



Government of **Western Australia**
Mental Health Commission

Commissioning Framework



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Introduction

The Mental Health Commission (MHC) is striving to establish mental health, alcohol and other drug systems that meet the needs of Western Australia's population, deliver quality outcomes for individuals, their families and carers, and are financially sustainable; systems that are world-class.

If that is the 'what', commissioning is the 'how', or:

the process of arranging continuously improving services that deliver the best possible quality and outcomes for consumers, meet population health needs and reduce inequalities within the resources available.

Commissioning requires that we:

- *understand intrinsically and intimately the evolving needs of the community as well as key priorities we need to deliver;*
- *design and deliver appropriate services to meet these needs, utilising full capabilities of providers, voluntary and community groups;*
- *identify and maximise opportunities for collaboration; and*
- *challenge accepted thinking and encourage innovation about the best way to meet needs¹.*

This Framework provides a high-level explanation of how the MHC intends to discharge its commissioning responsibilities. In doing so, it:

- Explains the context for mental health, alcohol and other drug services commissioning in Western Australia;
- Further defines the concept of commissioning;
- Articulates the objectives and principles that guide the MHC's approach to commissioning;
- Outlines how the MHC will approach each stage of the commissioning cycle; and
- Addresses the interface between the MHC's commissioning activities and those of other relevant agencies.

¹ Adapted from SA Health 'Clinical Commissioning Framework', Sinéad O'Brien, South Australian Department for Health and Ageing, June 2015

Context for Mental Health Commissioning in Western Australia

The Role of the Mental Health Commission

The MHC was established in 2010 as a key early step in the Government's mental health reform program. This, along with the creation of the Ministerial portfolio and the appointment of a Minister for Mental Health, elevated the profile of mental health and provided the administrative structure necessary to deliver system reform. On 1 July 2015, the MHC and the Drug and Alcohol Office amalgamated, establishing an integrated approach to mental health and alcohol and other drugs service delivery for Western Australia. The amalgamation also resulted in the MHC assuming responsibility for direct service delivery through Next Step, Western Australia's public clinical alcohol and other drug service.

The MHC has significant purchasing responsibilities. In 2014/15, the MHC purchased services valued at \$704 million. The bulk of this expenditure – \$598 million – related to public mental health purchased from the Western Australian Department of Health (WA Health). The remaining funding was allocated to services provided by non-government organisations and by Next Step. Through evidence-based planning and population modelling, the MHC identifies requirements and purchases services from external organisations through transparent procurement processes, and monitors the impact of these services.

In 2015, the MHC released the Mental Health, Alcohol and Other Drug Services Plan 2015-2025: Better Choices. Better Lives (the Plan). The Plan uses evidence-based, nationally agreed modelling tools to estimate the level of each type of mental health, alcohol and other drug service required to meet the needs of the Western Australian population by the end of 2025. By overlaying this modelling with information about current services, the Plan describes the type and scale of investment required over the next 10 years to meet service level benchmarks.

In addition to services purchased by the MHC, other mental health, alcohol and other drug services operating in Western Australia receive funding either through private sources or the Commonwealth Government.

In discharging its responsibilities, the MHC is required to comply with the legislation and policies that govern the operation of the Western Australian public sector. Under the *State Supply Commission Act 1991*, the MHC is required to purchase goods and services in accordance with the policies of the State Supply Commission. The MHC's financial expenditure is subject to review under the *Auditor General Act 2006*.

In carrying out its commissioning role, the MHC also acts consistently with national and State health reform legislation and agreements. This includes applying nationally agreed pricing models when purchasing inpatient mental health services, with some adjustments to reflect particular State conditions. At a State level, the MHC develops its strategies and plans in the context of key WA Health documents, such as the Clinical Services Framework and the WA Health Strategic Intent.

The Commonwealth and the national context

The MHC's commissioning takes place in a complex national environment. In terms of mental health service delivery and policy, the Commonwealth Government plays an important role in the funding of hospital services, and also has responsibility for primary health care, including primary mental health services. The broad reform directions are underpinned by National Mental Health Plans. The Fifth National Mental Health Plan is in the process of being developed and involves all governments at State, Territory and Commonwealth levels.

