Commissioning framework

CCQ COUNTRY TO COAST, QLD
Healthy, connected communities

phn CENTRAL QUEENSLAND, WIDE BAY, SUNSHINE COAST
An Australian Government Initiative

FRA-PROC-001v2
Last reviewed: June 2024

Commissioning framework

Contents

Figures

Commissioning framework

1 Introduction

Country to Coast Queensland (CCQ) provides the Primary Health Network (PHN) Program for the Central Queensland Wide Bay Sunshine Coast region. This commissioning framework helps CCQ make the best use of available resources to commission services that meet community health needs and improve service access, service integration and health outcomes.

PHNs have been established with the key objectives of increasing the efficiency and effectiveness of medical services. PHNs are independent organisations funded predominantly by the Australian Government.

The key objectives of all PHNs nationwide are:

- increasing the efficiency and effectiveness of health services for consumers and communities, particularly those at risk of poor health outcomes, and
- improving coordination of care to ensure consumers receive the right care in the right place, at the right time.

PHNs commission and coordinate primary and preventive healthcare according to local needs, while focusing on the seven national key priority areas for health improvement:

i. Aboriginal and Torres Strait Islander health
ii. mental health
iii. population health
iv. health workforce
v. digital health
vi. aged care, and
vii. alcohol and other drugs.

This commissioning framework aligns with CCQ's Strategic Plan and the Department of Health and Aged Care's (DoHAC) commissioning guidance documents.

1.1. Definition

> *'Commissioning' is a continual and iterative cycle involving the development and implementation of services based on planning, procurement, monitoring, and evaluation… Commissioning describes a broad set of linked activities, including a health needs assessment, priority setting, procurement through contracts, monitoring of service delivery, and review and evaluation* (DoHAC, 2016: 7).

2 Purpose

The purpose of this framework is to articulate CCQ's approach to commissioning and to guide CCQ and its stakeholders in their role in:

- the commissioning and monitoring of commissioned health services across the PHN region
- ensuring programs are developed in consultation with subject matter experts and stakeholders and provide evidence of outcomes which address identified needs
- ensuring high quality, value for money service delivery in accordance with identified needs and funding obligations, and
- ensuring cultural safety in service delivery.

3 PHN environment

Since the creation of PHNs in 2015, CCQ has established frameworks and strategies that underpin the functions of the PHN and contribute towards efficient and effective commissioning.

Our region commissions services for a population of just under 1 million people and covers 12 local government areas (LGAs). These LGAs vary geographically, from coastal areas to large rural and remote communities, including mining locations. Unlike metropolitan PHNs, the vastness of CCQ's areas, coupled with low population numbers, makes it challenging to attract and retain a skilled workforce. As rural areas can include higher proportions of Aboriginal and Torres Strait Islander populations, attracting and retaining culturally competent staff members is also a challenge.

While CCQ has managed some of these challenges successfully, it is necessary to understand the complexity these challenges pose for the staff, service providers, and the community in general, and how they impact effective commissioning.

