

SA Health

COMMISSIONING USER GUIDE

Version 2.0
March 2020



Government
of South Australia

SA Health

sahealth.sa.gov.au

CONTENTS

Purpose of the Commissioning User Guide	3
What is “commissioning”?	3
The SA Health Commissioning Cycle	4
Stage 1: Assess need	5
Stage 2: Develop strategy and plan	7
Stage 3: Operationalise	10
Stage 4: Manage delivery	12
Stage 5: Evaluate outcomes	14

PURPOSE OF THE COMMISSIONING USER GUIDE

This Commissioning User Guide (the Guide) provides practical guidance to support a consistent approach to commissioning. This Guide should be considered as a reference document that informs the completion of commissioning planning and activities.

The information contained in this Guide is targeted towards commissioning of discrete and targeted health and wellbeing programs, projects, initiatives or services undertaken by:

- Divisions of the Department for Health and Wellbeing (e.g. Drug and Alcohol Services, Aboriginal Health, Mental Health, etc.)
- Other agencies within the SA Health portfolio (e.g. The Commission for Excellence and Innovation in Health, Wellbeing SA, etc.)
- Local Health Networks (LHN).

The Guide does not apply to acute, subacute, emergency and outpatient clinical health services which are commissioned by DHW and provided by LHNs. Whilst the same 5-stage commissioning cycle is followed, the activities and steps undertaken as a part of each stage of the cycle may vary in practice, timing, intensity and level of effort.

The Guide should be read together with SA Health's Commissioning Framework, which sets out SA Health's overarching strategic approach to 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.

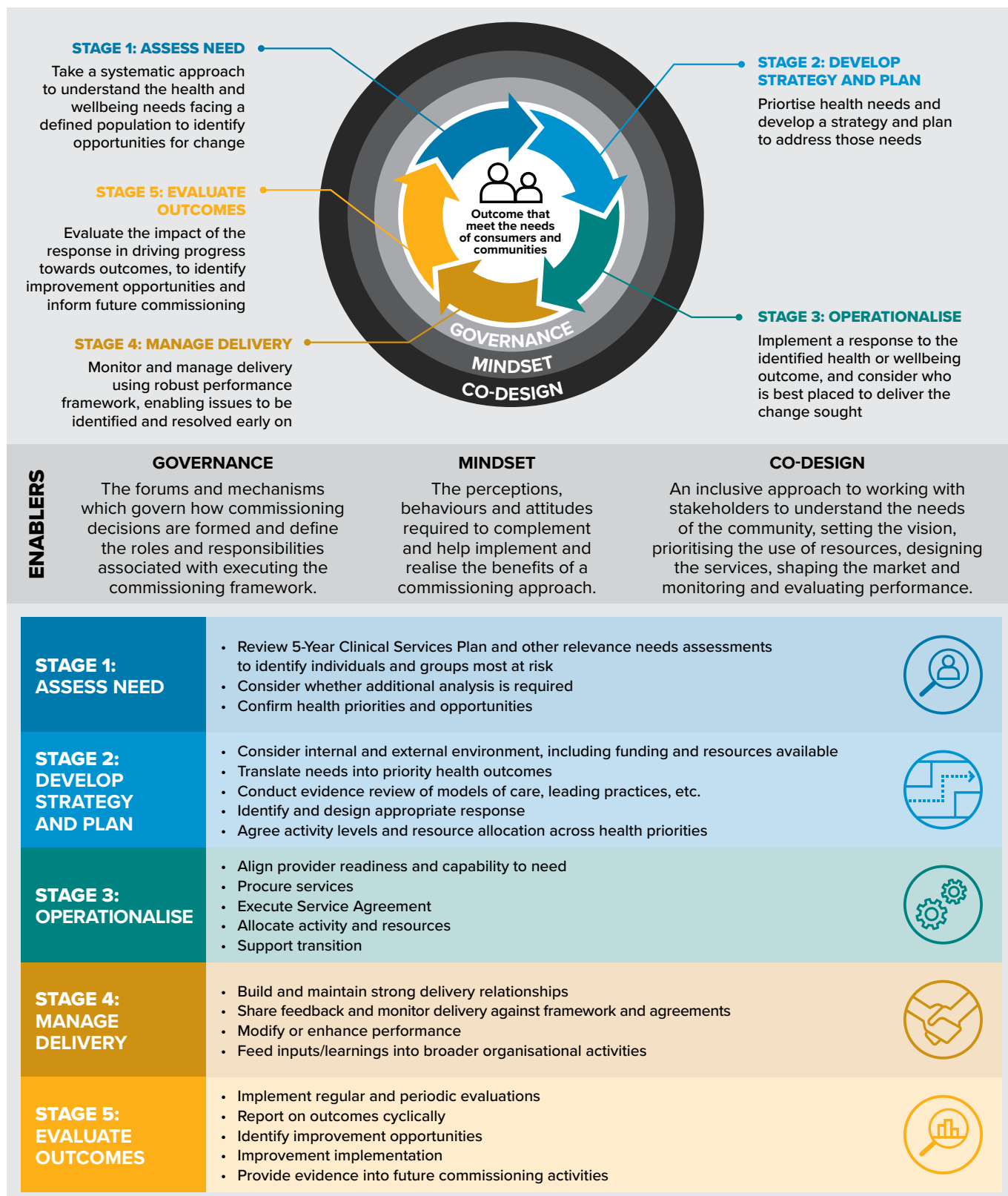
Commissioning goes beyond just funding services and requires us to:

