Commissioning for better outcomes

WA Primary Health Alliance (WAPHA) is undertaking a number of activities that are standardising, reviewing, developing, and improving the way WAPHA performs its commissioning function across the entire commissioning lifecycle. The program of change will run through to June 2026.

To ensure commissioned service providers are kept informed and feedback is captured we undertook consultation with WAPHA's Service Provider Panel.

In December 2024, more than 35 Service Provider Panel members came together to hear about WAPHA's commissioning journey and to discuss/provide feedback regarding opportunities and challenges relating to these changes. This initial engagement is not a one-off and will continue across all program areas in combination with our commissioned service providers.

Two questions were discussed:

1. What opportunities and/or challenges do you see for your organisation in relation to the Commissioning for Better Outcomes change activities?

2. How can WAPHA better support providers in adapting to upcoming changes in commissioning?

Panel members provided insight and expertise regarding commissioning and appreciated the opportunity to be involved early in the process. Providers raised a number of questions, and responses have been captured below.

Questions	Answer
What are the recommendations of the audit by the Australian National Audit Office of the Department of Health and Aged Care's oversight of the Primary Health Network (PHN) program?	Recommendations of the audit for the Department of Health and Aged Care (DoHAC) to consider included: • Ensuring PHN compliance with grant agreement requirements. • Improved PHN performance measures. • PHN data assurance. • Improved PHN performance reporting. • IT systems for PHN monitoring and reporting. • Evaluation of the PHN delivery model. The Australian National Audit Office report can be accessed at: Effectiveness of the Department of Health and Aged Care's Performance Management of Primary Health Networks.
How will WAPHA's commissioning in the future differ from the current processes?	There will be several changes – some internally at WAPHA to align systems and processes, and others that impact commissioned service providers. These include: • New standard contract (terms & conditions) will be phased for implementation. All newly commissioned services will align to the new standard contract first, and then updates will be completed for current/varied contracts over the next 18-24 months. • Procurement for new activities will be conducted

	within WAPHA's procurement portal (Oracle system) and phased in over the next six months. WAPHA is developing supportive documentation, videos, and a user-friendly process to assist prospective applicants. • As part of WAPHA's procurement processes, we will be including an improved process focused on budget and activity expectations to support contract negotiation, documented expectations, and contract management. Over time we will incorporate value-based commissioning elements supported by a number of outcomes measures. • We will continue to support our commissioned service providers to complete reporting under WAPHA's Performance Management Framework via our Reporting Portal and expand the programs and activities that will be reported. Currently, this is limited to mental health, alcohol and other drugs, and chronic conditions (not all providers at this time). The DoHAC has advised there will be some changes to reporting requirements for PHNs as well, and this is presently being reviewed. We will keep providers up to date with any changes required. • We will be introducing a focus on inclusive and culturally competent service provision to procurement of all new services. Service expectations will be detailed as part of tender processes, with guidance provided regarding requirements for implementation and reporting against WAPHA's Cultural Competence and Capability Frameworks over the coming 24 months. WAPHA has an expectation of continuous improvement of inclusive and culturally competent service provision.
In 'accounting speak', developing a price, volume and value-based commissioning model sounds like a Cost-Volume-Profit (CVP) model. If so, this approach places an emphasis on volume, not necessarily quality and good outcomes. Unit funding associated with a CPV model often tends to focus providers on achieving breakeven rather than achieving good outcomes. How does WAPHA intend to implement the price, volume and value-based commissioning model?	WAPHA's approach to a price, volume and value-based commissioning model goes beyond traditional CVP modelling by embedding a focus on quality and outcomes. While price and volume are critical for transparency and sustainability, the value component explicitly prioritises outcomes that matter to patients and communities. To implement this model effectively, WAPHA will incorporate outcome measures – patient-reported outcome measures and patient-reported experience measures. We will engage providers in co-designing funding approaches that will ensure alignment with local needs and encouraging innovation. We will aim to balance volume and value by allowing flexibility in program delivery to meet needs without compromising quality. We will implement robust monitoring processes to track both process and outcome indicators. • WAPHA will be a price negotiator in most negotiations for commissioning services. This will allow for testing of price through a tender process (regardless of

	tender type i.e. sole source or open market tender etc.) to determine the best value for the contract negotiation. • Focusing on delivering better value improves outcomes and experiences at an individual person level can improve the effectiveness and efficiency of health services, reduce fragmentation, and uses our resources wisely to support a more sustainable healthcare system. • WAPHA will request information during contract negotiations to help determine the value to be delivered through the contract. This information will be used throughout the contract management lifecycle of the service.
Confirmation is requested to understand if this process will or won't impact headspace contracts? Noting there is a prospective new WA headspace coming, a funding review in progress and new governance (hMIF) processes.	headspace services are included in the scope of activities however we acknowledge that this requires strong partnership and engagement with headspace National. • The changes that will affect headspace contracts include the procurement process changes highlighted above, and utilising WAPHAs procurement portal. • The review of headspace services will consider the outcome of the funding review and new governance processes.
IP is usually a sticking point with contracts, what will WAPHA's position be on this?	We are aware of the challenges this has presented, and this has been updated in the new contract terms and conditions document. WAPHA is required to ensure the IP expectations of the DoHAC are maintained and form a component of WAPHAs contract with DoHAC.
Recognising WA's unique needs, we need local solutions for national problems, and sometimes programmatic approaches take away from that. What will WAPHA do to ensure this won't happen?	WAPHA is committed to balancing national program requirements with local needs. • We will achieve this by tailoring solutions through our comprehensive Needs Assessments, co-designing services with local stakeholders, and leveraging our regional expertise to adapt programs in ways that reflect local priorities while still meeting national standards. This is a particular area of focus and improvement. • This ensures programs remain flexible, responsive and impactful for the communities we serve.
As service providers, when can we expect some of the changes to start. Will they be included in the 30 June 2025 contracts or are we expecting a longer period?	The implementation of the changes is expected to continue for a two-year period. There are changes being made to the way that we commission new activities now, and we will continue to learn from these changes and evolve the way we implement these.
Once contract variations experience multiple variations, would WAPHA consider re-issuing a new head contract instead?	There will always be a need for contract variations as part of contract management, however with the implementation and use of the new terms and conditions and schedules, the contracts will be clearer and simpler with well-defined deliverables, and we are confident that

