



SA Health

COMMISSIONING FRAMEWORK

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Government
of South Australia

SA Health

sahealth.sa.gov.au

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CONTEXT

BACKGROUND

In 2019 the South Australian Government delivered new governance arrangements for the public health system which saw the Department for Health and Wellbeing (DHW) evolve from its previous role, structure and set of functions. A key strategic outcome desired from the new governance arrangements is a ‘rebalancing’ of the State’s public healthcare system, so that it sustainably operates within its means and provides efficient and effective care to South Australians. This rebalancing involves multiple policy elements and will take a number of forms.

To reach our potential as the steward of the health and wellbeing of South Australians, SA Health requires:

- a focus on improving population health and wellbeing outcomes and the ability to demonstrate the impact of commissioned responses towards priority outcomes
- a strategic approach to shift resources towards prevention, early intervention and low acuity community based care
- a sustainable approach to supporting innovation in service provision and models of care
- improved collaboration with partners across the health, wellbeing and social sectors to access and leverage all available strengths and assets
- a leading practice approach to funding and allocation of resources.

Commissioning is a strategic approach to achieve these aspirations. Originating in the health sector, commissioning has been applied globally across the public sector and brings a clear focus on the achievement of improved outcomes for consumers and communities, value for money, data, and joint working arrangements. SA Health’s 2013 Commissioning Framework primarily guided approaches for programs and contracts undertaken with the non-government sector, but did not extend to system-level changes for major health services. SA Health is now ready to apply a formalised and rigorous commissioning approach to all health services to stimulate a change in how they are organised and funded.

This change provides DHW with the opportunity to reposition itself as a leading and internationally recognised commissioner of health and wellbeing services. Doing so will be central in building towards a financially sustainable health system that delivers better value and improved health outcomes for all South Australians. Adoption of a commissioning approach will mitigate current risks to the sustainability of the public hospital system arising from funding and commissioning decisions being made without evidence of need, value for money or impact.

THE PURPOSE OF THIS DOCUMENT

This document articulates the strategic role that commissioning will take within SA Health and provides a high level overview of key commissioning concepts and approaches and their alignment to existing system structures.

This document is part of a wider range of resources (collectively known as the Commissioning Strategy) which will support and guide SA Health journey towards this new way of working.

A key strategic outcome desired from the new governance arrangements is a ‘rebalancing’ of the State’s public healthcare system



COMMISSIONING STRATEGY

Long-term strategy to become a leading commissioner of health and wellbeing services



SYSTEM



GOVERNANCE



CAPABILITY



COMMUNICATIONS

ENABLERS

Commissioning Framework

Articulates how a commissioning approach supports our strategic objectives

Commissioning Resources

More detailed guidance, tools, templates and case studies to support commissioning practice

Governance

Established to support transparent and accountable decision making.

IMPLEMENTATION

TRANSITION STRATEGY

3 Year Commissioning Plan

Implementation roadmap for the next 12 months, 3 years and 5 years

Supporting Work Packages

Communications and engagement

Capability, culture and mindset

A focus on outcomes

Governance and processes

Systems and data

Provider development

OVERVIEW OF COMMISSIONING

WHAT IS “COMMISSIONING”?

