

The NSW Ministry of Health Business and Funding Model Study: an examination of NGO AOD treatment costs and implications for future business and funding models

FADIL PEDIC¹, TANYA MERINDA¹, SARINA LACEY², STEVE KENDALL², DENNIS MCCARTHY², ROBERT STIRLING³, JOANNE ROSS¹, ELIZABETH WHITTAKER⁴, MICHAEL MEKHAIL⁵

¹Centre for Alcohol and other Drugs, NSW Ministry of Health, Sydney, Australia, ²Centre for International Economics, Sydney, Australia, ³Network of Alcohol and other Drug Agencies, Sydney, Australia, ⁴Centre for Epidemiology and Evidence, NSW Ministry of Health, Sydney, Australia, ⁵Finance, NSW Ministry of Health, Sydney, Australia.

Presenter's email: Joanne.Ross@health.nsw.gov.au

Introduction: The Business and Funding Model (BAFM) Study is a collaborative project between the NSW Ministry of Health and the Network of Alcohol and Other Drug Agencies (NADA). The project sought to better understand the cost of delivering alcohol and other drug (AOD) treatment services provided by non-government organisations (NGOs), and develop future business and funding models for the NSW NGO AOD sector.

Method: The study, led by the Centre for International Economics, involved considerable consultation with the NGO AOD sector over six months, achieved through: sector-wide webinars; individual provider consultations; a detailed, lengthy Excel-based costing survey; provider roundtables to test the practicality of potential alternative funding models; and a NADA led sector-only workshop. Information on cost drivers was obtained from the BAFM survey and the NSW Minimum Data Set for Drug and Alcohol Treatment (MDS DATS). As an incentive, all participating NGOs were provided with a 'live' dashboard, enabling them to compare their costs with the sector.

Key Findings: Fifty seven percent of NSW Health funded NGOs (63 services) responded to the survey, a high response rate for this population. Average costs of NGO provided AOD treatment services vary immensely, largely due to the scale of operations. This variability suggests funding models based on 'average costs' are not appropriate.

Discussion and Conclusions: A single funding model for sector-wide application is not indicated due to significant heterogeneity in costs and drivers of variation. A mixed funding model will likely provide the best value for public funds invested in NGO treatment.

Disclosure of Interest Statement: The Centre for International Economics were funded by the NSW Ministry of Health to conduct this work, following a targeted tendering process through the Ministry's Performance Management and Services Scheme.