

Commissioning of Health Services in the Community

Discussion Paper

ACT HEALTH DIRECTORATE

Purpose

This discussion paper is a framing document developed to provide a high-level overview of the ACT Health Directorate (ACTHD) Commissioning of Health Services in the Community. The paper outlines why ACTHD is changing its historical approach to procurement, what the new approach will be, who will be affected, the expected outcome of the change, and how ACTHD intends to engage and collaborate with stakeholders as we move to a commissioning approach for health services in the community.

The discussion paper provides the foundation to commence discussions with community partners. These discussions will drive the collaborative design of health services to meet identified need and improve health outcomes for the community.

The commissioning approach will be a continuous process of gradual implementation and evaluation over several funding cycles as ACTHD aims to embed commissioning into all the sectors of health services in the community.

Introduction

Historical funding practices have not kept pace with the changing health landscape in our city and region. Many national and local guiding strategic policy documents have been updated in recent years to reflect the increasingly complex health needs of our community. Priority areas have changed, treatments and interventions are constantly evolving, and in this complex environment, services need to be integrated now more than ever. COVID-19 has shown us the importance of having flexible arrangements with our community partners that allow us to pivot and deliver services in response to changed community need. By working together, we have supported our community through adaptation and delivery of services needed during the challenges faced this year.

Until now, ACTHD has used traditional government-controlled procurement processes to select and fund health services in the community. This approach is top-down and has excluded service providers until the contract negotiation stage. It has also excluded service users and the broader community. Contracts are primarily outputs based and provide limited opportunity to measure outcomes or innovate in response to changing community needs.

We have listened to feedback during service planning and engagement with our partners who provide services in the community. In response, ACTHD is moving towards a collaborative commissioning approach for the future delivery of health services in the community. This shift aligns with the position increasingly adopted across local and international jurisdictions: that commissioning represents a leading practice approach to designing and investing in community health services and delivering improved client outcomes.

ACTHD acknowledges that we are starting with the first step on a shared journey with our community partners. We do not expect to deliver perfection in the initial commissioning round and will face challenges. However, by working together over time with providers, service users and communities in support of a shared ambition, we will improve health outcomes for the people of the ACT and region.

Commissioning in the ACT context

Commissioning involves collaboration with community partners, including service users, to identify the services people need and how they are provided. The approach supports the collaborative design of services that are client-centred, outcomes focused and involves all stakeholders. We are not looking to reduce the overall funding for the delivery of health services in the community.

Commissioning is an approach being used in other jurisdictions and internationally to improve service delivery in communities – but it is new to us.

We see commissioning in the ACT as a new approach to the delivery of health care in the community that involves working in true partnership with our community partners to design and deliver the best services for Canberrans.

There is no single model for commissioning.

This will be a journey and we will engage with service providers and other key stakeholders early and in open collaboration with the shared goal of improving services for Canberrans.

To ensure consistency across government and avoid confusion among our community partners, we are working closely with Community Services Directorate to define our commissioning approach.

A Glossary of terms used in this document to describe key elements of the *Commissioning of Health Services in the Community* project is included at Appendix A.

When commissioning is fully implemented, community partners and government will jointly plan and design services so that investment delivers the greatest positive impact on the health and wellbeing of Canberrans.

The move towards commissioning in the ACT context is evolutionary and we expect it will take place over a number of funding cycles. ACTHD's goal is to develop a new way of working together, focused on relationships between government, providers, communities, and service users to shape health services in the community that:

- meet and invest in community need
- are provided in ways that are valued by the community
- are designed together
- support innovation
- yield improved, measurable health outcomes.

ACTHD currently manages funding agreements with approximately 70 providers for the delivery of over 100 health services in the community. ACTHD does not intend to apply a commissioning approach to all of these services as part of the first funding round. Our intent is to work with community partners to strengthen and adjust investment flows using a combination of commissioning and more traditional procurement approaches to deliver services that meet the needs of the Canberra community. Maintaining sector stability, while identifying opportunities for service redesign, will be critical to the approach.