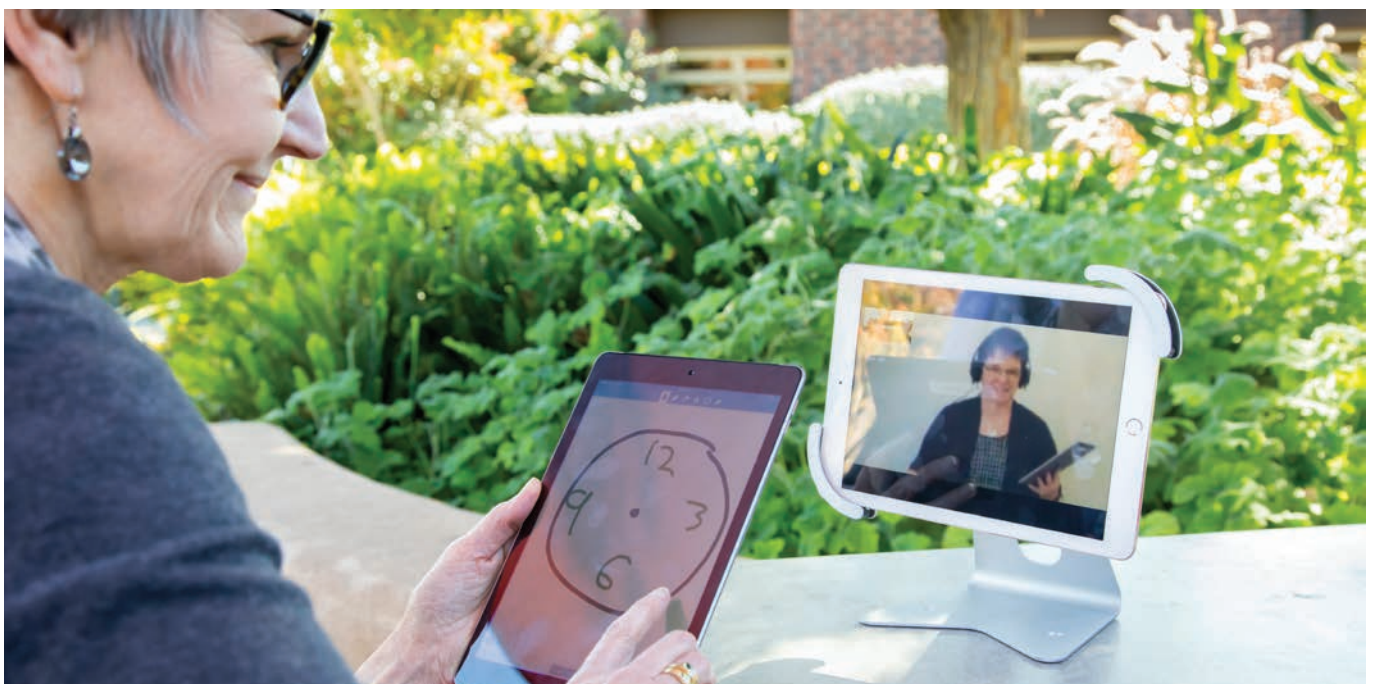
Commissioning is a strategic, evidence-based approach to identifying health and wellbeing outcomes that need to be achieved, and then designing, implementing and managing a system to enable these outcomes to be delivered within available resources. Commissioning is an ongoing approach focused on continuous improvement, with the outcomes and evidence from each commissioning cycle factored into the next. A commissioning approach is leading practice among health systems internationally, with many other local and global health systems offering proof of concept, lessons and best practices from which SA Health can draw.

Commissioning goes beyond just funding services and requires us to:

- Commission responses which directly address consumer and community needs, as opposed to simply following historical purchasing patterns
- Take a forward looking view, and seize the opportunity to contribute to new bodies of evidence and align to emerging leading practices
- Work closely with clinicians, providers, consumers and communities to design responses that are appropriate
- Monitor progress against the delivery of outcomes and quality assure implementation
- Evaluate our success and continuously learn from what we do.

THE ROLE OF COMMISSIONING IN SYSTEM REFORM

SA Health’s commitment to formalise and standardise a commissioning approach will support the achievement of broader strategic ambitions and will act as a key enabler of system reform.



SA HEALTH IS REFORMING TO BECOME A SYSTEM THAT...

Operates within its means and provides value to the South Australian

Focuses strongly on prevention, early intervention and low acuity community based care options – with a strong hospital system for those who require it

Integrates and leverages opportunities with the primary care, private healthcare and the social care systems, where this benefits consumers and communities

Enables innovation and improvements in models of care to deliver leading care and outcomes to South Australians

COMMISSIONING WILL...

Support transparent decision making and prioritisation	<ul style="list-style-type: none"> • Enable SA Health to base funding decisions on evidence of consumer and community needs, as well as the historical performance and impact of commissioned service providers • Support difficult prioritisation decisions • Follow a predictable and transparent process which is understood and adhered to by all stakeholders, including LHNs in all locations
Incentivise better use of resources	<ul style="list-style-type: none"> • Necessitate reform of the funding model for commissioned service to optimise resource allocation and reduce waste. • Prioritise responses innovations or improvements that deliver better value for money and release funds to be re-invested elsewhere
Target outcomes that align to need	<ul style="list-style-type: none"> • Ensure that outcomes are appropriately used in service agreements, evaluations and payment mechanisms • Require all commissioned responses to demonstrate a direct linkage to future health challenges and priorities identified in the <i>SA Health and Wellbeing Strategy 2020 - 2025</i>
Enable innovation and collaboration	<ul style="list-style-type: none"> • Actively identify opportunities to take a more strategic and “joined up” approach to commissioning and funding across governments, agencies, functions and teams • Use data and other evidence to support and scale up investment in innovation that will improve consumer and community outcomes
Drive broader system reform	<ul style="list-style-type: none"> • Embed a focus on data and evidence based decisions • Drive a consistent process and enable SA Health to operate as “one system”, regardless of location or system role • Provide a strategic approach to shift investment towards the subacute sector, invest in prevention and manage acute activity levels

