulance should develop robust regular reporting on the timeliness and cost of non-emergency Fixed Wing services. | Internal and External service providers should be accountable for performance |
| | 12 | Data and information | NSW Ambulance should ensure that both ongoing grants to RFDS are published on the NSW Government Grants and Funding Finder website. | Internal and External service providers should be accountable for performance |