- 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 SA HEALTH COMMISSIONING CYCLE

Represented as a cycle of activity, commissioning is continuous and iterative, with each stage feeding into the next. This enables responsiveness to changing health and wellbeing needs and ongoing system learning. The cycle has five core stages and is underpinned throughout by enablers related to a co-design approach with stakeholders, a commissioning mindset and robust governance. Central to all commissioning activities is a focus on improved outcomes for consumers and communities.

The commissioning cycle



Each stage of the commissioning cycle includes a number of key steps as illustrated below. This document provides guidance on the completion of the phases and activities associated with each stage of the commissioning cycle.

STAGE 1: ASSESS NEED

Purpose

To review the health issues facing a population and the extent to which they are being met.

Outcomes

Understanding a population's health and wellbeing needs allows SA Health commissioners to make well informed resource prioritisation decisions. Ultimately, this will lead to improved consumer and population outcomes.

Practical Considerations

- **Data Quality.** It can be difficult to obtain high quality data, which makes it important to triangulate different data sources and engage with clinicians, consumers and communities, carers and planners to build a rich, reliable and evidence-based understanding of health and wellbeing needs.
- **Raising consumer and community expectations.** The Health Needs Assessment (HNA) process should be transparent and manage stakeholders expectations regarding the ability to respond to needs appropriately.
- **HNAs need to lead to improved outcomes for consumers and communities.** A clear line of sight must be provided for how the needs identified in the HNA have led to investment decisions for improved health and wellbeing outcomes.

Approach

1. Conduct needs assessment

Step 1a) Stakeholder consultation

Conducting a needs assessment presents a critical opportunity to engage and co-design with stakeholders to fully understand their needs. Stakeholder consultation and qualitative analysis are particularly important for:

- Identifying unmet needs
- Exploring consumer and community experience with existing services and the extent to which these services address needs
- Exploring health behaviours attitudes, beliefs, knowledge and behaviours
- Validating trends and hypotheses produced from quantitative analysis (described below).