The Commonwealth's approach to primary care is being reshaped through the establishment of Primary Health Networks (PHNs). PHNs are responsible for planning and purchasing Commonwealth-funded primary health services in defined areas. In Western Australia, the WA Primary Health Alliance (WAPHA) is responsible for PHNs in Western Australia, of which there are three: North Metro, South Metro and Regional. Mental health is one of the six priority areas for PHNs that have been identified by the Commonwealth and significant resources have been allocated by the Commonwealth to PHNs. Where possible the co-planning or co-commissioning of mental health and alcohol and other drug services with WAPHA is an objective of the MHC. This is to ensure that investment is coordinated, and contributes to an effective and coherent system of services.

The Commonwealth also has a key role in providing the national policy framework for the response to alcohol and other drug problems, and in providing funding to services directly via the Department of Health, and the Department of Prime Minister and Cabinet, and indirectly via the PHNs. The National Drug Strategy and its forerunner, the National Campaign Against Drug Abuse, have been operating since 1985. The draft National Drug Strategy 2016-2025 describes a nationally agreed harm minimisation approach to reducing the harm arising from alcohol, tobacco and other drug use. The National Ice Taskforce is also developing responses to crystal methamphetamine, and the implications of this for the National Drug Strategy are being considered through a parallel consultative approach led by the Australian Government.

Another Commonwealth Government initiative highly relevant to the MHC's commissioning is the National Disability Insurance Scheme (NDIS). The NDIS provides care packages for people with a disability that is permanent or likely to be permanent (lifelong), including those with psychiatric or psychosocial disability. The NDIS Perth Hills trial site opened in 2014, and has been expanded to other suburbs and extended until June 2017. In parallel with the NDIS trial, the State Government is trialing an alternative model, WA NDIS (formerly MyWay), in the Cockburn Region and in the South West.

The expected full-roll-out of the NDIS in Western Australia is likely to have significant impacts on the system of services and supports available to people with mental health conditions. The MHC will continue to closely monitor and work collaboratively with relevant agencies as the NDIS is expanded and will adjust commissioning activities as may be necessary to account for the supports provided by the NDIS.

WA Health Reform

WA Health is the largest provider of specialist mental health, alcohol and other drug services in Western Australia, and over 80% of the MHC's purchasing is from WA Health. In recent years WA Health has undergone significant structural and governance reforms, as part of which the Health Services Act 2016 entered into effect on 1 July 2016. Changes relevant for the MHC's commissioning function are:

- Health Service Boards are now directly legally responsible and accountable for the oversight of hospital and health service delivery for each Health Service Provider in Western Australia;
- the Department of Health, led by the Director General, now has the role of System Manager, responsible for the overall management, performance and strategic direction of WA Health; and
- the MHC purchases services from WA Health through statutorily backed agreements with the Director General and each of the Health Service Boards.

The MHC's Head Agreement with the Department of Health and its Service Agreements with the Health Service Boards clearly articulate expected outcomes and service deliverables, activity volumes, budget allocations and accountability.

Service agreements are a key contracting tool in delivering the commissioning agenda. Effective service agreements with Health Service Boards enable the MHC to translate the State's strategic priorities into action within public services, including by rebalancing the mix of the State's investment to meet future demands and priorities, to encourage innovation and to drive continual improvement.

Non-Government Sector Reform

The State Government recognises that collaboration between the public and not-for-profit sectors is an important driver of good outcomes for the community. In 2010, the Government established a Partnership Forum, bringing together senior leaders from Government agencies, including the MHC, and the community sector. An early priority for the Partnership Forum was the development of the Delivering Community Services in Partnership (DCSP) policy, which guides the procurement of services from the community sector by Government agencies.

In addition to overseeing ongoing reform to Government procurement, the Partnership Forum is focused on giving consumers a greater say in how services are designed, encouraging integration between Government agencies, and supporting an ongoing shift towards outcomes based contracting. Each of these reform directions has direct implications for the MHC's commissioning activities.

