

Friday 22<sup>nd</sup> June 2012

Committee Secretary  
House Standing Committee on Regional Australia  
House of Representatives  
Po Box 6021  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam,

**Re: Inquiry into the use of “Fly-In, Fly Out” (FIFO) workforce practices in regional Australia**

Please find following an overview of Rural and Remote Medical Services Ltd (RaRMS) in response to a recent request for information from the House Standing Committee on Regional Australia. Mr. Tony Windsor, MP, made the request during the appearance of Dr. Rose Ellis and Dr. Liz Barrett of the NSW Rural Doctors Network at the Inquiry, on May 25<sup>th</sup>, 2012.

RaRMS is a not-for-profit organisation, established by the NSW Rural Doctors Network in 2001 to implement the “Easy Entry, Gracious Exit” approach to general practice management. Our experience has shown that the RaRMS model has consistently and successfully facilitated the recruitment and retention of general practitioners into towns within NSW that have traditionally been subject to significant GP and medical workforce hardship. On occasions, it has been necessary to draw upon FIFO arrangements to provide emergency or bridging medical services in the generally difficult circumstances in which RaRMS operates.

We are pleased to provide details of our experiences for consideration by your Committee.

Should you require further information, please do not hesitate to contact me.

Kind regards

Mark Lynch ISO  
Chair  
Rural and Remote Medical Services



## The Easy Entry, Gracious Exit Initiative

### Overview

The *Easy Entry, Gracious Exit* approach to recruiting rural GPs began as a crisis response to chronic doctor shortage and high doctor turnover in North West NSW, rather than as a researched and planned “sustainable model” exercise. In 2000/01, for the 4 remote towns of Brewarrina, Walgett, Lightning Ridge and Collarenebri there were only 3 GPs, only one of whom was also a Visiting Medical Officer (VMO), and he was on call 24/7 at Walgett District Hospital. He was also close to breakdown or departure, due to overwork. The hospitals at Collarenebri and Brewarrina, and the day Emergency Department at Lightning Ridge, had no resident VMO. The population (estimated between 11,000, and up to 14,000 in peak winter season) required the services of 8-10 doctors. Despite highest birth rates in NSW, maternity services were 400 km away at Dubbo. The situation could justifiably be described as third world.

The NSW Rural Doctors Network (RDN) initially took over the management and facilities of the Brewarrina medical practice following the sudden departure of the GP, so it was possible to place a locum doctor there. It took 20 months and 22 locums before the workforce stabilised with the arrival of a married GP couple from NZ. With no GP in Collarenebri, and an unwell doctor in Lightning Ridge, the RDN Board decided to take a regional approach to services in the area. Meetings were held with health agencies, local governments and the communities. There were a myriad of obstacles to GP recruitment but, based in part on the experience with Brewarrina, RDN in 2001 supported the establishment of Rural and Remote Medical Services Ltd. (RaRMS) as a not-for-profit NGO with a mandate to do whatever it took to bring effective medical services to these towns. After 18 months, the number of doctors across the 4 towns had risen to 8, with VMO services being consistently provided to the hospitals. RaRMS was managing Walgett and Lightning Ridge. Brewarrina and Collarenebri were being managed by entities that used variations on the principles adopted by RaRMS.

One of the critical factors in this success story was the willingness of the Dept. of Health and Aging to provide some initial infrastructure and development funding after which RaRMS was able to operate on a self-sustaining basis. An account of those early years and the lessons learnt, is conveyed in “Easy Entrance, Gracious Exit”, published by the NSW Rural Doctors Network in September 2003.<sup>1</sup>

The outcomes were also described to *2007 Network: TUFH Conference, Sept 2007* as follows:

*Over five years there has been a stability in GPs in a notoriously hard to recruit to area. There has been substantial increase in services provided by other health professionals. For people living in the area there has been a sustained increase in services provided in the community setting, and a corresponding decrease in primary care services provided inappropriately in the hospital. As is seen in Table 1, the commencement of RaRMS in the last quarter of 2001 resulted in a rapid increase in GP services provided in the community Primary Care setting, and a corresponding decrease in GP services provided in Walgett Hospital.<sup>2</sup>*

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<sup>1</sup> “Easy Entry, Gracious Exit” - [http://www.rarms.com.au/client\\_images/804388.pdf](http://www.rarms.com.au/client_images/804388.pdf)

<sup>2</sup> Cameron I, Matic V, Mathews R: Project to policy: TUFH principles in action in Australia. Educ Health (Abingdon); 2007 Aug;20(2):60 PMID: 18058690. (Copy attached.)