As a starting point, ACTHD will work collaboratively with community partners to determine which current services meet or largely meet community need. Our intention would be to renew these services early in the process and provide stability to the sector and service users. We envisage that we would use a traditional procurement approach for these services, but with added flexibility to allow innovation or adaptation at any point during the contract period. This will represent a first step towards outcomes-based contracting and delivery. While ACTHD does not envisage extending existing funding agreements as part of this process, it may be appropriate in some instances to conduct single select procurement to re-engage an existing service provider.

Where areas of community need have changed or are no longer being met through existing service provision, ACTHD will work with community partners to identify an individual or group of services to collaboratively design to deliver a renewed service response. A critical step in this process will involve working with lead non-government organisation (NGO) stakeholders to agree on *how* services that lend themselves to a collaborative design approach will be identified.

We are approaching the first round of commissioning with a fixed funding envelope which is the same as the current allocation of health spending through community health service providers. ACTHD anticipates that, as we work through this process, areas of unmet need and new priorities for service delivery will emerge. As this occurs, we would work with community partners to determine whether to prioritise these gaps as part of the current commissioning cycle or defer for consideration in a future budget process.

At this stage, ACTHD does not have a fixed view on the proportion of services that would be secured through traditional procurement, compared to those that would be designed through a collaborative approach or deferred to a future commissioning cycle. Our intention is to work collaboratively with community partners to develop a shared understanding and shape an agreed way forward.

For us, collaborative design means that there will be no single architect of commissioned services. Rather, we will seek opportunities to consult and collaborate with a range of community partners, including providers and service users, to develop and test options to respond to shared service challenges. By utilising different skills, expertise, and experience from a range of sources, we can create together the best possible services to meet the needs of our community. We see this first commissioning cycle as an opportunity to pilot different approaches to the collaborative design and commissioning of services and anticipate there will be lessons along the way for both ACTHD and community partners.

Project Intent

There are significant local drivers for a shift towards reshaping and reimagining health services in the ACT. These drivers are captured in critical strategic documents that guide the Directorate's work. The *ACT Health Directorate Strategic Plan 2020-25* notes a key function of the Directorate is to 'Engage with our partners and stakeholders to ensure health outcomes and impacts are considered in all government policy and health services planning' (p.6). A critical strategy informing this function is *Accessible Accountable Sustainable: A Framework for the ACT Public Health System 2020-2030*, which 'provides the foundation for a person-centred, innovative, high performing public health system for the Territory' (p.1).

ACTHD is also developing a Territory-wide Health Service Plan. The Territory-wide Health Service Plan will identify priorities for health service development and redesign of ACT Government provided and funded services across the ACT over the next five to ten years. It will be based on a comprehensive assessment of health service needs. We have consulted widely during the planning process and drawn on a wide range of other advice and consultations conducted, for example, during service reviews. We value the collaborative approach and the expertise provided by our partners and will continue to draw on this to ensure we deliver the best outcomes for Canberrans.

Following completion of the Territory-wide Health Service Plan, more detailed specialty or service plans will be developed where further detail is required to inform development or redesign of specific health area or cohort of services. The priorities identified in the Territory-wide Health Service Plan and subsequent specialty and service plans will help inform priorities for commissioning of health services in the community.

There are multiple factors that will influence our considerations about the services that are commissioned in the community. Aside from local health service planning, influences include government commitments, local and national frameworks and strategic policies.

Like service commissioning, health service planning is an ongoing and iterative process. This gives us the flexibility to change our priorities and approaches if they are not meeting the community's needs. Service contracts may be varied at any time to address emerging needs. Funded government commitments will be included in the commissioning process.

Collaboration

Commissioning involves working together, drawing out innovation and managing expectations. By coming together as partners with a shared goal to deliver health services that meet community need now and into the future, ACTHD and NGOs can jointly shape a responsive and innovative health service system.

Future-proofing health services to meet the needs of all stakeholders requires mature thinking and discussion. The government will work with community partners, acknowledged as subject matter experts within their respective areas of health service delivery, to collaboratively design and drive change.

