From closure to world stage—a journey of rural commitment

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When faced with extreme health care reform the small rural community can either accept an economic rationalist view of local health service provision or it can use the agenda as a catalyst to a new beginning and create exponentially better outcomes. Hesse Rural Health (Hesse) took the longer term strategic option, sought its destiny, raised the bar and is now a unique rural health care success story.

This paper is about strategy and the need to use strategy to engage, reframe and add value. It is also about the need to understand the business of rural healthcare and most importantly, the need to apply business principles at the right time and in the right context. So what has all this got to do with the bright future of rural health? Everything.

Hesse Rural Health, centred in Winchelsea is today a small combined rural public health and not-for-profit aged care service in South Western Victoria employing 124 people. Hesse successfully operates a small sub-acute hospital, residential aged care services, community aged care packages, community nursing, health promotion, allied health services, planned activity groups and occasional childcare. The services operate from 5 sites across a 4000² km area which includes a number of small rural farming towns and hamlets with a total population of 10,000 people. The organisation’s most recent addition is a state of the art dementia specific facility, which has received international acclaim.

Hesse’s vibrant organisational life of today sits in stark contrast to the ill-fated proposed outcome of the Winchelsea and District Hospital, the Beeac and District Hospital and Rokewood’s Leigh Community Care Centre. In the early 1990s the Victorian state government embarked on a radical period of reform placing pressure on smaller rural hospitals, like the Winchelsea Hospital with its 8 acute beds and 15 aged care beds, to close. The picture of healthcare at that time became one of role uncertainty, amalgamation, public rallies and political backlash. Bureaucracy was far more prescriptive than the policy of the day. Using Casemix funding as a lever to change, these three and another service in the area faced closure. Staff were allocated redundancies, people grappled with losing local services and the fabric of rural community sustainability was placed at risk.

So, what were the ingredients for Hesse since the reform of the 1990s that led to a fivefold growth in services, and increases in campus footprint and employee numbers, when other organisations either lost identity or merely sustained their status quo? Success and growth centred around five central themes; Community ownership and commitment, developing long-term strategy, creating effective marketing, using smarter business principles and fostering rural innovation.

Community ownership and commitment

At the time of the reform, the three health services, Winchelsea, Beeac and Leigh, each had an independent Board of Management. The 36 community members that comprised the Boards understood the potential impact of dissolution on local service provision. They also recognised the differences in the speciality of each of the services; Winchelsea for acute hospital care, Beeac for residential aged care and Rokewood for primary care. While many Boards in a similar position might withstand, they made a sound decision to create an integrated service, Hesse Rural Health. A new Board was formed with a clear vision and mission; Caring for Rural Communities. The powerful ingredient of community support permeated through the newly created organisation and sustained local identity.

The new Board was committed to the vision and understood today’s concept of governance. These members were predominantly farmers, successful business people in their own right, but often not recognising their abilities as problem solvers. They were hands on, doers, no-nonsense, common-sense type of people and they were naturally recognised as community leaders. Board diversity was not the
buzz word as it is today, rather this Board had a commonality of vision, and that vision centred on community. Such commonality challenges the contemporary governance drive for a skill based board with a need for professional based knowledge and understanding.

Whilst the health service now expanded over multiple communities each area was still represented by a Board member residing in the area. This ensured that the new Hesse Rural Health did not become single community centric.

Community commitment beyond the Board is also essential. Success here can be gauged in terms of fundraising and volunteering. Every service had a Ladies Auxiliary. The new Hesse Auxiliary grew from 11 people in 1995 to 40 people in 2012. Volunteers have also increased to 38 people. Astoundingly when combined with our Board, community volunteering represent 73% when compared the current workforce.

The strength of community commitment can also be measured financially. Community support for the health service is reflected in the various fundraising initiatives that have included evenings of outdoor musical performance at a Local National Trust Heritage site with national and international artists from the stage. These initiatives have also been used to convey important health care messages such as raising community awareness for dementia, whilst building local support for the development of a dedicated dementia care facility, another strategic decision of the Board to improve access to health care services.

Developing long-term strategy
While the Board members were strongly motivated and committed to their community this also set the scene for good governance. Hesse is a product of successful long-term strategic planning. However, in such a young organisation, strategy developed incrementally, and lengthy Board Meetings became robust business development opportunities.