Step 1b) Quantitative and qualitative analysis

Quantitative and qualitative analysis of health and wellbeing needs can be completed by life course, cohort group, by geography or by disease type, and should include:

- Demographic analysis - characteristics of specific populations, cohorts or conditions
- Patterns of overall health and wellbeing status and behaviours
 - Deaths (mortality rates and life expectancy measures)
 - Health conditions (prevalence of disease, disorder, injury or trauma or other health-related states)
 - Wellbeing (measures of physical, mental and social wellbeing of individuals)
- Demand analysis - historical demand and utilisation of health and wellbeing services

In many cases, commissioners will draw on SA Health's Clinical Services Plan to inform their HNA. The Clinical Services Plan (CSP) forecasts needs across the next 10 years, with more detailed projections for the next 5 years. However, there may be some cases which warrant more targeted needs assessment. Other strategic plans, such as the Mental Health Services Plan 2020-2025 should also be considered as appropriate.

Purpose

To review the health issues facing a population and the extent to which they are being met.

2. Identify individuals and groups most at risk

Step 2 Identify consumers and communities most at risk

Data analysis should include comparing data against state and national averages to see where the greatest gaps in health and wellbeing need are, as well as comparing data across time to look at trends in health and wellbeing needs. In addition, analysis should explore the reason why needs may be unmet (e.g. accessibility, availability, culturally incompetent, cost).

Once data has been analysed, it is possible to then identify individuals and groups most at risk. In this context, those individuals and groups most at risk are those with the most significant unmet health and wellbeing needs which are likely to have a significant impact on their immediate and long-term health and wellbeing.

3. Identify health priorities and opportunities

Step 3 Agree health priority shortlist

Health and wellbeing prioritisation decisions should take into account:

- The identified needs of the population, particularly those individuals and groups most at risk
- The potential for the opportunity to have an impact towards desired outcomes
- The availability of funding and the potential for the opportunity to provide effective and efficient services
- The commissioning landscape and sector reforms
- Strategic objectives.

Prioritisation decisions should be also made with input from broader stakeholders to gain their trust and engender a sense of shared responsibility for resource utilisation.

Outputs

A completed HNA and prioritisation summary document summarising the health and wellbeing needs and opportunities for the area, identifying those individuals and groups most at risk and prioritising a shortlist of health and wellbeing opportunities. The HNA will be used at many subsequent points within the commissioning cycle and will be a crucial source of information for strategy formulation, planning and co-design. The HNA is not an academic exercise – it is the basis of everything we do in commissioning.

STAGE 2: DEVELOP STRATEGY AND PLAN

Purpose

Once needs have been assessed, the next stage is to develop a strategy and plan to address them.

Outcomes

- Clear understanding of how internal and external landscapes will influence the design of the commissioning approach, including considering how it aligns with the *SA Health and Wellbeing Strategy 2020-2025*
- Clear understanding of leading practices and models of care to ensure approaches are contemporary and evidence-based
- Clear strategy in place to address consumer and community needs which is informed by stakeholders, leading practices and historical performance.
- Clear understanding of roles and responsibilities for the rest of the commissioning process.

Practical Considerations

- **The importance of co-design.** This stage provides a significant opportunity to ensure that consumers, communities, providers and other partners are included and enabled to participate in co-designing outcomes and responses.
- **The power of evidence.** Using proven models of care provides a strong basis of evidence for the response. However, a focus on evidence and proof of concept must be balanced against SA Health's interest to enable innovation in care.
- **Lay the foundations for partnerships.** Increasingly, commissioners are looking to partner with other commissioners to achieve shared goals and outcomes. This type of partnership requires significant commissioning maturity, the foundations for which can be laid by completing design activities with partners during this stage.

Approach

1. Analyse internal and external landscapes

Step 1a) Review external environment

Reviewing the external environment should involve:

- Identifying and reviewing relevant policy and delivery initiatives that are currently underway, including understanding any learnings to date
- Identifying governing bodies, forums or meetings already in place which may impact or influence the commissioned response and priority populations
- Understanding if any targets have been set regarding related health or social outcomes
- Determining if any integrated care governance arrangements are in place within which the commissioning project or program falls into scope

Step 1b) Review internal environment

Reviewing the internal environment should consider:

- The strategic approach set by SA Health, including attitudes to collaboration and partnering, the specified funding period, the role of co-design, risk appetite and the potential for innovation
- The key stakeholders and influencers to be considered and consulted, including interdependencies and interdepartmental relationships
- The enabling actions and environment, including IT systems development, digital enablement, organisational restructuring, staff training or other internal policy changes.

