



Government of **Western Australia**
Department of **Health**

North Metropolitan Health Service Service Agreement 2015-16

improving care | managing resources | delivering quality



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1. Health Service Provider Delivery Commitment

This Agreement sets out the shared intention to work in partnership to improve health outcomes for all Western Australians and ensure the sustainability of the Western Australian public health system.

The Parties agree that the Department of Health (the Department) and the Health Service Provider will work in partnership to:

1. improve patient access to services and public hospital efficiency
2. improve standards of clinical care
3. improve system performance
4. improve system transparency
5. improve accountability for financial and service performance.

This Agreement is in accordance with enabling Western Australian (WA) Legislation. This Health Service is established under Sections 15 and 16 of the *Hospitals and Health Services Act 1927*. The Minister for Health is incorporated as the Metropolitan Health Service under Section 7 of the *Hospitals and Health Services Act 1927*, and has delegated all of the powers and duties as such to the Director General of Health.

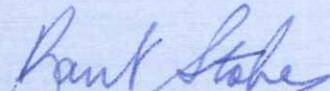
The Agreement is also in accordance with the *National Health Reform Agreement (2011)*. The Department, through the Director General, will retain responsibility for system-wide coordination and policy; resource acquisition, allocation and stewardship; purchasing and regulation. This agreement is to be read in conjunction with the WA Health Funding and Purchasing Policy Guidelines 2015-16 (the Guidelines).

The Parties hereby confirm their commitment to this Service Agreement. The Director General of Health agrees to provide funding and other support to the Health Service Provider as outlined under 'Role of the System Manager' in the Guidelines.

The Health Service Provider agrees to meet the service obligations and performance requirements outlined under 'Role of the Health Service Provider' in the Service Agreement.

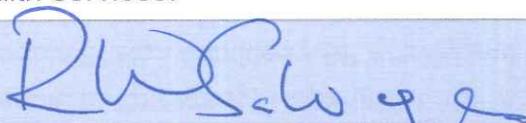
The Director General of Health will continue to emphasise, as a priority, the importance of state and national safety and quality standards across the State's health system. This Service Agreement recognises the priority commitment that the Health Service Provider has in delivering improvements in safety and quality health service provision - consistent with the level of care consumers would expect from WA health services.

Signed Acceptance:



 Professor Bryant Stokes
 Acting Director General
 Department of Health

Date: 30.6.2015



 Dr Shane Kelly
 Chief Executive
 North Metropolitan Health Service

Date: 30.6.2015

2. Background

This Service Agreement is between the Director General of Health as the delegated 'Board' (herein referred to as 'WA Health') and the specified Health Service Provider. Both parties acknowledge that this Service Agreement follows policy, planning and performance frameworks as outlined below:

- WA Health Strategic Intent 2015-2020
- Clinical Services Framework (CSF) 2014-2024
- Clinical Governance Guidelines
- Annual Performance Management Framework 2015-16.

The Agreement:

1. Applies from 1 July 2015 to 30 June 2016. The Agreement does not override existing laws, agreements, public sector codes, statutes, government policies or contracts.
2. Integrates organisational objectives and the work of the Health Service Provider.

The performance evaluation of this Service Agreement is to be undertaken as prescribed in the Annual Performance Management Framework 2015-16.

The Health Service Provider will ensure that structures and processes are in place to comply with this Service Agreement and fulfil its statutory obligations and to ensure good corporate governance, as outlined in relevant legislation, WA Health operational directives, policy and procedure manuals and technical bulletins.

WA Health Strategic Intent 2015-2020

The Strategic Intent defines WA Health's overarching vision, values and priorities. It outlines a vision of *delivering a safe, high quality, sustainable health system for all Western Australians.*

WA Health's Code of Conduct identifies the values that are fundamental in how employees perform their work and describes how these values translate into action. The six values are; *Quality Care, Respect, Excellence, Integrity, Teamwork and Leadership.*

WA Health's strategic priorities are focused on a continuum of care to support and guide health care through integrated service delivery from prevention and health promotion, early intervention, primary care through to diagnosis, treatment, rehabilitation and palliation.