Boards are faced with a plethora of information to digest at each meeting. This Board consciously selected not to wade through in minute detail copious documents relating to health reform but rather to evaluate the organisational strengths, searching for business opportunity. The Board elected not to have the Chief Executive Officer (CEO) prepare a written report summarising the activities of the month, but rather to have the Board agenda itemise topics of relevance. This maximised Board discussion, ensuring perspective was not generated by the CEO alone and allowed the Board to drive the development of business strategy.

From this grew a strategic direction for Hesse to become a specialist in primary and residential care and accept that an acute hospital is a part, but not the central focus, of contemporary rural health care delivery. It would sustain services in diminishing townships whilst simultaneously searching for opportunity in rural population growth areas.

Unusually, this organisation had the benefit of a CEO who shared the strategic vision of the Board and has remained constant since its inception. This has created benefit by ensuring the vision was kept on track, with history in perspective, as Board members changed over time. This has also enabled the CEO to progressively re-engineer the service to best meet the vision, understanding that change management takes time. Ideas were turned into projects rather than lost opportunity which occurs when short term executive staff leave an organisation. While management longevity is valued internationally, short term contracts are unfortunately typical in Australian business culture.

Having the Master Plan readily available and on display, albeit changeable, was also viewed as essential. Well used in the metropolitan sector, it has equal relevance rurally, but often is understated. Master plans offer a visual reference for potential business partners and governments to understand the organisational strategy, as well as to advertise the organisation as robust and moving forward. In Hesse’s case, while the bureaucracy denied approval for capital development, the availability of the organisational master plan facilitated governments to understand and endorse critical and successive
aged care developments. Similarly, the local Bendigo Community Bank saw a valuable community infrastructure development opportunity and offered key seed funding for a specialist dementia unit.

**Smarter business principles**

Our public community enterprise adopts an understanding of business principles from the private sector and uses that knowledge to create community advantage. Embedded well within the Board culture is an inherent understanding that organisations cannot develop without taking considered risks: risks in new service options, risks in management approach and risks in business enterprise.

This prevailing risk appetite for growth and service development has cemented a financial model that uses the Commonwealth’s aged care business rules to fund development on community landscape through the use of bonds. This is not typical with our public sector peers who, similarly unable to access loans for capital growth, elect to wait for government grant to develop necessary infrastructure. In contrast Hesse developed a strategy to use a separate community owned entity, the Winchelsea Hostel and Nursing Home Society Incorporated to facilitate development. This allowed Hesse to bypass restrictive state government planning processes reliant upon population statistics, throughput data, waiting lists and opinion. Hesse built small and incrementally via this method and worked gradually towards the organisational objective to achieve 70 residential beds. To date the organisation is only fifteen beds short of its goal. Overall the model has allowed the organisation to grow and rebuild 90% of the building stock without dedicated government funding. The revenue Hesse raised using this model has also allowed growth such as additional community nursing and allied health services.

Similarly, when Hesse struggled to meet revenue targets under the newly introduced Aged Care Funding Instrument (ACFI), the business approach was to model strategies successfully used in the private aged care sector. The difference was in the examination of available revenue streams rather than in detailed analysis of expenditure. This was not without criticism from other public sector agencies who made the assumption that privately run aged care facilities generate profits for owners, compromising quality of care for residents. However, Hesse reasoned that the funding tool did not discriminate and was equally applicable to all agencies. The renewed approach allowed investment in a dedicated ACFI Coordinator, improving revenue by fifty percent through adopting a business approach to claiming. This strategy has now yielded considerable interest from public sector agency peers and resulted in a block grant to conduct a regional project on taking public sector aged care forward.

**Creating effective marketing**

*You may have the best product, but for people to want it they need to know you have it.*

It is difficult as a small country player in healthcare to send the message to a wider audience that you exist. But it is essential. Hesse operates in an area with increasing influence from other health entities and it now competes for clients in the delivery of services. Competition is generated from much larger services with much larger budgets.

An essential element of Hesse’s recipe for development has been the creative use of branding and marketing principles to gain community attention. The organisation required a logo that was recognisable, simplistic and conveyed a mission to serve the rural community. The logo is iconic and, along with rural imagery that is meaningful to our country customers, has been used in a variety of forms throughout brochures, annual reports and presentations.