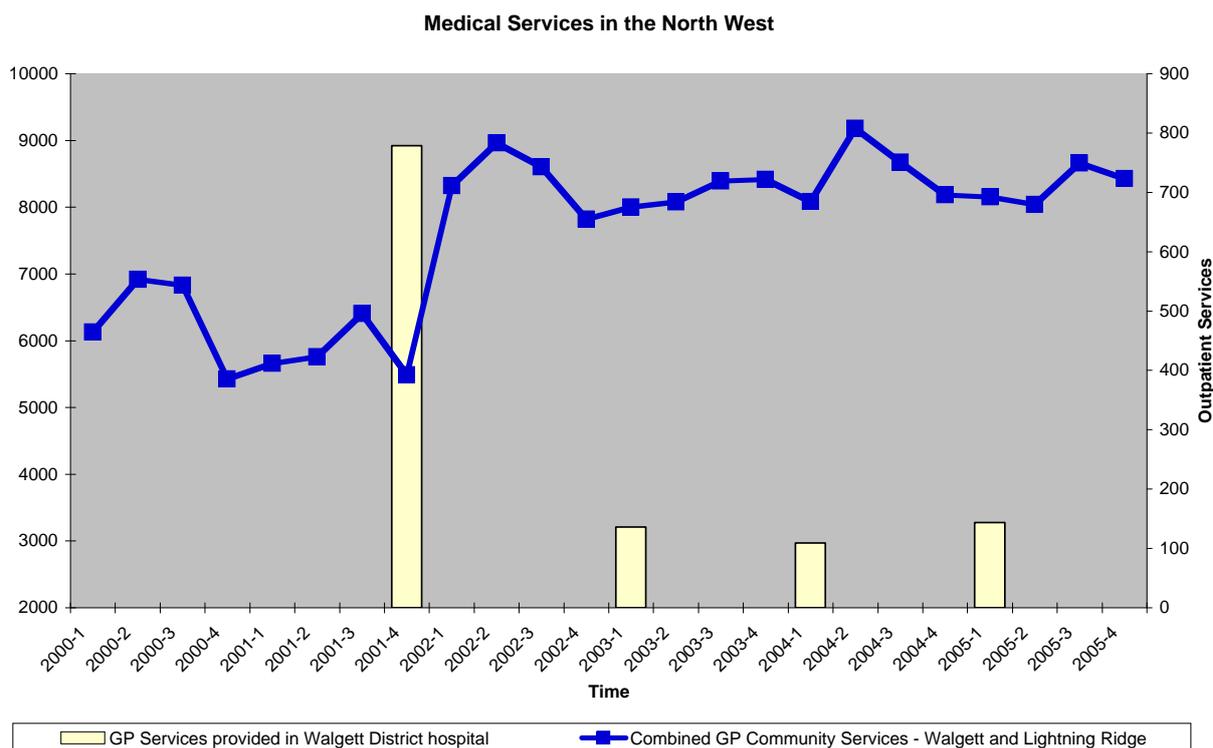


Table 1 GP services in Walgett and Lightning Ridge 2000 - 2005<sup>3</sup>

In 2010, the Walgett Doctors Surgery was honoured by the Royal Australian College of General Practice (RACGP) as the medical practice of the year in the ACT/NSW and in Australia – largely on the basis of the wide range of visiting specialist and allied health services now also provided from the practice.

The RaRMS approach has evolved into a model that, with some variations across individual towns to meet local conditions, is delivering a sustainable supply of doctors and medical services. RaRMS has since become involved in some areas outside the North West, where intervention was seen as necessary to avoid a decline in medical services. In some cases, practices have been ‘rescued’ after the departure of the only doctors in town and (as did RDN in Brewarrina), RaRMS has kept the infrastructure, staff and medical records together so that locum doctors and eventually resident doctors can be recruited. This invariably involves RaRMS carrying an initial financial loss. At the same time, RaRMS cannot afford involvement unless there is a reasonable prospect of the situation becoming financially sustainable for RaRMS and also financially attractive for the doctor(s).