Purpose

Once needs have been assessed, the next stage is to develop a strategy and plan to address them.

Step 1c) Understand resources available

Commissioners should:

- Scan funding and resources offered from other Divisions, agencies and governments which could be accessed to support overlapping geographies or populations.
- Identify staffing resources available to support any initiatives that might be developed to address the commissioning project or program.
- Identify any enabling functions that might be required to support the various stages of the project life cycle (such as infrastructure, information services, quality & safety or communications).

2. Agree priority outcomes

Step 2 Translate needs into outcomes

Define the outcomes that the response is aiming to achieve.

Establish robust and effective outcome monitoring mechanisms from the outset, including evaluation methodologies.

3. Design response

Step 3a) Evidence review

Help design an effective response using insights and leading practices proven in other jurisdictions or contexts. It is important to clearly formulate a research question (or a set of research questions) to focus the evidence review around a manageable scope and apply a structured and proportionate approach. Once complete, it will provide a strong basis of evidence for the program as well as helping to develop the program logic.

Step 3b) Co-design approach

Involve all relevant stakeholders in designing a service delivery approach, including consumers, communities, families, carers, clinicians, providers and system partners.

Step 3c) Consider partners and opportunities for joint commissioning

Consistent with the collaborative mindset which underpins all commissioning activities, partnering is a commonly used approach for achieving system-level improvements. Opportunities to partner or collaborate should be considered when designing the commissioning response.

4. Develop monitoring and evaluation framework

Step 4a) Develop program logic

Program logic is a foundational tool to enable commissioning for outcomes, linking the design of the commissioned response to the outcomes defined earlier in this Stage and with the measures that will be used in contracting.

Step 4b) Plan for evaluation

An evaluation plan is used to measure the success of a specific commissioning response. Evaluations need to be proportionate to the size of the response being delivered i.e. the bigger the service/program the more detailed the evaluation plan required. A smaller response necessitates a lighter touch evaluation plan with fewer KPIs.

Step 4c) Develop monitoring plan

Monitoring should be used to assess the performance of providers delivering the commissioned response. More than simply assessing performance, however, monitoring is critical to ongoing learning, enabling service improvement and ensuring services continue to have a clear and meaningful impact. Designing the response and the program logic should include developing KPIs that can be used to monitor and manage provider performance moving forward.

5. Agree roles and responsibilities

Step 5 Agree and document responsibilities

Determine and agree roles and responsibilities between those involved in the next steps of the commissioning cycle. This includes determining who should be consulted, involved or partnered with in delivering the response.

Purpose

Once needs have been assessed, the next stage is to develop a strategy and plan to address them.

Outputs

The outputs of this strategy and planning phase are:

- An assessment of the external and internal strategic landscapes
- A clear set of prioritised outcomes to commission against
- An evidence-based service delivery approach
- An evaluation plan
- A monitoring and evaluation framework
- Agreed roles and responsibilities (e.g. potentially summarised through a Responsible Accountable Consulted Informed (RACI) matrix).

STAGE 3: OPERATIONALISE

Purpose

To put in place the strategy and plan developed in Stage 2, and implement the most appropriate response for the identified health and wellbeing needs and priorities.

Outcomes

- An appropriate service provision model has been agreed, considering the role of the non-government sector
- The commissioned response is implemented successfully and all stakeholders feel supported in transitioning to the new response

Practical Considerations

- **A proportionate level of effort.** The activities described as a part of this Stage should be undertaken with consideration for the size of the response, the risks inherent with the response, and level of available resources. The level of effort expended towards these activities should be commensurate.
- **Procurement is only one commissioning lever.** Procurement can be a very effective commissioning lever, but it is only one. Before starting any procurement exercise, demand, supply and internal strategies should be considered to assess whether procurement is the most appropriate approach.
- **Consider different procurement approaches.** Different approaches have different levels of speed, market engagement, and opportunity for innovation. Select the approach which provides the most appropriate fit for the commissioning project/program.
- **Measure outcomes in contracts even if outcomes payments are not included.** It is critical that the intended outcomes from the service are measured. Reporting outcomes performance back to providers provides a vital feedback mechanism that helps to create behaviour change by driving providers to improve their outcomes. It also helps understand whether the service is effective in achieving the intended outcomes for the target cohort.