IMPACT ON SERVICE PROVIDERS

Service providers of health and wellbeing services are key stakeholders in the achievement of both system reform and adoption of a commissioning approach. New ways of working will impact processes and systems as well as the behaviours and mindsets of DHW and service providers. These are anticipated to include:

- A move towards outcomes based commissioning, using outcomes and other appropriate performance measures in service agreements and contracts to gauge the impact and value of health services
- Further opportunities to co-design services and solutions, drawing on the knowledge and experience of service providers and clinicians and recognising the importance of provider experience in line with the Quadruple Aim.¹ The Quadruple Aim (enhancing patient and provider experience, improving population health, and improving value for money) is widely accepted as a compass to optimise health system performance.
- An increased focus on evidence when LHNs identify funding priorities and in designing models of care. This will contribute to better transparency and visibility of decision making
- Better conversations between service providers and DHW which are evidenced based and iterative. These conversations will support a focus on rigorous performance monitoring and management to optimize the value of commissioned health services. Low performing services and those which do not have a meaningful impact on population health may be decommissioned, with funds reinvested elsewhere.

¹The Quadruple Aim is an approach to optimising health system performance. The primary Quadruple Aim goal is to improve the health of the population, with 3 secondary goals—improving patient experience, improving provider experience and reducing costs—contributing to the achievement of the primary goal. Rishi Sikka, Julianne M Morath, Lucian Leape. (2015). The Quadruple Aim: care, health, cost and meaning in work. *British Medical Journal Quality and Safety*, Volume 24, Issue 10. Retrieved from: <https://qualitysafety.bmj.com/content/24/10/608>

THE SA HEALTH COMMISSIONING FRAMEWORK (THE FRAMEWORK)

SCOPE OF THE FRAMEWORK

The Framework applies to any response commissioned by SA Health and can be used to guide the commissioning activities of any Division or agency within the SA Health portfolio which commissions health and wellbeing responses. The approach and principles described apply equally to all commissioning scenarios. For example this includes a Local Health Network (LHN) funding inpatient hospital services across a region, or funding a non-government organisation (NGO) to deliver a community service in a remote community for the first time.

STRATEGIC POSITIONING OF THE FRAMEWORK

The Framework was developed within the context of the priorities identified in the *SA Health and Wellbeing Strategy 2020-2025 (the Strategy)* and exists within an ecosystem of other related policies, plans and resources.

The population needs identified in *the Strategy* are translated into commissioning priorities defined in the 5-year Clinical Services Plan. LHNs and other stakeholders may then further specify local commissioning priorities through their own tailored plans or strategies. However, all policies, plans and resources must align to *the Strategy* to ensure that every response commissioned and every funding decision directly targets areas of legitimate need.

THE SA HEALTH COMMISSIONING APPROACH

Commissioning is distinguished from historic ways of funding and procuring services through its structured process. The staged approach enables funding decisions to be evidenced based and supports the close monitoring of performance to allow continuous improvement of commissioned services. The SA Health Commissioning Framework builds on previous approaches used within SA Health and seeks to align with leading practices in commissioning of health and wellbeing services.

Represented as a cycle of activity, commissioning is continuous and iterative, with each stage feeding into the next. This means that the approach is responsive to changing health and wellbeing needs, and ongoing system learning. The cycle is broken down into five core stages, each with a distinct purpose. At all stages, consultation and co-design with stakeholders in the design, development and implementation of commissioning activities is critical to ensuring an end result that reflects the outcomes that matter to consumers and communities.