Ensuring people in Western Australia receive safe, high quality and accessible health services underpins the strategic priorities. This includes delivering health services that are patient-centred, based on evidence and within a culture of continuous improvement

WA Health Vision

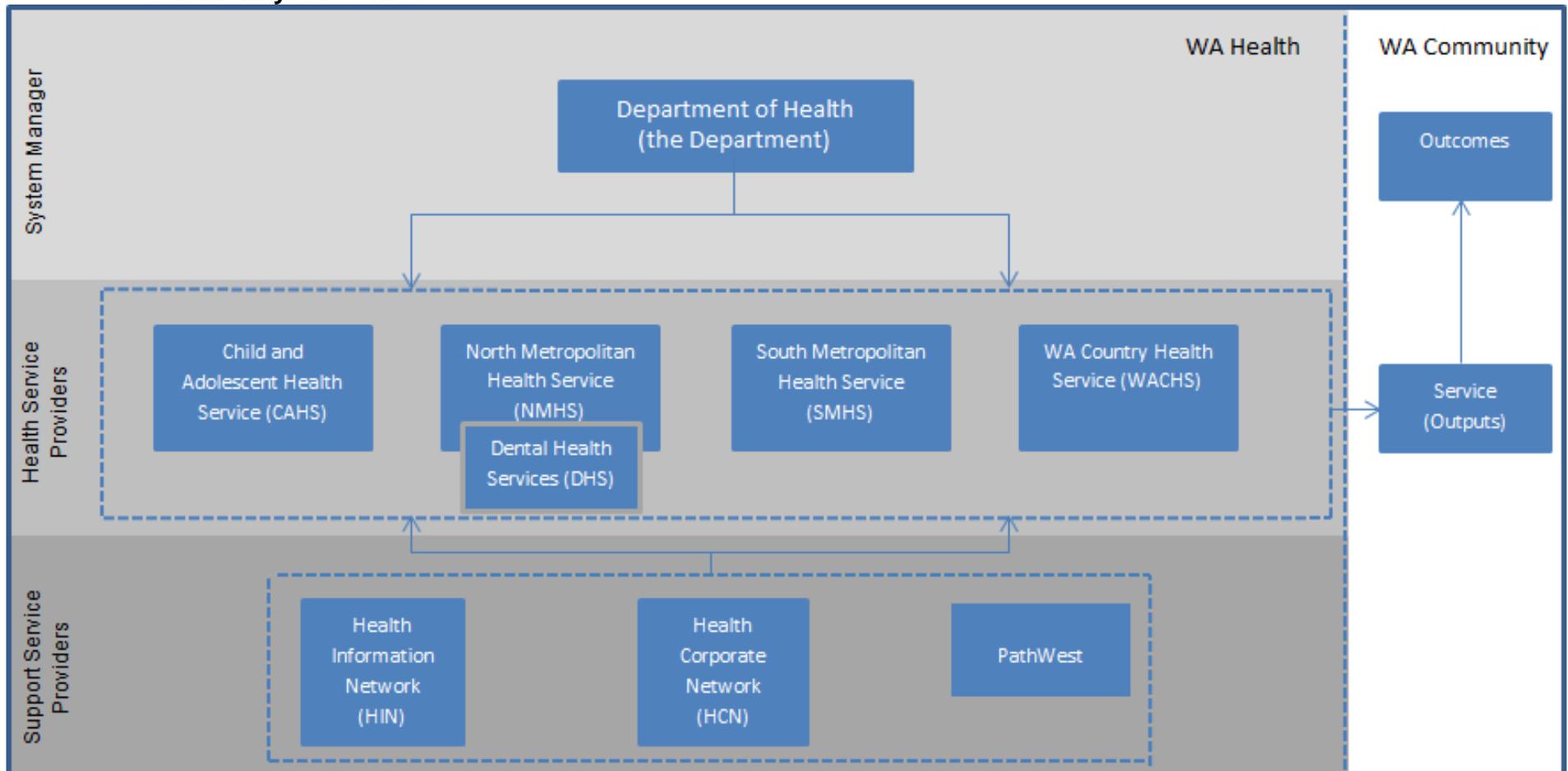
Delivering a safe, high quality, sustainable health system for all Western Australians.

WA Health Service Delivery Structure

For the purposes of this Service Agreement, the WA Health Organisational Structure comprises of the Department, Health Service Providers and Support Service Providers operating as separate legal entities, as outlined in *Figure 1*.

All public hospitals and services within Western Australia are accountable through, and report on the delivery of health services provided and outcomes achieved.