Approach

1. Assess market readiness and capability

Step 1a) Conduct market analysis

Market analysis seeks to answer the following questions:

- What is the existing structure of the market? For example, what sort of providers are currently offering services?
- Why is the market structured as it is? What has influenced this? For example, why is there a lack of particular providers, or why are providers not aligned to SA Health objectives?
- What are the collective capabilities, offerings and capacity of the market? What does it currently offer and what is it willing to offer? Where are these services offered?
- How can the structure of the market be altered to better meet the health and wellbeing needs of target populations?
- What tools will help transform the market to a desired future state?
- Are there other potential providers who may choose to enter the market under the right circumstances?

Step 1b) Service mapping

Service mapping identifies which providers are delivering which services in which locations, the relationships between services and other vital statistics regarding provider capacity and capability. It also identifies if there are any other service providers outside the region who could be delivering into the region. It is also important to understand provider scope, performance, capacity, capability, accessibility, eligibility requirements and models of care. This provides an understanding of the range, depth and quality of the services being provided across the geography.

Purpose

To put in place the strategy and plan developed in Stage 2, and implement the most appropriate response for the identified health and wellbeing needs and priorities.

2. Confirm delivery model

Step 2a) Consider the need for market shaping

Market shaping is a process of understanding and collaborating with existing and potential service providers to build and refine a market so that it is better positioned to deliver the required outcomes. Approaches to shaping the market may include:

- Facilitating new entrants to the market to meet areas of unmet need or increase competition
- Encouraging providers to collaborate, and perhaps merge
- Testing the market to ensure readiness, appetite or capacity to tender
- Training providers to improve their tender writing abilities
- Workforce development
- Workforce recruitment

Step 2b) Consider risks and mitigations

When seeking to confirm the delivery model, it is important to again consider the risks that have been identified throughout the commissioning process and plan for their mitigation through the model.

3. Respond

In house provision (where relevant)

While commissioning is often focussed on external procurement it is important to note that the discipline carries equal value for scenarios which result in in-house provision. When in-house provision is appropriate, this step will require the commissioner to support the implementation of the response with delivery teams, as appropriate.

Procure (where relevant)

Specific procurement guidance is provided by the SA State Procurement Board as well as the DHW Procurement Supply Chain Management branch.

4. Support transition

Step 4a) Communicate outcomes to key stakeholders

The outcomes of the commissioning process should be communicated clearly and transparently, regardless of the delivery model selected (that is, whether in-house provision, procurement, or a mix of the two).

Step 4b) Debrief market and other stakeholders

Debrief with the market to:

- Relay positive and constructive feedback on the elements of the response
- Maintain goodwill with the market, which is an important factor in commissioning success
- Improve understanding between SA Health and the market of providers so providers can better meet the requirements of future bids.

Step 4c) Implement the model

Develop implementation plan if required and implement the contract in accordance with the contract management plan and/or implementation plan/strategy.

Outputs

The outputs of this Stage are:

- Documented market analysis
- Agreed approach to in-house provision, where relevant
- Agreed procurement approach and plan, where relevant
- Relevant procurement outputs, including:
 - a. Bid documents
 - b. Tender evaluation plan
 - c. Contract/s and payment mechanisms

STAGE 4: MANAGE DELIVERY

Purpose

To ensure the successful performance of commissioned responses through monitoring and performance management throughout the duration of a commissioned response.