STRATEGIC DIRECTION

Statewide, system-level strategic direction to meet future health challenges



The SA Health and Wellbeing Strategy 2020-2025

All commissioning activities will be undertaken in an effort to achieve goals, priorities and commitments outlined in the Strategy

OUR COMMISSIONING PRIORITIES

Immediate priorities to deliver on our long-term strategy

Statewide priorities



Clinical Services Plan

Identifies what health services will be commissioned by each Local Health Network



3 Year Commissioning Plan

Identifies how SA Health will meet the health needs of the population through service growth, reduction or modification

Population and service-specific priorities



Mental Health Services Plan



Aboriginal Health Care Framework



Wellbeing SA Strategic Plan



State Public Health Plan

Strategies and plans identifying the health and wellbeing priorities for specified populations or services, including Wellbeing, Mental Health and Aboriginal Health Care, among others

Local priorities



Local Health Network Strategic Plans and Clinical Services Plans
Articulate the local priorities of each LHN

OUR APPROACH

Our approach to commissioning, funding and delivery



SA Health Commissioning Framework

Guides all stakeholders to understand the construct of commissioning at a high level, and their role in this regard



Funding Model

Determines how system resources will be allocated to meet prioritised health needs



SA Health Performance Framework

Sets out the framework for monitoring, assessing and responding to the performance of public sector health services

ARTEFACTS

Documented agreements with our partners



Service agreements and other contracting instruments

STAGE 1: ASSESS NEED

Take a systematic approach to understand the health and wellbeing needs facing a defined population to identify opportunities for change

STAGE 2: DEVELOP STRATEGY AND PLAN

Prioritise health needs and develop a strategy and plan to address those needs

STAGE 5: EVALUATE OUTCOMES

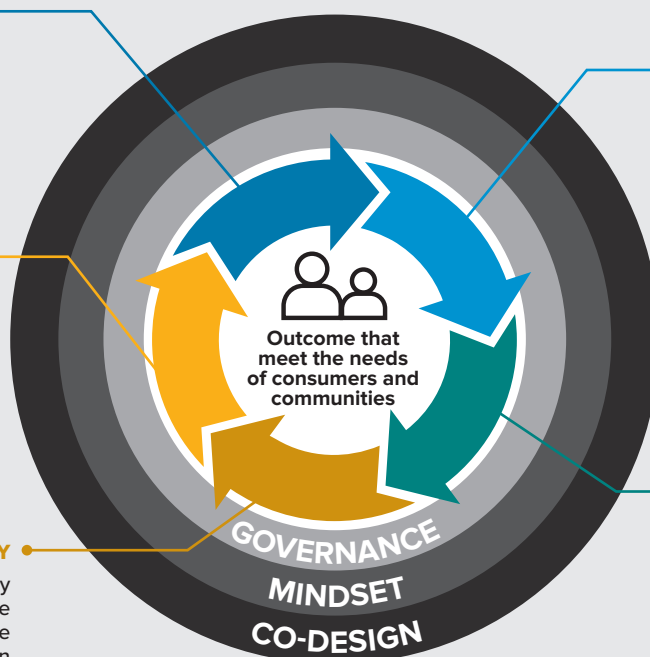
Evaluate the impact of the response in driving progress towards outcomes, to identify improvement opportunities and inform future commissioning

STAGE 3: OPERATIONALISE

Implement a response to the identified health or wellbeing outcome, and consider who is best placed to deliver the change sought

STAGE 4: MANAGE DELIVERY

Monitor and manage delivery using robust performance framework, enabling issues to be identified and resolved early on



ENABLERS

GOVERNANCE

The forums and mechanisms which govern how commissioning decisions are formed and define the roles and responsibilities associated with executing the commissioning framework.

MINDSET

The perceptions, behaviours and attitudes required to complement and help implement and realise the benefits of a commissioning approach.

CO-DESIGN

An inclusive approach to working with stakeholders to understand the needs of the community, setting the vision, prioritising the use of resources, designing the services, shaping the market and monitoring and evaluating performance.

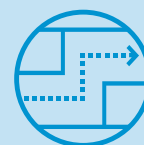
STAGE 1: ASSESS NEED

- Review 5-Year Clinical Services Plan and other relevance needs assessments to identify individuals and groups most at risk
- Consider whether additional analysis is required
- Confirm health priorities and opportunities



STAGE 2: DEVELOP STRATEGY AND PLAN

- Consider internal and external environment, including funding and resources available
- Translate needs into priority health outcomes
- Conduct evidence review of models of care, leading practices, etc.
- Identify and design appropriate response
- Agree activity levels and resource allocation across health priorities



STAGE 3: OPERATIONALISE

- Align provider readiness and capability to need
- Procure services
- Execute Service Agreement
- Allocate activity and resources
- Support transition