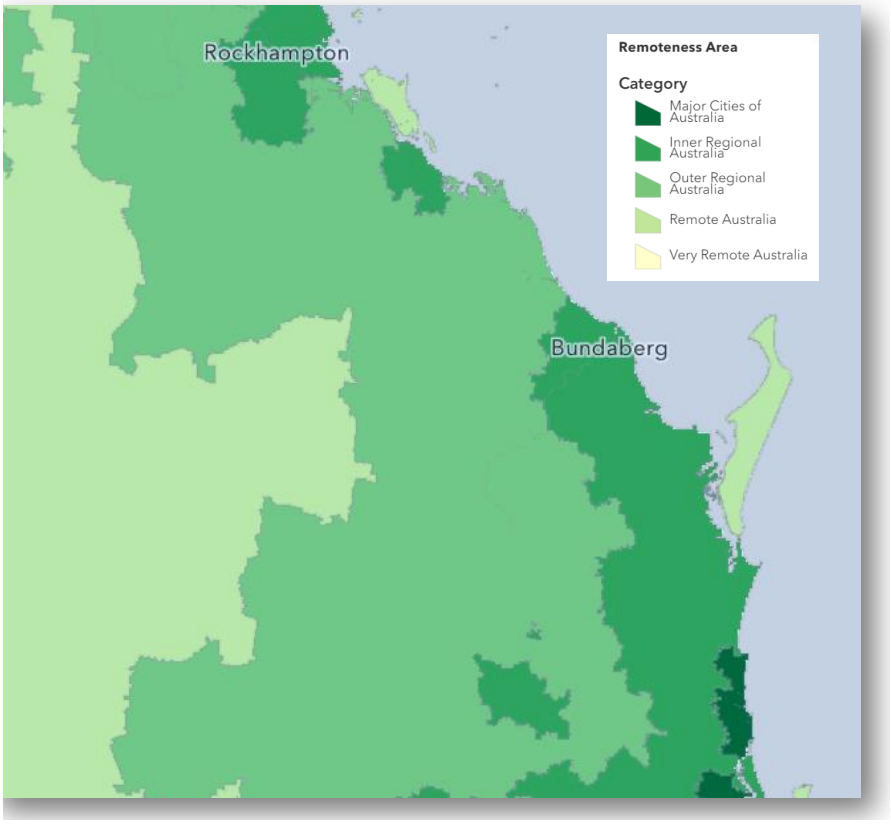
Apart from the socioeconomic realities, rurality provides multiple challenges. CCQ's consultation indicates that many rural communities do not have local options regarding health services and must travel for hours to receive much-needed services. The most vulnerable groups, such as families with children, the elderly, women, people with disabilities and minority groups, are profoundly disadvantaged due to the geographical distance that they must travel.

The sparsity of rural population, associated transport and access difficulties, and the additional costs incurred when providing services for these relatively lightly populated, remote rural places produce challenges for services providers. As a result, service providers in rural areas struggle to remain viable.

Figure 1 shows the PHN region by remoteness classifications. Areas of concern are remote and very remote locations and some outer regional locations within CCQ. For rural communities, risk factors for health disparities include:

- geographic isolation
- lower socioeconomic status
- higher rates of health risk behaviours
- limited job opportunities, and
- health workforce shortage.

Figure 1 PHN region by remoteness (ABS, 2021)



4 Framework principles

CCQ's commissioning principles have been developed in consultation with other PHNs and DoHAC. These principles are:

1. Understand the needs of the community by analysing data, engaging and consulting with consumers, clinicians, carers and providers, peak bodies, community organisations and funders.
2. Putting outcomes for consumers at the heart of the strategic planning process.
3. Adopt a whole of system approach to meeting health needs and delivering improved health outcomes.
4. Understand the fullest practical range of providers, including the contribution they could make to delivering outcomes and addressing market failure and gaps, and encourage diversity in the market.
5. Co-design solutions: engage with stakeholders, including consumer representatives, peak bodies, community organisations, potential providers and other funders, to develop evidence-based and outcome-focused solutions.
6. Consider investing in the capacity of providers and consumers, particularly in relation to hard-to-reach groups.
7. Ensure procurement and contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including alternative arrangements such as consortia-building or regional commissioning where appropriate.
8. Manage through relationships: work in partnership, building connections at multiple levels of partner organisations and facilitate links between stakeholders.
9. Develop high-trust environments through collaborative governance, shared decision-making and collective performance management.
10. Ensure efficiency, value-for-money, and service enhancement.
11. Monitor and evaluate through regular performance reports, and consumer, clinician, community and provider feedback and independent evaluation.

5 Priorities

CCQ works with health and social service professionals, consumers and the broader community, to identify gaps and commission solutions to address national and local priority areas.

PHNs undertake assessments of population health needs to establish regional health priorities. In our PHN region, health priorities and needs have been identified. These priorities and needs include:

- Aboriginal and Torres Strait Islander health
- chronic disease prevention/management
- maternal and child health services
- mental health and suicide prevention
- alcohol and other drugs
- older person's health care
- palliative care
- climate resilience and mitigation
- social cohesion

- 'First 2000 Days', and
- social determinants of health.

A range of health system enablers (health system-level skills and infrastructure) are critical to developing sustainable services, particularly in rural and remote areas. These enablers include:

- *workforce development*: CCQ has areas of significant workforce shortages and rural and remote services.
- *systems integration and collaboration*: CCQ works in partnership with other health service funders and service providers to reduce duplication and better align scant resources.
- *health intelligence and data analysis:* CCQ builds internal and external capacity to understand health information better, to direct services to those with identified health needs.
- *governance and clinical governance*: CCQ develops quality assurance processes to ensure that sound governance (including clinical governance) is the cornerstone of all commissioned health services.