In another town, a highly experienced and long standing GP was on the verge of departing due to the growing burden of practice management. ("I love being a GP, I love teaching students and registrars, but I'm waking up at 2am screaming about my BAS statements. If you don't do something I'm leaving.") RaRMS did, and he's still there 4 years later.

Unfortunately, RaRMS has had to decline a number of invitations to take on practices where the need for assistance was genuine but the prospects of financial break-even too chancy without the availability of some initial external funding.

On 3 occasions, RaRMS has handed back practice management to GPs who, after settling into a practice and a community, have eventually wished to assume that role for themselves – in which case it is RaRMS that has achieved the *gracious exit*.

<sup>3</sup> GP Medicare services data supplied by Australian Department of Health and Ageing, GP Hospital services data supplied by NSW Health Department

The *Easy Entry, Gracious Exit* model or walk-in-walk-out approach, aims to make general practice in difficult areas more attractive by enabling GPs to work as clinicians without having to be small business owners and managers. It seeks to support both the desire of GPs for more predictable and less onerous work commitments and to reduce the need for any significant up front financial investment on their part. The reduced financial commitment allows more freedom to come and go as a doctor's circumstances dictate. Domestic and surgery accommodation, and full infrastructure for the general practice, is provided by a third party, as well as the option for VMO rights and contracts being negotiated on behalf of the doctor.

The *Easy Entry, Gracious Exit* model differs from previous recruitment models, in that it involves a third party management and infrastructure provider, like RaRMS, or a local council, or a Division of General Practice/Medicare Local, or a commercial entity (some of which have emerged in recent years). Previous approaches have concentrated on the continuity of the doctor, rather than the continuity of the practice or practice management structure.

*Easy Entry, Gracious Exit* was initiated with the hope that by removing many of the previous barriers to recruitment it would be much easier to attract doctors. It was also hoped that once doctors arrived in these towns they would find that, while free to leave at any time, the support, financial arrangements and the interesting medicine would be so attractive that they would readily remain for a reasonable period. This has been borne out in practice, with almost all doctors recruited under these arrangements staying much longer than originally intended.

Rural and Remote Medical Services Ltd (RaRMS) was the entity established by the NSW RDN to implement this new approach, in Walgett and Lightning Ridge initially. Currently RaRMS has operations in Braidwood, Gilgandra, Gulgong and Walgett, with all medical centres operating on *Easy Entry, Gracious Exit* principles.

The RaRMS version of the *Easy Entry, Gracious Exit* model has metamorphosed several times since its inception in June 2001. Its current features look like this:

- RaRMS leases the practice buildings (from Shire and private owners)
- RaRMS employs all the practice staff (practice manager, receptionists, practice nurses and cleaners)
- RaRMS initially provided a subsidised motor vehicle for some GPs but has re-balanced remuneration structures and doctors now supply their own
- The 8 GPs contract RaRMS to provide the service of managing their practices
- RaRMS has a central "corporate" headquarters where financial, operational support and IT support are provided.
- Where necessary, RaRMS negotiates with the Local Health Districts and the hospital on behalf of the GPs
- VMO services have been cashed out in the most remote of our locations to provide predictable VMO incomes – note that this is an **optional** element that may not be available in less remote areas
- RaRMS handles all practice related financial transactions on behalf of the GP, including VMO payments, unless the GPs wish to handle these themselves.
- RaRMS provides corporate governance and strategic direction through a Board of Directors comprising a mix of local stakeholders (Division of General Practice), and other more distant management and medical bodies (RDN and RDA NSW).

### **Ownership**

In the RaRMS model, the doctor is the practice principal, owns the practice but not the infrastructure, and has contracted the entity to supply services and infrastructure to the practice.

The doctor does not manage the practice business. The lines of professional and clinical independence and ownership of the doctor's practice need to be as clear as possible in such situations.

The doctor(s) are purchasing business support for their practice and although they no longer have a role in providing their own business support (practice management, etc), they still retain some level of responsibility for the quality of this service, in that they pay for it. Responsibilities are shared between the entity and the doctor(s). The GPs have not relinquished either ownership or independence, rather these have been delegated during their tenure, and they are paying for it to be provided at a level with which they need to be comfortable and for which they are jointly responsible. All RaRMS surgeries have obtained and retained accreditation. It is the level and understanding of these responsibilities that is the key issue and needs to be as clear as possible at the outset and which may further evolve over time. The doctor determines the fee regime for the practice and the operating hours although when the latter has an impact on management costs, appropriate adjustments have to be negotiated to ensure sustainability of both parties.