ACTHD proposes to bring together government and community partners to a workshop in early 2021. NGO Leadership Group (NGOLG) members and a small number of key sector representatives will build on and refine the work commenced by Community Services Directorate (CSD) through the *Strengthening Partnerships – Commissioning for Social ImpACT* consultation to agree principles for engagement and supporting behaviours for the health services context to bring to future consultations.

The workshop is not intended to describe the outcomes of the commissioning cycle or focus on individual services. Rather, it will be an opportunity to guide *how* we underpin decision-making processes and work together to deliver a shared ambition.

Collaboration between ACTHD and community partners on future service design and delivery will be undertaken separately, as part of the planning and design phases of the commissioning cycle. This work will be guided by the principles for engagement and decision-making agreed at the workshop (above) and underpinned by ACTHD policy leadership, data sharing and open communication.

The planning and design phases will be an opportunity for ACTHD to test with community partners our understanding of current service needs and emerging priorities, and how to most effectively utilise a mix of commissioning and more traditional procurement approaches to deliver services that respond to community needs.

ACTHD anticipates that engagement in these phases will occur at a sub-sector level (within health speciality areas) with service providers and relevant peak bodies. ACTHD will work internally to coordinate the process to minimise the time and resource commitment required of the sector.

While planning for the broader health system, ACTHD will also be collaborating with Canberra Health Services (CHS) and Capital Health Network (CHN), to identify shared objectives for the entire health system. ACTHD will continue this key partnership with CHS and CHN to integrate and deliver health service planning priorities.

Communication

Communication will be the cornerstone of everything we do. Commissioning represents a new way of investing in community health services that will be well understood by some stakeholders, but a relatively new concept for others. It will be important that we clearly communicate both the process to advance commissioning as part of the current funding cycle, as well as the policy intent behind the approach. Commissioning offers opportunities to rethink service design and deliver health

outcomes that matter to the community. However, it also represents a new way of working that will challenge all of us at different points in the journey.

To ensure consistency and avoid confusion, ACTHD will coordinate communication approaches with CSD. We will also identify opportunities to work with the NGOLG to tailor and disseminate key messages, including to service providers, service users and member organisations.

Communication will need to reach a diverse audience and offer opportunities for feedback. A Communication and engagement plan for this project will guide activities. ACTHD envisages utilising a range of communication platforms, including quarterly forums, an active, regularly updated Q&A page on the ACTHD website, newsletters, and email updates.

ACTHD will use the NGOLG member response to this Discussion Paper to inform the development of a stakeholder communication strategy that reflects the expectations of our community partners. Once drafted, the communication strategy will be shared with NGOLG members to check messaging and seek feedback on broader communications.

The planned workshop in early 2021 will provide the springboard for all stakeholders to come together and begin the important work to design future services needed to maximise health outcomes for the community.

Governance and oversight

Commissioning must have effective mechanisms to lead and govern each element of the process. Internally, ACTHD convenes the Commissioning Governance Group (CGG) comprising senior and executive staff from the project team and relevant ACTHD policy units, as well as CSD counterparts responsible for community service commissioning. The CGG provides oversight, strategic guidance, and input into the internal scope of commissioning work within ACTHD. The purpose of the CGG is to manage internal government processes and also provide strategic direction to ensure the delivery of outcomes-focused services that meet the needs of the community.

With many ACTHD and CSD funded contracts due to expire on 30 June 2022, coordinated planning between the directorates will continue to be prioritised. Shared governance arrangements are being used to ensure alignment between each directorate's commissioning approach and coordinate messaging to community partners. We will plan our engagement with our community partners to avoid, wherever possible, overwhelming their capacity to participate in commissioning processes. ACTHD will engage with other directorates that provide or fund related services where relevant.