In focusing on these priorities and enablers, CCQ ultimately aims to address the national PHN priorities.

6 Governance

6.1. Stakeholder advisory structures

CCQ's Board and the executive are advised by key stakeholder structures across the region – clinical councils comprised of clinical representatives, and community/consumer advisory groups comprised of community members and Aboriginal and Torres Strait Islander Health Roundtable. These stakeholder advisory structures complement corporate governance structures and inform CCQ on the priorities and effective solutions for their respective communities.

CCQ's funding is finite. Accordingly, CCQ must ensure that it targets resources at priority groups – those most in need – and where evidence and/or best value is strongest, using a commissioning approach.

6.2. Commissioning cycle

Commissioning includes a spectrum of activities within the commissioning cycle. As shown in Figure 2, these include health needs assessment and service mapping, collaborative design of solutions and an appropriate procurement strategy, delivery of solutions through procurement or sector capacity building, and review and evaluation of outcomes to inform future commissioning.

CCQ's internal governance processes ensure that it monitors its systems and activities at each stage of the commissioning cycle.

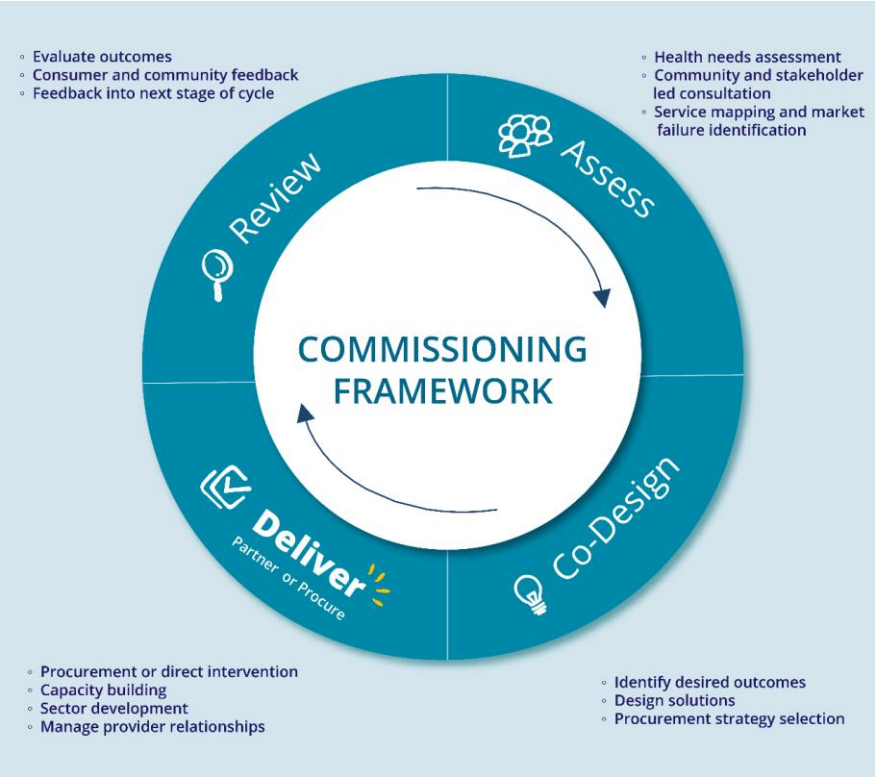
Assess

We regularly assess the health needs of our community to determine primary health priorities and how we direct funding and other resources to improve health outcomes, particularly for our priority populations.

Every three years, we conduct a comprehensive Health Needs Assessment (HNA) to:

- analyse local and national health data to understand our community's health and wellbeing status compared to other regions across Australia
- evaluate local health resources including workforce and facilities to pinpoint any gaps and improve coordination, and
- gather community feedback on their healthcare experiences, needs, preferred access methods, and potential impacts of climate change on health.

Figure 2. Commissioning cycle



Annually, we update this assessment with new population health data and align with government priorities or emerging health concerns. Additionally, we assess the local market's capacity to provide healthcare services, considering our region's vast geographical area and workforce shortages. This evidence-based approach informs our yearly planning and budgeting.

Co-Design

Based on the HNA and identified health priorities, we work with health consumers, community representatives, practitioners, clinicians, and other health advisors to design health services to meet community needs and determine the most effective way to deliver them.