### **Remuneration**

Over the years RaRMS has demonstrated that a competitive remuneration package can be put together that can attract doctors to remote areas. The RaRMS primary focus has been upon sustaining medical services and to that end seeks to ensure the financial remuneration received by the doctor is such as to be an ongoing incentive to provide services in the practice.

At the same time, RaRMS needs to ensure its own operations are sustainable and that it has sufficient reserves to cover the additional costs that can accompany a loss of medical services due to the illness or departure of a doctor. RaRMS has only been able to accept requests to taken on a practice where there is a good prospect of achieving financial sustainability in the relatively short-term. To do otherwise would be to jeopardise the sustainability of existing services in other RaRMS towns. However, there have been a number of occasions where RaRMS could have been effective and could have accepted requests for involvement, if some initial start-up funding had been available to cover initial establishment and recruitment costs.

### **RaRMS the entity<sup>4</sup>**

RaRMS is a non-profit company limited by guarantee, with a Board of 5 Directors. Establishing an organisation to set up and manage a general practice in a remote location is not a licence for printing money. RaRMS was established in response to a doctor shortage crisis, with the primary objective of improving health outcomes, initially by increasing the number of GPs and thereby providing improved medical services. It developed a package of remuneration, infrastructure and services that would attract GPs to the area. RaRMS was established as a Not-For-Profit organisation because it was conceived as a community service initiative, which in the event of a surplus would re-invest it in further enhancing health services in the community from which the surplus was derived.

### **Benefits of the RaRMS approach**

Experience tells us that increasingly, there are prospective GPs for rural and remote NSW who do not want to do the following:

- Risk their capital by purchasing a medical practice, housing or surgery building.
- Be employers.
- Enter long term contracts.
- Negotiate with Shires.
- Negotiate with Local Health Districts.
- Suffer low cash flows during start-up.
- Take financial risks.
- Navigate through the minefields of practice accreditation, and PIP registration.
- Be responsible for running a medical practice company with all the associated requirements surrounding tax, superannuation and workers compensation.
- Worry about succession planning and recruitment of other doctors when needed.

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<sup>4</sup> "About RaRMS" and "What Practice Management Services Can RaRMS Provide?" - [http://www.rarms.com.au/client\\_images/804381.pdf](http://www.rarms.com.au/client_images/804381.pdf)

RaRMS has addressed many of these barriers and found a mechanism whereby the GPs retain control over the clinical and major policy aspects of their practices without incurring many of the negatives. The **benefits to the GP** are that RaRMS:

- Owns or provides the practice infrastructure, employs all staff, is responsible for all paperwork and supplying IT support and other services
- Enters into all leases for housing and surgeries (or can broker such leases)
- Negotiates with Shire
- Negotiates with the Local Health District.
- Manages the VMO agreements
- Takes many of the financial risks including provision of operating capital (although the key financial risk remains medical indemnity/liability and the RaRMS model now avoids this risk by not employing GPs)
- Lowers stress levels, provides a more regular doctor income, plus more control over hours worked
- Creates ease of entry into a general practice and simple exit from it, when the doctor decides the time is appropriate

The **benefits to the community** are:

- Increased number of GPs
- Improved level of service and range of services
- Greater stability in medical workforce
- Continuity of practice records
- Increased local employment and significant local economic multiplier effects
- Community retention of practice/GP infrastructure

The **benefits to the Local Health Districts** (previously Area Health Services) have been:

- An entity (RaRMS) able to provide continuity as a contact point on VMO and other medical activities
- RaRMS acting as agent for the Local Health Districts in recruiting VMOs
- Increased availability of doctors for both VMO and general medical activity and a dramatic reduction in the previous frequent crises to obtain VMO cover whenever an incumbent solo VMO or locum was sick or absent for any reason.
- Predictability of VMO remuneration in those situations where daily/sessional rates are contracted
- Withdrawal from provision and management of community based GP services with improved ability to concentrate on core business.
- Opportunities for more rational separation of patients that could be seen in the GP surgery versus Hospital Emergency type patients.
- Less stressed relationship between GP VMOs and hospital managers.

