

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2017 - 2018, 29 & 30 May 2017

Ref No: SQ17-000895

OUTCOME: 2 - Health Access and Support Services

Topic: Primary Health Networks

Type of Question: Written Question on Notice

Senator: O'Neill, Deborah

Question:

PHN Commissioning

Given the PHNs report to the Department is there a process by which the Department analyses the organisations that are successful in the tender process? For example, can the Department provide a list of organisations that are currently providing services in each of the 31 PHNs by annual turnover? If not, why not? How does the Department determine if the PHNs are commissioning services for a wide range of organisations from large service providers to small service providers? Is the Department aware of any issues in relation to smaller organisations being squeezed out of the tender process due to larger organisations having more staff and resources to participate in the submission process? How do smaller organisations that provide specialised services compete on an equitable level? Have any issues of this nature been raised with the Department of Health by mental health providers?

Answer:

Primary Health Networks (PHNs) are funded to commission services to meet the needs and priorities for their regions. Commissioning is a strategic approach to the procurement of health services. As commissioners, PHNs have autonomy and flexibility to decide which services or health care interventions should be provided, which service providers should deliver them and how they should be paid for.

It is integral to the success of the PHN Program that PHNs make commissioning decisions independently of the Australian Government. PHNs are required to achieve value for money through commissioning including by encouraging competitive and non-discriminatory processes.

PHNs are accountable to the Australian Government for improving patient outcomes in their region through their contractual arrangements and the PHN Performance Framework. The Department of Health analyses PHN regional needs assessment documents and activity plans to address their regions need. Further, the Department monitors how PHNs are improving health outcomes in their regions rather than the individual tenders of each PHN.

The Department is aware of concerns about the ability of smaller allied mental health service providers and mental health nurses to meet PHN commissioning requirements. In this regard, the Department is working closely with stakeholders and understands a number of peak organisations are actively supporting their members through this transition process. The Australian Psychological Society, for example, has provided advice and proposals for the development of resources and training to support single operators and small mental health practitioners to transition to sustainable, effective and efficient business models for the delivery of mental health services.

More broadly, the Department is working with PHNs to increase commissioning capability, as part of its National Support Function. In 2015-16, the Department developed commissioning guidance, resources and training material in consultation with PHNs and other stakeholders. Key materials included guidance on needs assessment; guidance and resources on PHN planning in a commissioning environment, and guidance on designing and contracting services.

It is proposed that additional commissioning guidance, tools and training for PHNs will be developed on other aspects of the commissioning process; and that tools and activities will be developed to build capability and understanding among primary health care providers, in relation to PHN commissioning.