FIGURE 1: Link Between the Department and Organisational Units, with Health Service Provider Outputs and Community Outcomes



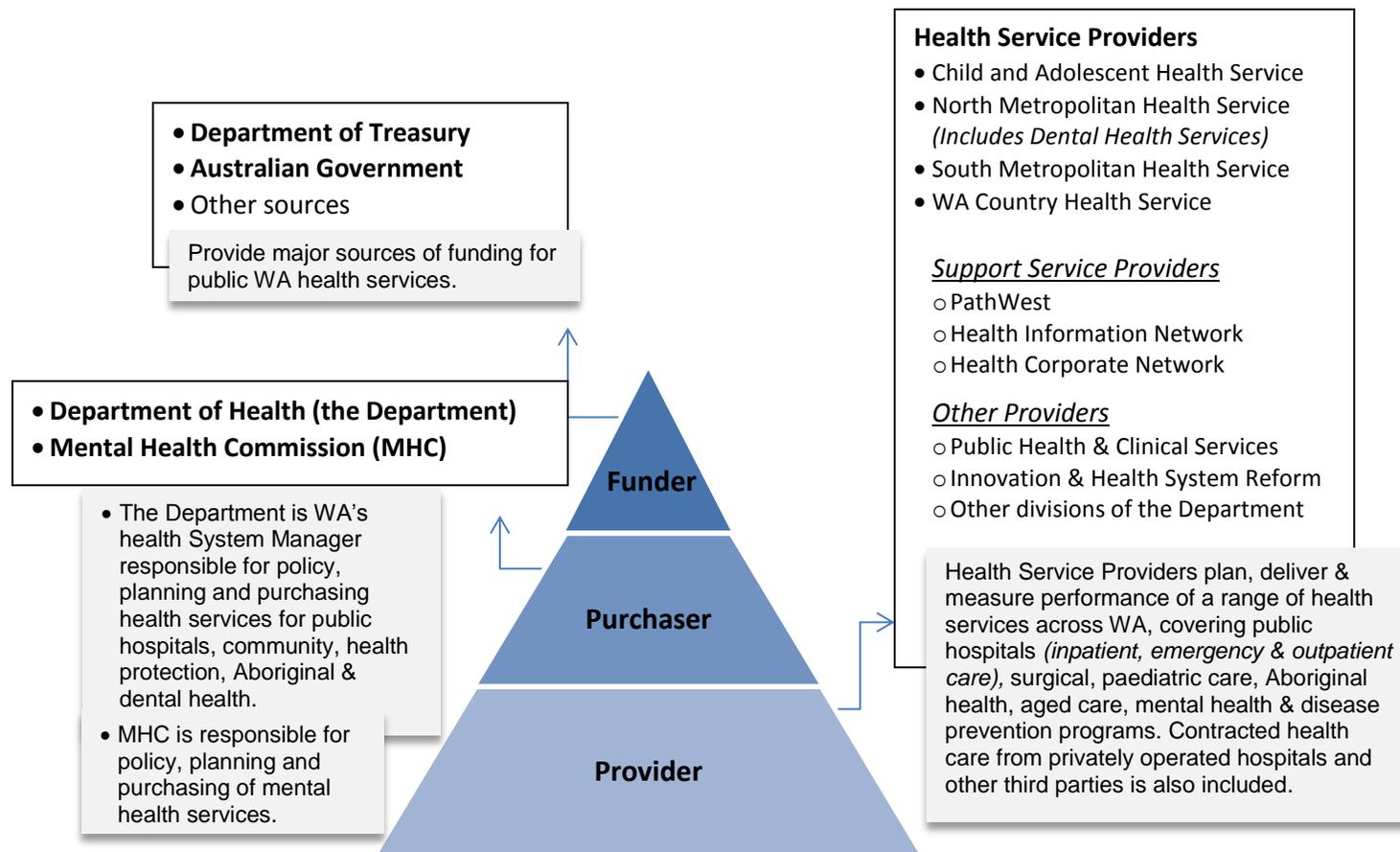
Roles and Responsibilities

[The Guidelines](#) more comprehensively delineate the roles and responsibilities for the relevant organisations within WA Health that are accountable under the Service Agreement.

Figure 2 provides an overview of the roles and responsibilities relating to the delivery of health services within WA. This is designed to support the development of an operationally autonomous health system as per the Budget and Resource Allocation (B&RA) Process.

FIGURE 2: Roles and Responsibilities aligned with the Budget and Resource Allocation (B&RA) Process

Further information on the *Funder, Purchaser and Provider Roles and Responsibilities* is available in [Section 2](#) of [the Guidelines](#).