Commissioning Services

Commissioning is the cyclical process of planning, purchasing, managing and monitoring services with the aim of ensuring that every available dollar is allocated in the optimal manner. Under a commissioning model, the authority responsible for commissioning is independent of the agencies that provide services. This ensures that the commissioning authority is free to purchase services from the provider that is best placed to deliver them, irrespective of whether the provider is a public, for-profit or not-for-profit organisation.

Commissioning is sometimes confused with 'purchasing' or 'procuring'. Commissioning is a broader concept that also encompasses the planning and monitoring activities that inform purchasing decisions.

The stages of the commissioning cycle are:

- Strategic planning
- Defining commissioning and decommissioning intentions
- Service design
- Procurement and contracting
- Monitoring and evaluation

The commissioning cycle has three dimensions:

1. What is optimal for the population as a whole?
2. What is optimal for individuals with mental health, alcohol and other drugs issues and their families and carers?
3. What is optimal for the system?



The MHC's Commissioning Objectives

The MHC's approach to commissioning aims to achieve good outcomes in each of the three areas described above. This is reflected in the following objectives:

- 1. The mental health, alcohol and other drugs service system is able to meet the overall needs of the Western Australian population now and into the future.** This means purchasing the right volume and type of services in the right locations.
- 2. Interactions with mental health, alcohol and other drugs services lead to tangible improvements in consumers' health, wellbeing and quality of life.** This means purchasing services that are accessible, safe and effective and achieve outcomes that are person-centred and recovery-oriented.
- 3. The mental health, alcohol and other drugs services system is financially sustainable.** This means purchasing services that offer the best value for money, under arrangements that allocate financial risk fairly.

The MHC's Commissioning Principles

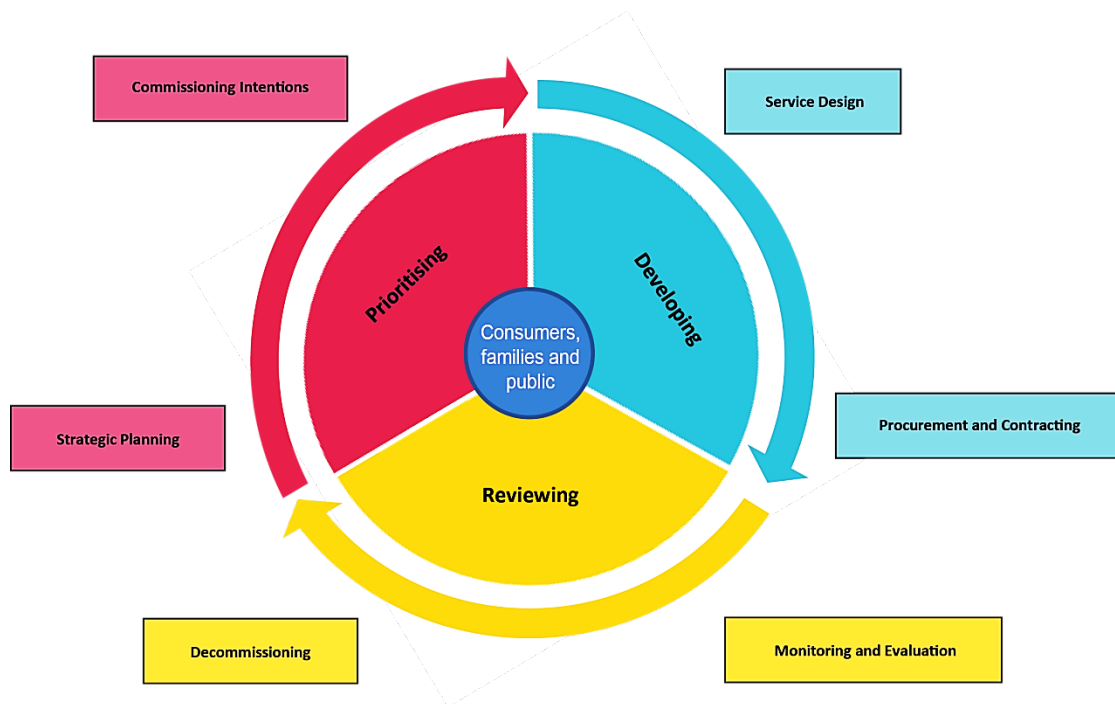
The MHC's approach to commissioning is guided by principles with much in common with the principles which guided and informed the development of the Plan². In commissioning the MHC will apply the following:

- People with a lived experience of mental illness and alcohol and other drug use, their families and carers will be supported to be fully involved in co-planning, co-designing co-delivery and co-reviewing of policies and services.
- Partnerships across Government, the non-Government and private sectors and the broader community are critical to the achievement of good outcomes in commissioning and will be sought and valued.
- Innovation will be actively encouraged through the commissioning process and opportunities for continual system and service improvement will be embedded throughout the different stages.
- Commissioning decisions will be informed by the best available local, national and international evidence.
- The commissioning of all services incorporates a holistic approach that acknowledges the impact of the social determinants of health and wellbeing such as housing, education and employment.
- An appropriate mix of supports and services will be commissioned.
- Commissioning activities will align with State and national policy, standards and legislation.
- Commissioning practices will value community diversity and incorporate culturally secure principles and design to best suit the needs of communities, including Aboriginal and Torres Strait Islander people.
- Commissioning decision making will be fair, transparent and provider neutral.
- Commissioning will aim to stimulate the sector to meet community need.
- Recovery-oriented practice³, including supporting people to stay connected to their community, is central to the development of mental health services.

² Set out at pages 10-11 of the Plan, available at www.mhc.wa.gov.au

³ Language regarding recovery is important and can have different meanings across mental health and alcohol and other drug sectors. In regards to alcohol and other drug use, recovery may or may not involve goals related to abstinence.

Stages of Commissioning



1. Strategic Planning

Commissioning begins with strategic planning. This is the process of comparing what currently exists with what is needed. To a significant degree, the gap identified through this process defines the mission of the commissioning authority.

The commissioning authority ascertains the **current situation** by conducting a stocktake of existing services according to type and location. Ascertaining **what is needed** involves combining population information, estimates of illness prevalence and validated assumptions about the services that are needed to properly meet the needs of each consumer. It also includes the identification of the key impacts of the public sector environment (political, environmental, social, economic, technological and legislative factors) to mitigate risks and identify practical, efficient and effective responses to achieve Governmental and organisational goals.

The MHC undertook such a planning process in 2014/15 and documented the outcomes in the Plan. The Plan outlines a comprehensive package of reforms to reshape the delivery of services to Western Australians with mental health conditions and alcohol and other drug problems. This includes a shift over the medium to long-term to proportionately greater investment in community-based and preventive strategies and services.

MHC's approach

- ✓ All commissioning activities will be aligned to the actions identified in the Plan.
- ✓ The Plan will be refreshed with updated information on a two year basis.

2. Commissioning Intentions

The MHC places a high value on effective planning so as to be able to commission services in staged ways. This also enables the system and its different stakeholders to deliver services within realistic timeframes that acknowledge constraints of funding, workforce and capacity.

Such an approach relies on prioritisation. Commissioning authorities are responsible for defining their priorities and communicating them to relevant stakeholders. This includes priorities relating to:

- The type, volume and location of services to be purchased, and
- The broad service design features that should be incorporated.

As an example, the commissioning authority may communicate an intention that within the available fiscal capacity investment will be prioritised in certain ways, such as in youth community treatment services in a specified geographical region. It may further communicate that these services should aim to achieve continuity of care and provide access to peer support.

For the MHC, the Plan provides a starting point for the development of priorities by identifying two, five and 10 year service level milestones. Preferred design features will be identified in view of State and national reform directions, relevant standards and national and international evidence regarding best practice.

These priorities are intended to be communicated to the public in conjunction with the release of updated versions of the Plan. Communicating these intentions will provide service providers with a firm basis for planning, including in relation to the development and submission of unsolicited proposals to the MHC.

MHC's approach

- ✓ The MHC will communicate its commissioning intentions alongside each update of the Plan

3. Service Design

The next stage of the commissioning cycle involves designing – or redesigning – services in view of the stated commissioning intentions. Key issues for consideration in the design stage include models of care, consumers, carers, supporters and families' perspectives and workforce and resourcing requirements. Consumers, family members and carers make an invaluable contribution to the planning, implementation, delivery and evaluation of mental health programs and services and their inclusion in the process is a key principle and commitment of the Plan and the MHC. It is expected that in every case the perspective of consumers, carers, families and supporters will be included in considerations around the design of the service to be purchased.