The NGOLG provides a vital conduit to the specialist experience and knowledge of the community health service sector, bolstered by representation from CHS, Calvary Public Hospital Bruce (CPHB) and CHN. ACTHD will continue to engage and seek strategic guidance from the NGOLG to support the move to commissioning. The NGOLG will play a key role in ensuring that ACTHD's operational framework for commissioning is robust, communications to the broader sector are clear and appropriately targeted, and that decision-making processes are informed and transparent. The role of the NGOLG will continue to be advisory. Members will not be responsible for decisions about the approaches for commissioning or procurement within individual sub-sectors. These decisions will be the responsibility of ACTHD under guidance from relevant peak bodies and providers.

Timing and Stages

Currently funded service contracts expire on 30 June 2022, providing a clear imperative to progress work on commissioning without delay. There is significant work required to undertake the proposed commissioning cycle that will support collaborative processes in service system planning and delivery.

Commissioning Cycle



Stage 1: STRATEGIC PLANNING

ACTHD policy units are currently in the strategic planning phase to review current services, analyse service gaps and identify emerging priorities. The outcomes of this analysis will be tested with community partners through a series of engagement activities, commencing from early 2021.

ACTHD anticipates that engagement will occur at a sub-sector level with service providers and relevant peak bodies.

The outcomes expected from this approach will be a shared understanding of where current services are (or are not) meeting community need, emerging priorities that require a service response, and which of these service areas, new or existing, may be appropriate to take through a commissioning (collaborative design) approach. This will guide timeframes and inform decisions about the most appropriate method of securing health services (e.g. select tender, open tender or single select) or another option (e.g. consortium). The strategic planning stage will include consideration of the most effective contract period and opportunities to extend timeframes beyond ACTHD's historic three-year agreements. This will support continuity for service users, provide a greater degree of

workforce stability for funded providers and allow more time to innovate and adapt service delivery to meet changing needs.

ACTHD does not intend to use a collaborative design approach to all services as part of the current funding round. This would exceed the capacity of both the health services sector and ACTHD, and unduly disrupt service delivery. Identifying a smaller number of services for collaborative design will allow scope to trial different approaches and learn what works. An approach for how services will be identified for collaborative design will be agreed with NGOLG members and key sector representatives at the workshop in early 2021.

If it is determined that it is not appropriate at this stage to take a service through a commissioning process, ACTHD will move to stage 3 Engagement of Services.

ACTHD is coordinating this planning work internally and with relevant stakeholders, including CSD, CHS and CPHB, as significant providers of health services in ACT hospitals and the community; and CHN, which is funded by the Commonwealth to commission primary health services in the Territory in response to community need. Coordination will continue throughout the planning, design and engagement of services phases. Importantly, ACTHD and CSD will continue to coordinate our commissioning activities to avoid overwhelming the sector.

ACTHD anticipates finalising stage 1 activities, including decisions on which services will be taken through a commissioning (collaborative design) approach, in the first half of 2021.

Stage 2: DESIGN

Where services are identified for collaborative design, sector participation will be key. The process of collaborative design is at the centre of ACTHD's shift to commissioning and will involve us working with community partners to shape health services that meet community need and ensure best value investment.

Collaborative design will follow the planning activities outlined under stage 1 above. Again, ACTHD will work with CSD to coordinate these activities to avoid overwhelming the sector. The approach to collaborative design will be negotiated with the providers involved.

Stage 3: ENGAGEMENT OF SERVICES

In engaging services, ACTHD is bound to adhere with all requirements of the *Government Procurement Act (2001)*. To ensure probity, ACTHD will liaise with Procurement ACT to consider the parameters of engagement with community partners at each stage of the commissioning cycle.

Timeframes for the procurement of services will vary, depending on factors such as the agreed approach to market and the complexity and value of the service(s) being purchased. To avoid overwhelming the sector, a staggered approach is proposed.

Where more traditional procurement is undertaken, in the absence of a full commissioning collaborative design process, opportunities to collaborate to build in flexibility that allows innovation and adaptation over the life of the contract will be a key consideration. This will represent a first step towards outcomes-based contracting and delivery.

The ACTHD funding envelope for this first commissioning cycle will remain unchanged, with the exception of any new initiatives funded through ACT Government budget processes. ACTHD will

purchase services to the full amount previously funded (including indexation), although the service mix and allocation may change.