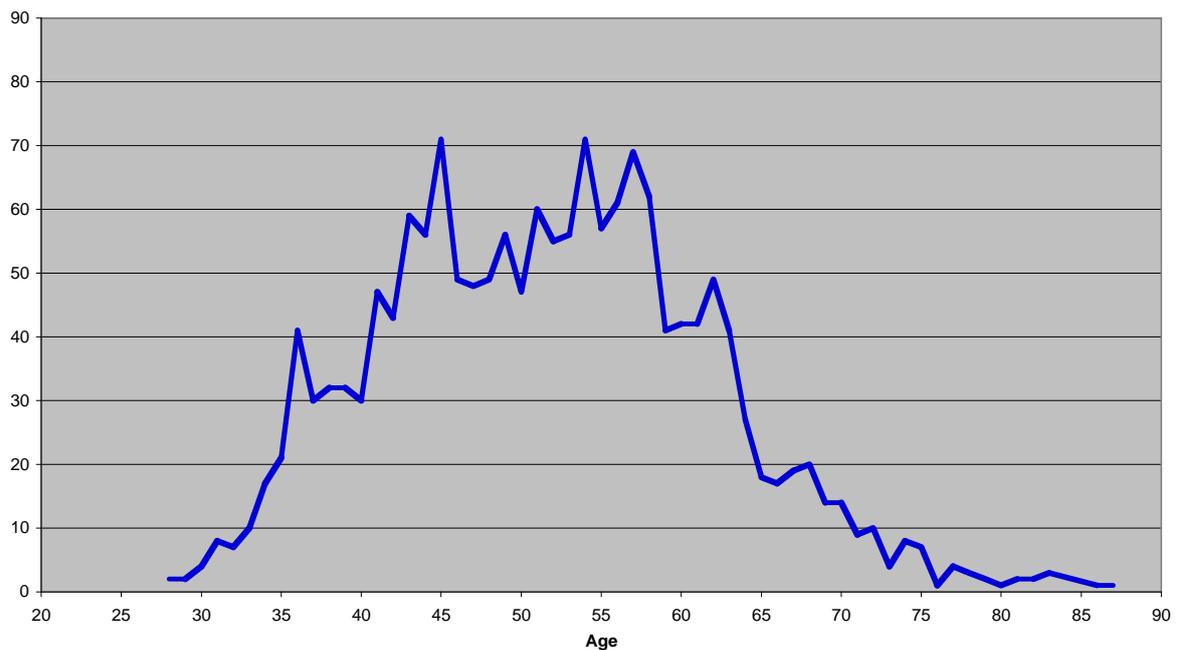
### **The Bigger Picture in Rural NSW**

Nationwide, 35.8% of practising GPs are 55 or older.<sup>5</sup> In rural NSW, in RA2-5, the figure is 40%, i.e. 650 GPs in that age bracket. The following age distribution diagram, drawn from RDN medical workforce data for rural NSW, starkly illustrates that two large declines in numbers from this age group have occurred - firstly from about 57 years and again from around 62 years. If this pattern continues, and given the number now at these 2 thresholds, the imminent expected departure of so many experienced GPs will place yet more stress on medical service availability in many NSW towns. RDN currently has 198 GP vacancies for rural NSW advertised on its website, including several vacancies in towns that have already lost their only doctor. Even when early warning of intended departure is provided, there is no guarantee that a replacement can be recruited, as illustrated currently at Bonalbo where all stakeholders are scrambling to maintain a semblance of medical services through temporary outreach and other arrangements. Bonalbo illustrates the kind of situation where alternative forms of intervention are necessary to avoid such services breakdown.

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<sup>5</sup> Australian Institute of Health and Welfare 2012. Australia's health 2012. Australia's health series no.13. Cat. No. AUS 156. Canberra: AIHW. Table 7.1 on page 383.

Age Distribution of GPs (excl registrars) NSW RA 2 to 5 at 31 Dec 2011



RDN has comprehensively assessed the workforce composition across rural practices in NSW. It has established an Index of Vulnerability based upon 3 criteria, designed to indicate those locations most at risk of significant loss of medical services over the next 5 years or so. The criteria that define vulnerability are:

- Towns that only have a solo doctor practice, or
- Towns where 30% or more of a town's GPs are aged 55 years or over, or
- Towns where 50% or more of the medical services are provided by registrars.

