# 9 COMMISSIONING FRAMEWORK

## DOCUMENT CONTROL

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9 COMMISSIONING FRAMEWORK

1. PURPOSE
Commissioning is the core function of Primary Health Networks (PHNs). Commissioning within a PHN is characterised by a strategic approach to procurement of services informed by baseline needs assessment, joint service development and market analysis. It is a whole of organisation approach, which explicitly targets addressing the health needs of the local community, to support the achievement of the organisation's Strategic Goals.

2. SCOPE
The Commissioning Framework is more than just administering a set of contractual arrangements with service providers. It is a continuous process (cycle) that consists of four core components:

- Population Needs Assessment
- Service Development and Planning
- Contracting
- Monitoring and Evaluation

3. OBJECTIVES

- Improve coordination of care to ensure patients receive the right care at the right place at the right time;
- Increase efficiency and effectiveness of health services for patients particularly those at risk of poor outcomes;
- Engage and support General Practice and other stakeholders to facilitate improvements in the local health system;
- Be a high performing, efficient and accountable organisation.

The Commissioning Framework supports PHNs to uphold their corporate responsibilities and associated accountabilities, demonstrate due process, ensure probity and mitigate issues of contestability.
4. DETAILS

Figure 1: Commissioning Framework

Commissioning is a core competency of a PHN and touches on all aspects of the operation of a PHN spanning corporate governance and strategic planning, through to the day to day interactions with the multitude of service providers and local stakeholders.

The components of the Model are:

- **ASSESS**: Population health planning, needs assessment
- **PLAN**: Planning and designing local service solutions to address local and national priorities
- **ACTION**: Market analysis and implement contestable or collaborative purchasing for health services or improving PHN practice support services.
- **REVIEW**: Monitor and evaluate performance

The model assists the PHN to translate the findings of health needs assessment to shape service development and the ability to make an informed decision on the optimal service/system change and investments.

The components are all completed through engagement and collaboration with general practitioners, general practices, Gold Coast Hospital and Health Service and other relevant stakeholders.

Key decisions points throughout the process ensure transparency, contestability and value for money.
Phase 1: Population Health Planning and Needs Assessment

Population Health Planning and Needs Assessment – this Phase requires the PHN to both identify and respond to the health needs of the local population.

This Phase is lead and completed annually by the Program Manager with delegated responsibility in collaboration with key stakeholders. It entails assessing needs and population profile comprising of the following components:

- Compile and review data including socio-economic, health outcomes, health status, service utilisation and key equity groups
- Complete PHN service mapping
- Engage with key stakeholders
- Review and consider national strategies, relevant reports, policies and other evidence including report against the Gold Coast Health and Wellbeing Plan
- Develop/update Gold Coast PHN population profile
- Triangulate information to develop and a shortlist of “needs/issues” and evidence.

Once completed, the Senior Leadership Team will establish priorities to progress to strategic and operational (annual) planning, comprising the following components:

- Assess the impact of health needs/issues
- Review evidence of effective strategies for each need/issue
- Assess each need and corresponding strategy against the PHN decision making principles
- Document the proposed strategy, justification and expected outcome for each issue/need to be recommended for prioritisation by the PHN Board

Decision Point: Report to PHN Board to approve identified priorities and proposed strategies
Phase 2: Service Planning and Development

Service Planning and Development requires the PHN to engage and work with relevant stakeholders to develop an appropriate service response to the need and/or issues identified and prioritised from the needs assessment. This phase is led by a Program Manager and involves following components.

Further diagnostics including collection and assessment of critical data about specific needs and service gaps,

identify key issues to be resolved and build the cases for change. This may include utilising a range of methodologies including: process mapping, diagnostic tools and techniques, interviews with consumers and service users, data collection and analysis, identification of baseline Key Performance Indicators (KPIs) and measures, issues identification and prioritisation and root cause analysis.

Solution Design includes conducting a literature search of best practice solutions, facilitating problem solving and brainstorming with relevant stakeholders, cost benefit analysis of solutions, prioritisation of solutions, and development of service specification (Statement of Works) for priority solutions including development of quick wins. The Evaluation methodology should also be developed at this Phase.

Service Specifications (Statement of Works) must to be developed for each of the priority service options including;

- Objectives
- Eligibility
- Service components
- Quality requirements
- Key Performance Indicators (KPIs), measures and targets
- Service benefits and measures

The pricing and/or funding model for the services needs to be determined at this Phase to inform the purchasing approach. It is important to promote efficiency by carefully assessing proposed costs and outputs or outcomes. These costs should be compared to other similar activities and benchmarked, where such data is available, to help ensure efficiency in the provision of services.

Decision Point: report to Senior Leadership for approval to proceed to Purchasing Phase
Phase 3: Contracting

Purchasing focuses on determining and implementing the most appropriate purchasing strategy for the services that ensure contestability, transparency and value for money.

This includes completing a Market Analysis to assess how many potential providers could be interested in the provision of the service. This will inform which of the following strategies will be used to select the potential providers:

- Competitive Tendering;
- Expression of Interest; or
- Partnering/Collaborative

Competitive Tendering is selected when the service can be highly specified and the market analysis has determined there are a number of service providers who would be interested and capable of providing the service.

Expression of Interest is selected when the PHN has been unable to specify the services to be purchased in sufficient detail to allow suppliers to cost their proposals accurately and manage their risks. This strategy can be used to encourage creativity in the proposals submitted and may result in innovative solutions or components being adopted in the service specification and final service agreement.