Outcomes

- Successful management of the delivery of a commissioned response will enable the realisation of the vision and outcomes defined in Stage 2 of the commissioning cycle.
- Development of strong delivery relationships to enable collective problem solving.
- Open and transparent monitoring and reporting, and sharing of feedback.
- Risks are quickly identified and mitigated ensure that the commissioned service is on track, avoiding any surprises or sunk costs down the road.
- Continuous improvement of services and programs to more closely align with need and meet desired outcomes.

Practical Considerations

- **Use of performance dashboards.** Performance dashboards can help both the commissioners and provider quickly and easily track the current performance status of a provider and identify when intervention may be required.
- **When to consider decommissioning.** Decommissioning is a process of planning and managing a reduction in service activity, or terminating a contract, in line with commissioning objectives. Programs should be reviewed to ensure the population needs are being met through the programs provided. If programs are failing to meet these needs, contracts or services should be reviewed with a lens of considering decommissioning.
- **Taking a relationship based approach within the boundaries of contracts.** A focus on strong relationships does not negate the need for appropriate procurement and probity processes, nor contract and performance monitoring. Effective commissioning relationships find their rhythm and operate successfully within the boundaries of service agreements, contracts and other governing guidelines. Every relationship will require consideration of the risks, history and level of trust that exists with the provider that sets out clear expectations.

Approach

1. Build and maintain strong delivery relationships

Step 1 Focus on strong relationships and trust

Historical approaches to commissioning have focused on procurement, contract management and compliance. Leading practices in commissioning are increasingly acknowledging that good relationships are at the centre of successful commissioning. This approach seeks to develop organisational capabilities and to design enabling environments which allow commissioners to move away from transactional commissioning processes and relationships towards a focus on longer-term partnerships. A focus on strong relationships does not negate the need for appropriate procurement and probity processes, nor contract and performance monitoring.

2. Share feedback and monitor deliver against framework/contract

Step 2a) Assess provider performance against KPIs and targets

The regular collection, validation and assessment of data will help identify any areas of the commissioned response that are not meeting expectations and determine whether any adjustments are required. Regular performance analysis will provide an understanding of progress around meeting the short, medium and long term outcomes of the commissioned response and understand if perverse incentives are encouraging undesired provider behaviours. Performance assessment may also highlight situations where provider contract terms are being achieved but the expected impact on consumer and community outcomes and experiences remain suboptimal.

Purpose

To ensure the successful performance of commissioned responses through monitoring and performance management throughout the duration of a commissioned response.

Step 2b) Communicate performance insights to providers

Communicating performance feedback gives providers an opportunity to understand their contribution to different measures of success, align strategies to deliver desired outcomes and agree how improvements, if required, will be made. It also helps providers to share insights regarding where they are being impacted by external factors or where payment models are encouraging undesired behaviours.

3. Modify or enhance performance

Step 3 Lead improvement of response

Modifying the approach to enhance performance is inherent to the iterative and cyclical nature of commissioning. A focus on continuous improvement and active performance monitoring and management seeks to ensure that the outcomes delivered by commissioned responses meet needs. This step is also critical in mitigating the need to decommission a response.

4. Feed inputs into broader organisational activities

Step 4 Communicate successes and good practice

Share successes and good practices through case studies, “lunch and learns”, communities of practice, or other forums. Where appropriate and with consideration for provider intellectual property, such learnings and insights should not only be shared within SA Health, but also with the market.

Outputs

The outputs of this Stage are:

- Performance reports and dashboards
- Performance improvement plans to enhance performance
- Case studies or other outputs which can be used to share learnings and insights.

STAGE 5: EVALUATE OUTCOMES

Purpose

To understand if the commissioned response is making a difference, whether the population is better off as a result of the commissioned response, and the extent to which the commissioned response has had an impact. These insights inform the commencement of the next commissioning cycle.