As at May 30, 2012, there are 249 RA2-5 medical service locations in NSW. Of these, 149 have a hospital or MPS, almost all of which are serviced by resident GP Visiting Medical Officers.

Of the 249 locations, 173 were vulnerable on at least 1 criterion. There were 73 solo practice towns; 118 that met the 55 plus criteria, some of which were also solo; and 7 vulnerable on the registrar criterion. RDN is working with a range of local, regional and state stakeholders to assist with GP recruitment but there are gaps in the range of support options necessary for some towns.

**Conclusion: *Easy Entrance, Gracious Exit* principles have proven to be effective in improving recruitment and retention of rural GPs in difficult locations and circumstances. RaRMS, as a 'benign corporate' has provided viable solutions across varying geographies and circumstances, and demonstrated effective operations for over a decade. RDN has promulgated the approach within NSW and across Australia, and there are many successful examples and adaptations. Much more could be done and many looming crises averted if start-up funding was available for marginal localities (as happened for Walgett and Lightning Ridge in 2001-02).**

**There remains a complete absence of public policy on not-for-profit support for managed practices such as RaRMS. The large corporates are unlikely to enter the rural and remote area because of a lack of assured profits. The Department of Health and Ageing response in recent years has been that these are "failed practices" unworthy of support. Yet if RaRMS (and Divisions of General Practice, or a local Council) had not provided a managed practice it is highly unlikely there would have been GP services in these towns. Those towns who have already lost their doctors are struggling to find replacements. With many of the newer GPs not wanting to have responsibility for the small business side of medical practice it is essential that public policy be developed in this area.**

# RaRMS

## Rural and Remote Medical Services

**RaRMS** was established by the **NSW Rural Doctors Network** in 2001 as a separate, not for profit company to provide infrastructure and practice management support to rural medical practices.

The Easy Entry, Gracious Exit model or Walk in - Walk out approach, aims to make general practice in rural areas more attractive by enabling GPs to work as clinicians without having to be small business owners and managers.

Since 2001, the **RaRMS** Easy Entry, Gracious Exit model has evolved and has succeeded in attracting and retaining doctors in country NSW and in facilitating a greatly expanded range of medical, nursing and allied health services available from the medical centres it supports.

The **RaRMS** Easy Entry, Gracious Exit model provides GPs with more predictable, less onerous work commitments and removes the need for any significant up front financial investment. This, in turn allows GPs more freedom to come and go with minimal disruption to patients, as medical centre staff, infrastructure and patient records can be kept in place.

The **NSW Rural Doctors Network** calls upon **RaRMS** for assistance in communities where **RaRMS** services can contribute to solving current or impending medical workforce issues.



**RaRMS - Providing practice management support to rural GPs**

# RaRMS

## Rural and Remote Medical Services

### What Practice Management services can RaRMS provide?

In most instances, RaRMS arranges the supply and management of -

- Surgery facilities and equipment;
- IT equipment and services;
- Accounting services; and
- Employment of practice support staff.

Alternatively, GPs have the option of securing just some of the above services.

Doctors conduct their own medical practices in RaRMS facilities, determining their own hours of work and fee policies. GPs are not employed by RaRMS.

An agreement between RaRMS and the GP sets out the services provided and the service fee payable to RaRMS. This is usually a percentage of practice earnings.

### Why consider RaRMS?

RaRMS provides efficient practice management services and support. This is based on extensive experience in a variety of rural locations.

All practices supported by RaRMS are accredited and fully computerised.

Practice management services are based on systems refined over time, but are adjusted as needed to suit local circumstances.

The involvement of RaRMS also has the potential to improve doctors' net incomes.

RaRMS seeks to ensure that the doctors it supports are sustainable in terms of their work loads and income. RaRMS also needs to ensure sustainability of its own services and that the costs of its services can be met by the fees obtained in each location.

### What are the Benefits?

**For established rural GPs**, RaRMS assists by providing freedom from most practice, personnel and financial management responsibilities. This creates more time for additional clinical services or for the personal priorities of the doctor.

**For prospective rural GPs**, the upfront time and costs of taking up general practice in a rural community are largely eliminated where RaRMS services are utilised.

**For rural communities**, RaRMS helps to retain existing doctors and also provides continuity of infrastructure, personnel and patient records when there is a turnover of resident doctors.

**RaRMS - a NSW Rural Doctors Network Initiative**