Service providers and potential service providers are also key partners in the design process. Service providers possess a wealth of expertise regarding community need, success factors, resourcing requirements and risk. It is important to draw on this knowledge to implement services that are designed to be effective, efficient and sustainable.

Care must be taken to ensure that the involvement of service providers in the co-design process does not undermine the probity of procurement activities, or preclude a procurement strategy that would otherwise be preferred for a particular project. The MHC will continue to work with the Partnership

Forum, peak bodies and other agencies to develop clear principles and strategies to inform the effective co-design of services.

Consultation and involvement of service providers will be sought via engagement with peak bodies and individual providers where appropriate. Service providers will be encouraged to consider co-designing and delivering services in partnership with other providers that possess complementary expertise and capacity. The existing alcohol and other drug Integrated Service model, which brings together public and non-government organisation services in one location, offers an example of how partnerships can be used to deliver a more comprehensive and better integrated service response than could be provided by services working in isolation.

Inputs to the design process include:

- National and international evidence regarding best practice.
- The perspectives of key stakeholders, including consumers, carers and supporters, families, clinicians and peak professional bodies, the Mental Health Network and the broader community.
- The intentions and priorities of other service commissioning bodies, including consideration of opportunities for joint commissioning.
- Technological innovations that open up new opportunities for providing support.
- Where appropriate, service providers and peak bodies, including the Western Australian Association for Mental Health (WAAMH) and Western Australian Network of Alcohol and other Drug Agencies (WANADA).

The design process will also include consideration of potential funding options. These include the re-allocation of existing resources, the submission of a business case in connection with the State Government's budget process, joint commissioning with other funding bodies or any combination of these options. The design process informs the plans for the subsequent stages of the commissioning cycle – procurement and performance monitoring - which are developed as part of the design process.

It is recognised that work is occurring across sectors on further defining principles and practice around the co-design of services. The MHC will participate in and be guided by the process and products of this work in its commissioning practice.

It is recognised that unsolicited proposals from service providers will be provided to the MHC from time to time separate from any formal procurement process. In these cases proposals will be assessed, and considered in the context of the MHC's commissioning intentions and current fiscal capacity. Policies and processes regarding unsolicited proposals will be reviewed on an ongoing basis.

MHC's approach

- ✓ Services will be co-designed in partnership with relevant stakeholders and in view of the MHC's commissioning intentions and guiding principles.
- ✓ Service providers will be encouraged to consider entering into partnerships, consortia or other collaborative arrangements, with other providers that possess complementary expertise and capacity.
- ✓ Consumers, families and carers will be involved in the design of services that affect them, as genuine partners, alongside other stakeholders.

- ✓ The MHC will participate in and monitor current efforts underway to further define and develop guidance around the co-design of community services, including mental health and alcohol and other drug services.
- ✓ Unsolicited proposals will be assessed in view of the MHC's commissioning intentions and priorities.

4. Procurement and Contracting

Procurement and contracting refers to the process by which the commissioning authority selects, enters into, and manages, a formal agreement with a service provider.

The MHC purchases services from Government agencies, notably Health Service Providers which operate as part of WA Health, as well as non-government organisations. In doing so, the MHC is required to adhere to whole-of-Government policy including the requirements of the State Supply Commission, and, where services are purchased from the community sector, the DCSP policy.

The MHC's approach to procurement varies according to the particular requirements of each project. Procurement tools used by the MHC include Registrations of Interest, Requests for Quotation, Expressions of Interest, Preferred Service Provider processes and Direct Negotiation. Decisions as to the optimal approach will be informed by an assessment of the market's capacity to deliver the required service and consultation with key stakeholders.

Normally the MHC applies a market testing approach when purchasing services from the community sector to ensure value for money and transparency. Under the DCSP Policy, however, there are some situations in which it is appropriate that government agencies exercise discretion to set aside market testing by retaining an existing Not-for-Profit (NFP) through a restricted process. The existing NFP service provider then becomes the Preferred Service Provider.