This could mean we:

- **partner** with other organisations to deliver the service or build their capability, or
- **procure** (buy) the service from an established Provider or group of Providers.

Our **Clinical Advisory Council, Community Advisory Council, Workforce and Education Advisory Group and Aboriginal and Torres Strait Islander Health Roundtable** also guide us in these decisions.

Deliver

After determining the required health service and its optimal delivery method, we invite tenders, proposals, or expressions of interest for its provision. We frequently collaborate with local providers to enhance their capacity to meet community health needs, prompting service expansion or facilitating entry for new providers. Upon commissioning the service, we establish a contract with the chosen provider ensuring value for money, specifying obligations, service standards, and funding arrangements throughout the contract term.

Review

After implementing the service, we conduct regular performance reviews and mandate provider reporting to ensure compliance. Feedback from service users and providers is sought, sometimes supplemented by independent evaluations. We collaborate closely with providers to address concerns or performance issues promptly, recognising that challenges may stem from broader health system or external factors. This information informs our commissioning cycle, enhancing the quality and accessibility of health services over time.

CCQ's approach aligns to the 'Quintuple Aims', a concept that is widely applicable across health services (**Figure 3**).

Figure 3. Quintuple Aims

7 Strategic planning

Strategic planning sets the strategic direction that will ultimately determine CCQ's commissioning priorities. CCQ's Health Needs Assessment (HNA) identifies health service and health system priorities by assessing community health and wellbeing needs and service provision levels and identifying capacity gaps. CCQ uses the findings from the HNA to establish which priorities it will address through the provision, partnership or procurement of services.

Annual planning enables CCQ to allocate resources to target the identified priorities.

8 Health Needs Assessment

> *HNAs are described in the literature as a systematic method for assessing the health assets and needs facing a population, leading to agreed priorities and resource allocation to improve wellbeing and reduce inequalities. From a PHN perspective, they are a key driver of commissioning in ensuring activity and practice meets local needs. HNAs are informed by wide range data from different perspectives (e.g. health and other administrative datasets, and community and stakeholder perspectives and insights) across different types of needs (e.g. felt, expressed, normative and comparative).*

Service mapping also forms part of CCQ's HNA as understanding the availability of services is critical to understanding how well a population's health needs can be met.

9 Annual planning activities

Planning in a commissioning environment includes planning for health services to be delivered by third parties under contract to CCQ. Additionally, activities are planned and undertaken by CCQ to further develop, enable or support the health system.

It is well established that there are significant health and wellbeing needs in Australia with an ageing population and a growing burden of chronic disease. Consequently, the limited resources administered by PHNs are insufficient to meet the entirety of the health and wellbeing needs within their region. A prioritisation of activities therefore has to occur and partnerships with non-health organisations are required to address the determinants of health.

Prioritising activities to address needs is a complex process. It requires an understanding not only of the need of a particular population cohort, but also the environment and 'health system/market'. Based on the nature of the project or program, the needs and project objectives may be pre-determined by

the Commonwealth Government. In this situation, CCQ works to the requirements set out by the Commonwealth as the basis of the commissioning activity.

However, other regional priorities may be based upon needs or gaps identified within the PHN. In this case, prioritisation of activities may need to consider other issues, including, for example (DoHAC, 2016):

- location
- accessibility and cultural appropriateness of the service (e.g. cultural safety)
- historical issues (e.g. who has been funded)
- clinical issues (e.g. clinical governance – safe quality services)
- the capability and capacity of health services (including workforce availability (ability to recruit and retain staff), and
- the views/experience of key stakeholders.

Once priorities are agreed, programming of funding to specific health services, population cohorts and health priorities is undertaken as part of the annual planning cycle.

10 Operationalisation

CCQ operationalises the prioritised activities through several approaches:

- **Partner:** CCQ influences, facilitates, supports and collaborates to address health issues.

  Example: CCQ develops a shared care diabetes model with the Hospital and Health Service endocrinologist to support general practice.

- **Procure:** CCQ plans, designs and purchases health services to meet identified consumer needs, ensuring that commissioned service providers deliver quality, effective and best value services.

  Example: CCQ contracts a maternal and child health service provider to deliver allied health services to address developmental delay issues.