Stage 4: PARTNER TO DELIVER OUTCOMES

Stage 4 will commence once new contracts are in place. Where collaborative design is undertaken, ACTHD envisages that service outcomes will be identified in the design phase and built into subsequent evaluation measures to be developed once contracts are in place.

Where services are not subject to collaborative design, ACTHD will explore with community partners opportunities to build flexibility into contracting arrangements to support a shift to outcomes reporting.

A key principle of commissioning is to embed learning and flexibility. Monitoring, partnering and evaluation will be an ongoing feature throughout the current and future commissioning cycles.

Stages 1-4 outlined above are summarised in the following Roadmap.

Roadmap

	Commissioning Cycle	Who is involved?	Timeframe
Stage 1	STRATEGIC PLANNING <ul style="list-style-type: none"> - identify services that meet/largely meet current community need - identify pilot areas to collaboratively design* - identify existing service gaps and emerging priorities - determine timeframes and methods to approach the market 	ACTHD Community Partners	Early 2021
Stage 2	DESIGN <ul style="list-style-type: none"> - Implement collaborative design/deliberative thinking approach to agree service outcomes and guide investment 	ACTHD Community Partners	Early 2021 to Late 2021
Stage 3	ENGAGEMENT OF SERVICES <ul style="list-style-type: none"> - Purchase future health services - Ensure sustainable resourcing 	ACTHD	Mid 2021 to Mid 2022
Stage 4	PARTNER TO DELIVER OUTCOMES <ul style="list-style-type: none"> - Collaborate to ensure continued service flexibility and support outcomes reporting 	ACTHD Community Partners	Mid 2022 and Ongoing
CONTINUOUS EVALUATION			

Roadmap Notes:

* An approach for *how* services will be identified for collaborative design will be agreed with NGOLG members and key sector representatives at the workshop in early 2021.

Glossary

In the context of the Commissioning of Health Services in the Community project, the following definitions will apply.

Collaboration

Government and stakeholders working together to design services that meet the needs of our community.

Commissioning

ACTHD and community partners collaboratively design services to ensure investment best meets the needs of the local community. The purchase or procurement of services by government occurs as a **component** of the commissioning cycle.

Community partner

Community partners can include organisations, peak bodies, service providers and service users, including their families and carers, with a role and/or interest in the provision of health services in the community.

Consultation

Seeking input and/or opinion on a topic in order to understand different perspectives on the matter and inform decisions.

Engagement

Connecting with people who may be affected by government decisions and/or can influence these decisions.

Other key stakeholders

A stakeholder who has a vested interest in and can either affect or be affected by the health service.

Outcomes

The level of performance or achievement that occurred because of the delivery or service provided by an organisation.

Provider

Any organisation that is or could be funded by ACTHD to deliver a health service in the community.

Service/s

The activities, programs or supports delivered by a provider to meet the health needs of a particular cohort or the broader community. A provider may deliver one or more services within a sub-sector or across multiple sub-sectors. Additionally, the same type of service may be delivered by multiple providers, for example, in different geographic locations or to different age groups.

For providers with a current Deed of Variation (2019) to their Service Funding Agreement (2016-2019), services are defined at Item 1 under Schedule 2.

Service user

A person who is receiving or using (or has received or used) a service.

Sub-sector

A group of services delivered in the community that meet a specific area of health need (e.g. Alcohol and Other Drug, Mental Health, Aboriginal and Torres Strait Islander, Women Youth and Children, Aged Care, Sexual Health).

Traditional procurement

Government assumes the lead role in determining the services to be purchased to meet community needs. This is achieved through recognised procurement methodologies including single select, select, or open tender, where providers submit a response to defined specifications.

In past traditional procurement processes, ACTHD has specified outputs, performance indicators and reporting. In the context of the *Commissioning for Health Services in the Community* project, ACTHD will explore with community partners opportunities to build flexibility into service design, contracting arrangements to support a shift to outcomes reporting.