STAGE 4: MANAGE DELIVERY

- Build and maintain strong delivery relationships
- Share feedback and monitor delivery against framework and agreements
- Modify or enhance performance
- Feed inputs/learnings into broader organisational activities



STAGE 5: EVALUATE OUTCOMES

- Implement regular and periodic evaluations
- Report on outcomes cyclically
- Identify improvement opportunities
- Improvement implementation
- Provide evidence into future commissioning activities



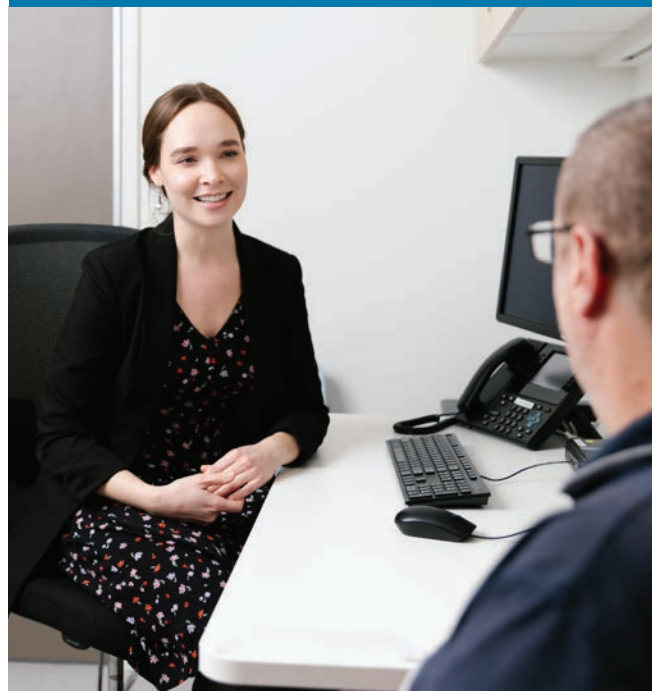
HOW COMMISSIONING INFORMS PRIORITISATION AND ALLOCATION DECISIONS

Efficient use of resources is important for the sustainability of the health and wellbeing system. It is important to ensure the effective use of resources across the whole system of care, as service efficiencies realised in one part of the system could be used to fund service improvements in another part and achieve greater benefits. A commissioning approach enables SA Health to direct available resources and funding to the regions, cohorts and areas most in need and to ensure value for money in the investment of those resources.

However, it is important to note that the way in which funding is apportioned towards commissioners, and the way in which they allocate funding is only one step in the overarching commissioning cycle. Moreover, the commissioning cycle is overlaid on operational activities which occur as a part of “business as usual”, such as budget processes, annual planning and compliance monitoring of service contracts. Each of these activities follow specific processes within their own timeframes.

A commissioning approach can be taken regardless of the level of funding available. The level of available resources and funding decisions will, however, impact the types of responses which can be commissioned, and defines the financial parameters within which SA Health commissioners must operate.

A key strategic outcome desired from the new governance arrangements is a ‘rebalancing’ of the State’s public healthcare system



PRIORITISATION AND FUNDING ALLOCATION PROCESS

1

SA Treasury allocates total funding envelope to SA Health

2

Assessment of population needs and annual commissioning priorities

With consideration of:



Clinical Services Plan



3-year Commissioning Plan



Annual funding requests



Emerging needs and commitments

Shortlist of priorities

3

Funding allocation to SA Health agencies and divisions



Activity based funding model:

- Acute
- Sub-acute
- Outpatient
- Emergency

With consideration of:

- Historical activity levels
- National Efficient Price (NEP)
- National Weighted Activity Unit (NWAU)
- Growth projections



Block Funding:

- DASSA
- Wellbeing SA
- Digital Health
- SAAS
- SCSS

With consideration of:

- Size
- Risk
- Historical performance
- Impact
- Existing services and strategies



Balanced budget

Funded needs

Unfunded needs

4

Local budgeting and commissioning



Budget allocation to specific:

Projects	Services	Facilities	Programs	Other responses
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HOW DOES A COMMISSIONING APPROACH SUPPORT PRIORITISATION AND FUNDING?