	multiple variations will diminish. Where necessary, new contracts will be negotiated to ensure contracts remain relevant and robust for all parties.
Can costs associated with upgrading systems be considered? Not just financial but also the cost to service delivery by having to re-train staff.	Over the past 18 months WAPHA has provided financial support for a number of our alcohol and other drugs and chronic conditions providers to make changes to their clinical information systems that support their ability to collect and report under WAPHAs Performance Management Framework. We will continue to assess this requirement as changes are implemented.
Will WAPHA consider what standardising contacts may mean for smaller organisations?	Impact of contractual changes is a matter for all organisations individually, and WAPHA will work accordingly with each provider in a way that seeks to meet the provider at this individual level.
How will WAPHA ensure the balance between reporting on required data and over reporting on data?	We are aware of reporting burden at the provider level, and this is a regular topic of conversation with commissioned service providers. We are committed to ensuring we only ask providers to report what is required to be reported and used. Over the past 3-4 years WAPHA has significantly reduced reporting requirements (particularly the quantum of reporting) across many of our contracts.
How do we ensure services remain person centred and collaborative? Will contracted services require an element of co-design to ensure the person remains at the centre of care?	WAPHA expects our commissioned services to be person centred, and to be respectful of, and responsive to, the preferences, needs and values of people accessing these services. This is a guiding principle of our mental health and alcohol and other drugs strategies and underpins our commissioning more broadly. We are also committed to embedding lived experience engagement across the commissioning cycle. We expect providers to include elements of co-design where possible. We understand that co-design (when done well) helps create services that reflect the needs and wants of the people accessing them.
When talking of new price and volume financials, will these prices be set with consideration made towards the relevant awards and associated roles?	WAPHA will be a price negotiator in most tendering and contract negotiations for commissioning services, therefore will not be setting the price for service delivery. Respondents will be required to cost their proposed workforce based in line with their Award.
How does WAPHA intend to introduce KPIs? Will it be standardised for all services, or tailored?	WAPHA's Performance Management Framework creates a consistent and streamlined performance management approach, where commissioned service providers have clarity on WAPHA's expectations in relation to how performance expectations are set, measured, monitored, and managed.

	• This framework is a key mechanism to support us to develop and mature collaborative partnerships with commissioned service providers and drive continuous improvement across the sector. • The framework is based on good practice and aligns to the DoHAC PHN Performance and Quality Framework and Primary Health Insights, and existing state government reporting requirements to minimise the reporting burden on commissioned service providers. This framework is framed by the objectives of the Quintuple Aim in health care and our strategic priority for improving equity. • KPIs will be considered at an activity level, taking into consideration the nuances within each contract's service delivery.
Early engagement and lead time will be crucial to the implementation success, what are WAPHA's plans to manage this?	WAPHA recognises that early engagement is critical for the successful implementation of changes. We will strive to ensure commissioned service providers and general practices are engaged as early as possible and given sufficient lead in time to support implementation. • Timely communication will underpin our approaches. • Communication for commissioned service providers is being actively managed to ensure early engagement and appropriate lead time.
How can WAPHA support service providers in maintaining the great relationships they have with the community and ensure everyone is kept informed? How will WAPHA consider the role of RIMs in place-based nuances and being a point of feedback at local levels?	WAPHA's place based staff continue to remain active across the collaboratives and networks that operate within the regions. • Place based staff ensure that new commissioned services are invited in and represented on relevant collaborations and networks, ensuring that our services represent the needs of the regions and priority populations/locations. • WAPHA's regional integration managers (RIM) also assist with specific integration work to assist services to be better embeded within the health eco system. • The RIMs ensure that place-based needs are represented throughout the larger organisation. This ensures that at all levels the local nuance is considered alongside DoHAC guidance. All service provider feedback is shared ensuring RIMs can represent their region with impartiality.
One of the issues with contract funding is that there is no allowance for a 'surplus' to be held as a contribution to reserves. Requirements to account for/spend every dollar isn't a sustainable business practice for for-purpose organisations.	Our approach is to implement a price, volume and value-based commissioning model, ensuring that there are clear expectations negotiated in the contract across these domains. This will ensure that expectations across all elements of price, volume and value are established – and, where these are met a 'surplus' will be able to be maintained/re-invested by the provider.

Can contracts allow for a small surplus (2%-ish) for all orgs to ensure sector sustainability?	
When issuing the new contracts, can WAPHA ensure explanation/overview of key differences between current contracts and new contracts?	Ongoing engagement and discussion will be prioritised as part of new tender arrangements and contract negotiations.
What is WAPHA's position on the number of contract managers organisations will be dealing with?	WAPHA will seek to keep the number of contract managers that each organisation is required to deal with to a minimum.