- **Provide:** CCQ delivers services to the health sector. This might include:
  - primary healthcare education and support
  - workforce capability development
  - data analytics and health intelligence
  - social marketing
  - digital health solutions
  - communications
  - patient health pathway tools and other services.

  Example: CCQ supports general practices to understand the health needs of their population better in order to improve clinical practice – such as chronic disease management – through data analysis and workforce training.

11 Designing and contracting services

11.1. Shaping the structure of supply

CCQ engages with the 'market' of health service providers in several ways. This may be in a *consultative* capacity (e.g. as part of a 'market sounding'), an *information seeking* capacity (e.g. market/service mapping) or an *information giving* capacity (e.g. industry briefing).

Commissioning framework

The supply of health services varies considerably across Australia. The provider market's ability to deliver services is impacted by multiple issues, including a limited workforce. PHNs have a role in building a thriving and sustainable health market to meet the ongoing health needs of the population and respond to commissioners' requirements (DoHAC, 2018). Building a sustainable market involves 'enabling' activities by CCQ, including organisational capacity building and workforce development.

The rural medical workforce shortage in Australia results from many factors (Kamien, 1998), including:

- inadequate workforce policies guiding the number of doctors in training
- changing patterns of employment of doctors as new graduates seek better work-life balance
- changes in the nature of rural practice, increased doctor mobility and decline in hours worked, and
- heavy reliance on the graduates of foreign medical schools to provide primary and advanced procedural care.

Due to these challenges, the agenda of commissioning services in rural areas is complex, particularly if an urban-based commissioning model is applied. Addressing the health deficit in rural and remote Australia requires more than just addressing the workforce challenges and commissioning more services. For example, there is a great need for the initiatives that will:

- support place-based approaches to meet local community health needs
- engage with the social determinants of health and develop, promote and support actions to address these underlying causes of the health deficit in rural and remote Australia
- work across the sector to develop key indicators of rural health and report annually on progress in addressing the rural health deficit, and
- champion the need for investment in rural health and the potential for considerable return on that investment.

CCQ is working on medium-to-long term solutions with key partners to consider how it can create sustainable service markets in its rural and regional areas, including:

- working together with service providers in rural areas to look for opportunities to collaborate by, for example, sharing staff, administrative functions, offices and transport, to increase economies of scale and ability to compete with larger organisations
- supporting activities that are innovative and technologically advanced, such as telemedicine, mobile health units, and education over the internet. In such cases, efforts must ensure the perception of service quality by the clients
- connecting services to the community which requires greater community involvement in the service planning process
- working together with Aboriginal and Torres Strait Islander people in a culturally safe way. Rural Queensland includes large Aboriginal and Torres Strait Islander populations, specifically, Woorabinda, Rockhampton and North Burnett in CCQ's region, and developing cultural safety takes time, effort and persistence, and
- recruitment and retention of the health workforce in rural/remote areas, which requires collaboration with other non-government organisations and academic institutions.

While rurality provides challenges for commissioning, it also creates opportunities for collaboration, innovation and co-design. The time and effort required to commission effective services in rural areas are far greater than with commissioning services in urban communities. Therefore, establishing a skilled workforce, providing equitable services and addressing barriers to access and availability of services, requires commissioning approaches that differ from those used in urban areas.

11.2. Procurement

Procurement is the phase of the commissioning process where providers are engaged to deliver services to address the needs and priorities identified in the strategic planning phase. CCQ takes a procurement approach that is based on identified need, the types of services to be procured, and locations where the services are required. Therefore, services are not necessarily uniform across CCQ region.

For each activity requiring procurement of services, as determined in the annual planning stage, a suitable procurement approach is identified. Market readiness, the number of potential providers available and unintended consequences (e.g. the potential to destabilise a fragile market) are taken into consideration.