STAGE 1 - ASSESS NEED

The first stage of the commissioning cycle involves understanding health and wellbeing needs. Needs assessment is a method for reviewing the health and wellbeing challenges facing the SA population, enabling commissioners to make well informed resource prioritisation decisions. The level of need and demand for resources exceeds available resources. An evidence based needs assessment ensures those most in need or at risk will be prioritised for response and funding.



STAGE 2 - DEVELOP STRATEGY AND PLAN

The level of need and imperative for achievement of health outcomes informs the type of funding model used with commissioned service providers and Divisions. Different funding approaches incentivise different outcomes and behaviours.

All funding approaches benefit from access to data and evidence regarding anticipated need, historical activity levels and performance. Collection and use of such data is inherent to a commissioning approach.



STAGE 3 - OPERATIONALISE

LHNs and other commissioned providers will use allocated funds to achieve the priorities identified in the 3-year Commissioning Plan. An increased focus on outcomes and impact will provide greater flexibility to LHNs and commissioned providers to design local and innovative solutions to achieve those outcomes.

*Figure presented for illustrative purposes only and does not accurately represent all commissioned responses or funding approaches.

GOVERNANCE AND ROLES IN COMMISSIONING

GOVERNANCE OF COMMISSIONING DECISIONS

Commissioning must have effective mechanisms to lead and govern each element of the process in order to be successful. Clear, accepted and well-understood answers to questions around delivery, accountability (both legal and operational), reporting, prioritisation and escalation will avoid confusion, uncertainty or inconsistency.

Commissioning within SA Health is governed by the DHW Commissioning Committee which includes representation from the relevant functions and teams. The DHW Commissioning Committee oversees the approach and execution of the commissioning framework in practice. All strategic decisions regarding commissioning health and wellbeing services are made through this forum, including decisions relating to prioritising needs and allocating funding to responses. The DHW Commissioning Committee is also responsible for monitoring and forming decisions that relate to the performance of commissioned responses.

ROLES

It is important to highlight who the individuals, groups and forums are that will manage, deliver, support and be responsible for the various activities, tasks and stages of commissioning. Clarity regarding the respective roles will enable system leadership, engagement and consistency.

SA Health commissioners, service providers and system partners all have a role in commissioning and the successful execution of the Framework for the benefit of consumers, as illustrated.





CONSUMERS

Commissioning focuses on improving consumer outcomes in a sustainable way. As such, consumers are the main beneficiary of a commissioning approach. A focus on needs, evidence and continuous improvement seeks to ensure that consumers see improvements in their health and wellbeing.

Consumers will play an active role in identifying needs, defining outcomes, co-designing responses, and evaluating providers, programs and services.

STAKEHOLDERS



Commissioners

- > DHW Commissioning Committee and Sub-Committees
- > DHW staff involved in commissioning activities
- > Other SA Health commissioners



Providers

- > LHN boards, executives, staff and clinicians
- > Wellbeing SA
- > SA Ambulance Service
- > NGO provider Boards and executives



Partners

- > Partners in commissioning (e.g. Treasury, DPC)
- > Co-commissioners (e.g. PHNs, Department of Human Services)

ROLES

- > Set the timescales and leads for the key tasks and phases of the commissioning cycle on an annual basis
- > Allocate funding to priority areas, in line with evidence health needs
- > Determine and approve the commissioning and decommissioning of services
- > Develop and manage the performance framework to support oversight and continuous improvement
- > Implement and integrate commissioning decisions with LHNs and other providers
- > Adapt internal processes, activities, and behaviours to reflect the Commissioning Framework
- > Identify and escalate road blocks or risks to execution of the Framework

- > Contribute to the development of commissioning plans and ensure that services remain responsive to local need
- > Develop innovative and cost effective service models and solutions in response to commissioning decisions and local needs
- > Implement commissioned responses, transformation initiatives and improvements
- > Continually review and improve performance in relation to health and wellbeing outcomes, locally agreed performance targets and efficiency and effectiveness of spend in all commissioned services
- > Develop effective partnerships with the wider health and social sector to support service development and to deliver agreed priorities, where appropriate.
- > Respect and maintain alignment with commissioning priorities and decisions.

- > Understand the health priorities and commissioning intentions of SA Health for the next 5 years
- > Understand the approach used by SA Health to commission services and outcomes for residents
- > Bring the unique strengths, assets and resources of each respective organisation to work collaboratively with SA Health to improve health and wellbeing outcomes for South Australians
- > Seek to align planning, funding and commissioning timelines and processes, where practical.

For more information

Please address questions and inquiries
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