In addition to continuing to refine established approaches to procurement and contracting, the MHC will increasingly explore emerging and innovative models that aim to align the incentives of providers with the objectives of the commissioning body. This entails a shift away from contracting based primarily on inputs and outputs towards an approach that emphasises the achievement of desired outcomes.

MHC's approach

- ✓ Procurement activities will continue to be guided by relevant whole-of-Government policies, including the DCSP policy.
- ✓ Procurement processes will be guided by an assessment of the specific requirements of each project.
- ✓ There will continue to be an emphasis on contracting for outcomes, and consideration of innovative approaches to procurement and contracting that may enhance outcomes for the community.

5. Monitoring and Evaluation

Effective monitoring and evaluation provides for both accountability and continual improvement. Monitoring involves the continuous and systematic collection and analysis of information that will

provide the MHC with an indication of a service's progress against predetermined objectives. Evaluation involves the planned and periodic assessment of a service's effectiveness including consumer and family experience, efficiency, impact, sustainability and overall value.

Monitoring and evaluation enables the commissioning authority to ascertain what is working and what is not, and to adjust future commissioning activities accordingly. It is essential that monitoring and evaluation requirements be considered as part of the service design process and built into relevant service agreements and contracts, and include relevant quality management framework assessments and reviews.

MHC's approach

The MHC's approach to performance monitoring and evaluation will:

- ✓ Focus on outcomes for consumers and the community, rather than inputs and outputs.
- ✓ Minimise 'red-tape' by ensuring that services are required to report only that information that is useful to demonstrate *that a funded service is delivering on the terms of the relevant contract or other funding agreement* and maintaining proportionality between reporting requirements and the scale and risk of the service.
- ✓ Create a feedback loop so that services understand how the information they report is being used and are made aware of opportunities for service improvement and redesign.
- ✓ Involve consumers, families and carers in monitoring and evaluation processes.

6. Decommissioning

Decommissioning is a process of planning and managing a reduction or closure of a service contract or program. The service environment is always dynamic. Community needs and expectations change, service contexts evolve, and sometimes the performance of providers may not be adequate to achieve the outcomes and changes that consumers are seeking. For this reason, an important role of the MHC at times is to decommission services or programs to make way for other, more contemporary or better performing services and service models. As with commissioning, it is a process, not an event, and requires careful planning, engagement and communication, particularly around the impacts of the change and how best to manage transition processes.

In all decommissioning activities, the MHC will be guided by the same principles that apply to its commissioning decisions. In particular the MHC will ensure that its decommissioning processes are consultative, considered, sensitive to the impacts on stakeholders, and provide as much notice to service providers as possible. This includes establishing comprehensive processes to ensure the best possible transition for organisations, their staff, and consumers, families and carers.

MHC's approach

In all decommissioning activities the MHC will:

- ✓ Be guided by the same principles that apply to its commissioning decisions, discussed above.
- ✓ Ensure that its decommissioning processes are consultative, considered, and sensitive to the impacts on stakeholders. This includes establishing comprehensive processes to ensure the best possible transition for consumers, families and carers, staff and organisations.

- ✓ Ensure that where service agreements are not continued or renewed that as much notice as possible is provided to service providers, with a period of three months being the minimum period given.

Interface with Other Commissioning Bodies

There is significant potential for overlap between services purchased by the MHC and Commonwealth funded services commissioned by Primary Health Networks, the NDIS or other Commonwealth-State Agreements. There is also the potential for overlap with other State Government human services agencies.

The presence of multiple service purchasing bodies with overlapping mandates presents both risks and opportunities. The key risks relate to duplication, both in terms of what services are provided and in the obligations that are imposed on service providers that receive funding from multiple sources. The opportunity relates to the potential expansion of the total pool of resources available to help shape services that optimally deliver for the needs of the community.

The MHC will continue to work in partnership with other relevant commissioning bodies to minimise the identified risks and capitalise on opportunities. This will include pursuing opportunities for joint commissioning, where planning, service design and procurement are coordinated and potentially combined to maximise benefit for the community and avoid duplication or gaps in service.