CCQ uses a web-based platform called TenderLink as its electronic tendering system. The online platform enables a wide reach to potential providers and assists compliance with probity. CCQ has developed a suite of procurement documents to guide bidders and evaluators through the process. Potential providers can register on CCQ's TenderLink site https://portal.tenderlink.com/c2coast

Procurement approaches include, but are not limited to:

- *Open competitive tenders* require potential service providers (Bidders) to address and satisfy specified requirements set out by CCQ, in line with service and compliance conditions. Bids are evaluated on the degree to which they fulfil the tender specifications. This type of approach may have one or more phases (for example a pre-qualifying phase). The type of information required for a competitive tender response includes information such as how identified needs will be addressed, service delivery models, timelines, budgets and expected outcomes. Competitive tenders are generally open for 3-6 weeks, depending on complexity. Key dates are provided in the tender documentation.
- As with competitive tenders, *limited tenders (or closed tenders)* require the same level of evaluation against specifications and a proportionate level of information, however, in these cases a limited number of service providers are invited to bid.
- *Direct approaches* are used where one provider is identified as the 'most capable provider' or as the most appropriate for the particular service delivery. This approach may be used in an instance where going to an open approach may be detrimental, for example, creating negative disruption in a small rural health market or where there is a clear, demonstrable capability to meet the desired outcome or no other available provider. In this case, CCQ may work with the provider to co-design appropriate services.
- Where there is demonstrated market failure, CCQ may need to provide services directly or in partnership with other organisations to ensure needs are met. This role is only undertaken in very rare circumstances and with approval from the Commonwealth.

Tender evaluation and the selection of successful bidders are undertaken through a comprehensive process, and strict selection criteria are set out in the tender documentation. An evaluation panel, comprised of appropriate subject matter experts, is appointed to evaluate the bids. All bids are evaluated on the degree to which they address and meet each of the selection criteria and demonstrate value for money, capability and capacity.

11.3. Proportionality

CCQ undertakes procurement activities through a range of approaches. CCQ's approach is proportionate to the level of funding to be commissioned. For example, we may seek three quotes in an area with several potential providers; in an area with only one provider, we may make a direct approach to that provider to explore their ability to deliver the service.

11.4. Contracting

CCQ enters into contract negotiations with the preferred bidder(s) considering the recommendations of the tender evaluation panel. Once bidders are contracted, they are then responsible for the implementation and delivery of the services. Commissioned service providers submit data to CCQ regularly to allow for monitoring and evaluation of service performance and outcomes.

CCQ funds commissioned services through:

- **Block funding**

  Block funding is when CCQ pays a commissioned service provider a block of funds to achieve a particular output or provide a specified number of services. Providers that perform well may be granted more funding to expand their capacity or have their contract renewed at the end of the term; while those who fail to meet specified deliverables may have their funding discontinued. Block funding is currently the most commonly used method of commissioning at CCQ.

- **Activity or sessional rate funding**

  Under this approach, funding may be tied to the number of outputs provided. For example, rather than providing a psychologist with a block of funds to provide a specified number of psychological services, CCQ can fund each service output, in arrears, up to an agreed fee cap.

- **Outcome funding**

  CCQ will incorporate outcome-based funding progressively, in line with market maturity. Outcome-based contracting ties funding to the achievement of a stated outcome. This approach does not involve CCQ specifying how to achieve an objective. Providers have the autonomy to design the activity that achieves the outcome. Outcomes should be aligned to the overall PHN Program objectives and reporting against CCQ's Performance Framework.

  Outcome-based commissioning aims to achieve better outcomes through more integrated, person-centred services and ultimately provide better value for every dollar spent on medical and health services.

11.5. Commissioning services for Aboriginal and Torres Strait Islander people

CCQ recognises the need to adjust its approach when commissioning services for Aboriginal and Torres Strait Islander people, or when commissioning services from Aboriginal Medical Services or Aboriginal Community-Controlled Health Services. To enable this, CCQ facilitates several Aboriginal and Torres Strait Islander Health Roundtable meetings each year. These collaborative meetings are attended by the Chief Executive Officers of most of the commissioned Aboriginal health and community-controlled organisations within the PHN region. The Roundtables provide an opportunity for in-depth consultation on many matters, including the development of the mechanisms to:

- discuss the commissioning approach for funding relating to Aboriginal and Torres Strait Islander services or community providers, and
- refine commissioning approaches to ensure that funding opportunities are equitable and procured appropriately, to elicit the best information possible about proposed service provision.

12 Monitoring and evaluation

12.1. Performance metrics

As well as making decisions about the services that are commissioned, CCQ must decide how the performance of contractors will be measured and assessed. CCQ aims to ensure that reporting requirements are proportionate to the value, complexity and risk associated with the commissioned activity.