Outcomes

- Justify continuing, expanding, modifying or decommissioning a response
- Evidence to affect policy and reform
- Enhance accountability and transparency
- Build confidence in a response's effectiveness among stakeholders
- Communicate expenditure choices and outcomes to the community
- Share lessons learned with other evaluators or interested stakeholders in the sector
- Contribute to the available evidence base, allowing for comparison and shared knowledge across similar responses to improve provision
- Demonstrate a commitment to evaluating programs and evidence informed decision making.

Practical Considerations

- **Evaluation recommendations and modification should be practical.** Commissioners should ensure that modifications are designed with consideration for available resources, constraints and other parameters.
- **A proportionate level of effort.** The activities described as a part of this Stage should be undertaken with consideration for the size of the response, the recency of any previous evaluation, the level of available resources and other factors. The level of effort expended towards evaluation activities should be commensurate.

Approach

1. Implement regular and periodic evaluations

Step 1 Execute evaluation plan created in Stage 4

A mixture of regular and periodic evaluation should occur both during the course of the commissioned response, and following its conclusion. As noted in Stage 4, an evaluation plan should articulate the appropriate type of evaluation, timing, frequency and level of effort to be applied to the evaluation, considering the size and level of risk associated with the commissioned response.

2. Report on outcomes cyclically

Step 2a) Clearly define baseline for all outcomes to assess effectiveness

The measurement approach needs to define a clear baseline for all outcomes to assess the effectiveness of the commissioning project or program and to gauge the performance trajectory. While a historic baseline is useful, tracking a control group during the project or program delivery period enables an understanding of the impact of factors outside the sphere of influence of the commissioned response itself.

Step 2b) Report findings

The contents of ongoing performance and evaluation reports will vary depending on the purpose, frequency of reporting, and audience. At a minimum, evaluation reports should highlight limitations and considerations, performance against agreed targets, recommendations and conclusions.

Purpose

To understand if the commissioned response is making a difference, whether the population is better off as a result of the commissioned response, and the extent to which the commissioned response has had an impact. These insights inform the commencement of the next commissioning cycle.

3. Identify improvement opportunities

Step 3 Work with stakeholders to co-design modifications

Evaluations are only useful if they're used. The findings and recommendations from evaluation activities should be translated into improvement opportunities. Commissioners should work with stakeholders impacted by the commissioned response to co-design modifications and improvement opportunities. This will include working with consumers and communities, providers and other stakeholders to explore the root causes of previous weaknesses or issues, and to design improvements. These co-design activities will also identify the scale of modification required to achieve the desired level of improvement. This could span from minor changes to how the existing response is delivered, to re-designing the response.

4. Improvement implementation

Step 4 Clearly define and track uplift in performance and change sought

Commissioners have a role in driving the implementation of improvement opportunities. This may involve commissioning service providers to deliver the modified response, or working with existing providers to implement the change. This may also include funding one-time establishment or implementation costs associated with the improvement initiative.

In all cases, the uplift in performance and change sought should be clearly defined, understood and tracked. The commissioner should establish a trial period for the improvement opportunity and track performance improvement during this timeframe before deciding whether further modification is required.

5. Provide evidence into future commissioning activities

Step 5a) Publish evaluation reports

Program evaluation should always be undertaken with a view to informing decision making. This may include continuing, expanding, ceasing or refining a program, or longer term decisions about the future scale and continuity of investment, typically decided at budget reviews. Evaluation is essential in supporting the expansion of innovative programs and continuing existing programs shown to be successful.

Step 5b) Communicate successes and practices

One of the easiest ways to share the evaluation report is by publishing an evaluation report on SA Health's existing website. Social media sites, newsletters, and, where appropriate, through conference papers and peer reviewed journals can also bring attention to the report. This can also include sharing successes and good practices through case studies, "lunch and learns", communities of practice, or other forums.

Outputs

The outputs of this strategy and planning phase are:

- Evaluation report
- Improvement plan
- Case studies or other mechanisms to share findings and lessons learned.

For more information

Please address questions and inquiries
regarding this document to
health.commissioning@sa.gov.au

sahealth.sa.gov.au

Public-I4-A2



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