State government regulate the production of an annual report to include audited financial statements and operational outcomes. Traditionally these are bland and uninspiring documents printed primarily for tabling in Parliament, but afterward gather dust and render lost opportunity. Hesse’s unique approach to this publication is to creatively use our rural imagery to capture a wider audience that includes client user population, potential partners and competitors.
Significantly, branding has also been seen throughout Hesse’s acute and residential facilities through the use of artist designed stained textured glass creating inviting visual imagery based upon wellness concepts. Architectural research has supported the use of a single theme to promote our rural based service and principles of care. The *Never Ending Environment* has themed the internal buildings, and visitors remark that the artworks contribute to states of tranquillity and inclusion.

**Fostering rural innovation**

Rural ingenuity is the key to solving many issues in the bush. So too in healthcare, by community committed groups mustering together with health services to create local solutions for the issues they face.

*Childless Tractors:* In the light on ongoing farm trauma, Hesse launched a signature rural health promotion program to reduce the rates of injury on farms. The eight week Childless Tractors program empowers primary school children to make informed decisions about their activities on the farm, and in so doing prevents farming accidents and fatalities. The continuing program has reached over 3000 children to date, and includes important learning activities such as the Farm Safety Assessment Walk and a character based learning workbook. Local farmers, prepared to expose themselves to the keen eye of the students, have gained valuable safety improvements for their workplace. Developed with community voluntary support, program sponsors have included John Deere Tractors, Work Safe, Suzuki and the Victorian Government.

*Drought Proofing Doctors:* Faced with diminishing access to general practitioners (GPs) within the local community which placed aged residents at risk of losing medical care, in 2007 Hesse bought the local GP practice to maximise medical practitioner recruitment for the district. Operations of the practice were successfully melded into the structure of the health service and recruitment grew the practice from one to five GPs. With this principle objective achieved the business plan was reviewed and a specialist partner then sought to maximise practice income potential. The outcome for Hesse is a fifty percent partnership in a successful private/community business mix that annually delivers income back to the service. These funds are used to support other community health programs. The model has now been shared and adopted by other small rural health services.

*Keep the Change:* Intolerant to rural inequity and motivated by the need for long day childcare for families in a rural town, the Hesse Ladies Auxiliary grew a successful business trading in second hand goods. This fundraising initiative not only assists the health service to demonstrate commitment for a child care project but draws much wider public interest. Auxiliary fundraising has increased from $7,000 to $70,000 per annum and has gone from selling scones at street stalls to serious retail activity. Membership has grown and the Auxiliary has flourished through participation in a purposeful community based activity merging wellness and community development. The significance of this cannot be understated in a time of diminishing relevance for health service Auxiliaries.

*Banking on Better Health:* Establishing new services in rural areas is a challenging business. Cities generally soak up new business enterprises leaving country people to travel for services. When a demand developed for health services in the growing area of Moriac it was met with an innovative local response. A partnership was created with the Winchelsea Bendigo Community Bank to build a purpose-designed centre to accommodate medical, nursing, allied health and ATM banking and financial consulting services under a single roof line. A public and private community service model has emerged creating a new approach to the development of healthcare infrastructure. The initiative has become a national demonstration project depicting the value of community banking in rural Australia.

*The Never Ending Environment:* In response to national and international population health analyses of increasing rates of dementia alongside a demonstrated local demand, Hesse in 2009 opened Werruna, a new rural dementia specific aged residential care environment. The ten bed facility is socially inclusive, utilises contemporary building design that values people with dementia, and is in keeping with the local rural culture. The Werruna Never Ending Environment has been showcased nationally and
internationally at conferences within the separate themes of Community, Education and Knowledge Application, Design and Rurality. Hesse was a finalist in a number of national and state awards for rural innovation in dementia care and Werruna has received international recognition.

Conclusion

The rural sector consists of people who are expert at adaption, change and innovation, yet such creativity is often neither recognised nor shared. So too, this applies to the rural healthcare landscape. With commonality of vision, understanding and shared commitment it is possible for rural health care organisations like Hesse to grow and maintain relevance for their local communities. They must recognise and build upon their strengths, create long-term strategy, adopt smart business principles and be prepared to share their initiatives. Like Hesse, these are journeys of resilience, vision and rural commitment. The future of rural health is sure to be bright if it is determined by people from the rural sector.