12.2. Managing performance

CCQ has a legally binding contract with all service providers to clarify the contractual obligations of what is to be delivered, reporting metrics and frequency, and payment schedules. All contracted service providers are required to provide CCQ with specific reports to demonstrate how they are meeting defined deliverables or key performance indicators.

CCQ monitors the activity and outcomes in the reports to measure and manage the performance of the contracted providers. Monitoring is important in ensuring that contracted service providers achieve the outputs and objectives they were contracted to achieve. Additionally, it allows CCQ and the provider to work together to scrutinise services to ensure that the services are meeting the identified community health needs and delivering the anticipated outcomes.

Where services are being provided to Aboriginal and Torres Strait Islander communities, service providers are required to provide ongoing cultural awareness training for their staff.

CCQ takes a partnership-based compliance approach to contract management by working closely with providers to implement quality improvement in service delivery, wherever possible, and to identify concerns or poor performance early. CCQ recognises that issues in service delivery may be due to the wider service system or environment, not just poor performance. The inadequacies of the service design need to be considered and understood before any rectification is undertaken.

As part of its clinical quality assurance approach, CCQ considers the clinical governance capability of the clinical service providers it commissions (i.e. recognition of appropriate accreditations or self-assessment during the procurement phase). Service quality is monitored through contract management mechanisms, such as performance review meetings and compliance audits. The CCQ Board has a dedicated subcommittee which oversees the clinical quality assurance work.

12.3. Evaluation

CCQ commits to undertake at least one in-depth evaluations of commissioned services each year. The services selected for evaluation are usually those that are new and may disrupt the health system or offer new modes and models of service delivery, or those that are high risk or high cost.

Evaluations have quantitative and qualitative components and appropriate governance groups of key stakeholders, providing advice and guidance. The learnings gained from evaluating services are used to inform future service models and commissioning decisions.

13 Decommissioning

The UK's National Audit Office defines decommissioning as a "process of planning and managing a reduction in service activity or terminating a contract in line with commissioning objectives" (NHS, 2014). As populations and health systems change, or the sophistication of prioritisation results in new models of care being developed, decommissioning can become inevitable. Decommissioning may also arise out of poor provider performance as a logical end to a contractual performance management process.

In decommissioning any service, CCQ ensures that it consults where relevant, and communicates effectively and regularly with key stakeholders, including advisory councils and the community. CCQ ensures transitional arrangements are in place where clients need to be transitioned from one provider to another. CCQ has considerable experience in transitioning services and working with providers to support the establishment of new services. CCQ consults with and is compliant with Commonwealth requirements (DoHAC, 2018).

14 Feedback

CCQ has a formal feedback process that encompasses both positive and negative feedback (refer to CCQ's website). A complaint is an expression of dissatisfaction with any aspect of CCQ's performance. Complaints, including stakeholder engagement and how CCQ's commissioning processes were

undertaken, should be directed to CCQ, in the first instance. While DoHAC may consider such complaints if they warrant further enquiry (following initial handling by CCQ), complainants should be aware that the department has limited ability to intervene in commissioning processes, or their outcomes (DoHAC, 2024).

References

Department of Health and Aged Care (2024). *Primary Health Networks Program Complaints Policy*. Retrieved from: https://www.health.gov.au/resources/publications/primary-health-network-phn-program-complaints-policy?language=en on 14/5/2024

Department of Health and Aged Care (2018). *Market Making and Development Guidance*. Retrieved from: https://www.health.gov.au/sites/default/files/documents/2021/04/primary-health-networks-phns-market-making-and-development-guidance-and-toolkit-guidance.pdf on 13/5/2024.

Department of Health and Aged Care (2016). *Planning in a Commissioning Environment: A Guide*. Retrieved from: https://www.health.gov.au/resources/publications/primary-health-networks-phns-planning-in-a-commissioning-environment-a-guide?language=en on 13/5/2024.

Kamien, M. (1998). "Staying in or leaving rural practice: 1996 outcomes of rural doctors 1986 intentions", in *Medical Journal of Australia*, Vol. 169: 318-323

National Health Service (NHS), 2014. *Commissioning for Effective Service Transformation: What we have learnt*. Retrieved from www.england.nhs.uk/wp-content/uploads/2014/03/serv-trans-guide.pdf on 13/5/2024.

Wright, J., Williams, R., & Wilkinson, J.R. (1998). "Development and importance of health needs assessment", in *British Medical Journal*, Vol. 316: 1310-1313.