Both contestable strategies above may be open processes where any organisation may submit a proposal to the full market or a restricted, where the PHN limits the type of organisation from whom it will accept bids. A restricted tender is generally conducted where the PHN considers that there are a limited number of organisations who can provide the services that it wishes to purchase.

Partnering and Collaborative approach is selected when the service or activity cannot be successfully completed by one organisation acting on its own or the problem is complex and the solution not obvious. One or more partners may bring capability and capacity that is not available to a single organisation operating independently. The problem may be so complex that the solution is not obvious but is developed over time through an iterative process by working together with key stakeholders. The PHN can seek collaboration with other organisations to jointly produce a desired outcome, or they can seek groups of organisations willing to establish partnerships with one another. A range of governance options are available to support partnering/collaborating arrangements such as Memorandums of Understanding, consortia models, legal partnerships, lead or auspice agencies with project advisory groups from partner organisations and so on.
Once the most appropriate purchasing strategy is determined the **implementation** must ensure alignment and compliance with PHN procedures, including:

- preparing Tender and EOI documentation
- determining selection process and panel
- refining selection criteria and weightings
- advertising purchasing intentions
- holding industry Briefings
- Ensuring adherence to timelines and maintaining documentation throughout the process.

**Decision Point: Report** including recommendation on preferred providers and negotiating brief to Senior Leadership for sign off.

A formal Service Agreement offer is made to the selected provider once approved by SLG. The **Service Agreement** documents the rights and responsibilities of parties, the services being purchased and the performance, timelines for implementation of service, reporting requirements and agreed pricing or funding arrangements. Usually the Contractor will want to seek clarification on the terms and conditions of the contract and may want to **negotiate** changes to the contract in relation to the terms and conditions, service specification, price etc. A negotiating brief outlining negotiation strategy needs to be agreed with PHN Senior Leadership prior to commencement of negotiations.

The **PHN Service Agreement** (Contract) contains:

- Standard Terms and Conditions
- Schedule
- Service Specifications (Statement of Works)
- Service Guidelines (where required)
- Service Reporting requirements and timelines including financial reporting

**Phase 4: Monitoring & Evaluation**

**Monitoring** – is the mechanism used by the PHN to ensure the successful implementation of the service and performance of the Contractor, and the delivery of services as specified in the Service Agreement. The ultimate aims being to ensure the benefits are being delivered.

With a service agreement signed, the PHN Program Manager (or designated staff) has responsibility to monitor the provision of the service. This involves maintaining an effective working relationship with the Contractor to ensure early trouble shooting, providing coaching and support and monitoring compliance with the service agreement and reporting requirements. Contractor monitoring and reporting is critical to ensure early support to providers and to
ensure inclusion of the outcomes of the service in the quarterly reporting to the PHN Board. It is the PHN Program Managers responsibility to maintain the **Contract Management Systems** approving all reports, deliverables and payment of invoices. Invoices are not to be authorised for payment until the PHN is satisfied that the deliverables have being met.

It is the role of the Program Manager (or designated staff) to work closely with the Contractor to support successful implementation of the services and make quality improvement to the service throughout the period of the contract. Should the changes or adjustments to the service require an adjustment to the Service Agreement these are made by a **Variation to the Service Agreement** where agreed by the Contractor and PHN. All Variations need delegated sign off by Senior Leadership.

Evaluation is planned during the service design and planning phase and KPIs and outcomes are embedded within the service agreements with providers to ensure there are clear KPI’s, and understanding how these will be measured and reported. A **summative evaluation** occurs at the end of the program to review the processes, outputs and outcomes achieved. A **formative evaluation** may occur during the course of the program to allow adjustments should the KPI achievements or milestones not met target.

**PHN Evaluation Framework** ensures activities align to PHN objectives and that there is a timeline and a budget for the evaluation. The following are also considered:

- Purpose of the evaluation
- Potential users of the evaluation findings and plans for dissemination
- Evaluation approach
- Resources available

The Framework ensures that there is a baseline of information, such as an evidence base or local data to support why the activity would add value. Based on this information evaluation plans are developed to address whether the service effects will be:

- measurable
- value for money
- sustainable
- scalable
- replicable and increase efficiency/safety, and if it will add to a body of knowledge.

PHN strategic KPIs that align to the objective of the service are selected and include the structural, process and outcomes measures within the KPIs. The methods to collect and collate the data are agreed in the service planning development phase, and included in the Service Specification (Statement of Works) within the service agreements.

The performance and evaluation results inform PHN future commissioning strategies and plans. Outcomes are shared with relevant stakeholders, including the public, to ensure that improvements can be made and knowledge is shared.

### 5. MONITORING, EVALUATION AND REVIEW

This Framework will be reviewed as improvements are identified, or annually, and in-line with the Procedure Review Process.
6. DEFINITIONS AND ABBREVIATIONS

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<th>Term</th>
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<tr>
<td>Contractor</td>
<td>Is the a supplier of Services to the PHN that has represented that it has the requisite skills, resources and experience necessary to supply them and has a Service Agreement with the Gold Coast PHN</td>
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7. ASSOCIATED DOCUMENTS

Please see intranet: http://companyweb/SitePages/Policy9.aspx

8. REFERENCES

ISO 9001 2008
AMA

i. Monitoring, Evaluation and Review: How the effectiveness of the Framework will be evaluated including listing any Key Performance Indicators and any specific review requirements.

ii. Definitions and Abbreviations: Definitions of terms used in the Framework and explanations of any Abbreviations or Acronyms.

iii. Associated Documents: any associated internal or external Policies, Standards, Frameworks or Procedures including whole of government documents.

iv. References: any documents relevant to the development of the Framework.