3. Budget & Resource Allocation (B&RA) Process for 2015-16

Setting and Distribution of WA Health Budget

For 2015-16, WA Health’s total approved expense limit for the WA public health system is \$8.15 billion, accounting for over a quarter of the State’s total expenditure for general government services. This represents a 1.28% increase over the estimated out-turn for 2014-15.

As part of the 2015-16 budget submission, WA Health provided the State Government with advice as to the likely volume of weighted inpatient activity, Emergency Department (ED) activity, hospital based outpatient activity and block services expected for 2015-16 and for each year of the forward estimates. This approach allows the State Government to make informed decisions through the annual budget process about the quantum of activity to be delivered by WA Health within the available State resources.

Method for Distributing the WA Health Budget

For 2015-16, the Department will continue to use an activity based allocation methodology for Health Service Providers. In broad terms, this methodology includes:

- activity based allocations based on the Independent Hospital Pricing Authority (IHPA) 2015-16 model with adjustments applied to suit WA Health specific funding requirements.
- activity based allocations for 2016-17 onwards are based on the established growth outlined in the CSF and its demand and capacity modelling.
- adjustments for circumstances such as budget constraints as well as contracted privately-provided public hospital services, post-CSF arrangements, and/or other relevant factors.

Block funded services are cost escalated and grown by an expected population growth factor.

Health Service Providers

The base Activity Based Funding (ABF) allocation for WA Health Service Providers is determined by multiplying the Projected Average Cost (PAC) by the targeted volume of activity, expressed as WAUs. The budget is built by describing volume in Weighted Activity Unit’s (WAUs) by the Health Service Providers’ PAC which is \$5,122 for 2015-16.

Health Service Providers allocate budgets to their respective hospitals based on a model that reflects their expected activity and a price per WAU that includes a Community Service Subsidy (CSS) to the base PAC price. This adjusted price is called Health Service Allocation Price (HSAP).

Under the WA ABF Operating Model, the funding allocation to Health Service Providers is based on targeted activity levels (expressed as WAUs) for each service stream of their respective Health Services multiplied by their respective HSAP, illustrated in *Figure 3* below.

FIGURE 3: ABF funding allocation for Health Service Providers



Further information on Health Service Provider Resource Allocation is available at *section 6.2.2* of [the Guidelines](#).

State-wide Support Service

The State-wide Support Service comprises the following entities:

- PathWest
- Dental Health Services
- Queen Elizabeth II Medical Centre Trust
- Quadriplegic Centre

For 2015-16, the Statewide Services were funded on a budget-to-budget methodology. Cost growth of 2.25% was flowed through to all Statewide Services budget holders. Budget Holders are funded for financial products including Riskcover premium payments for 2015-16.

Mental Health Services

The Department and the Mental Health Commission (MHC) have developed a joint purchasing framework for mental health services provided by WA Health. The *Mental Health Services Purchasing Framework* for WA was delivered in October 2012 and subsequently endorsed by both the Department and MHC. It sets out the strategic purchasing intentions for public mental health services across WA.

Annual Service Agreements between the MHC and the Department are developed for the purchase of four funding categories of mental health services, namely inpatient services, non-admitted services, teaching training and research and other miscellaneous services from the State's public Health Service Providers'.

The Department, Office of Mental Health, and MHC work closely to ensure alignment of relevant Service Agreements and associated schedules. The continual development of clear processes and schedules will allow for more transparent funding allocations and monitoring at Health Service Provider level in 2015-16 and subsequent financial years.

As outlined in *Section 3.2 Purchaser Policy of the Guidelines*, a *Western Australia Mental Health and Alcohol and Other Drug Services Plan 2015-2025* was released for consultation in late 2014. The above plan outlines the strategic direction for the State's public mental health services and key areas for future reform. A revised version of the plan is expected to be endorsed by Cabinet by June 2015. Starting in 2015-16, the MHC intends to undertake targeted purchasing services from the Department, in accordance to the plan directives.

A significant change for 2015-16 is the introduction of WA's new *Mental Health Act 2014*. The new legislation is a key element in the government's mental health reform agenda and places individuals and families at the centre of mental health treatment and care.

4. North Metropolitan Health Service

TABLE 1: List of WA Health ABF Hospitals operating under North Metropolitan Health Service (NMHS)

North Metropolitan Health Service (NMHS) ABF Hospitals
Graylands Hospital
Joondalup Health Campus
Kalamunda Hospital
King Edward Memorial Hospital
Osborne Park Hospital
Sir Charles Gairdner Hospital
Swan District Hospital
Midland Public Hospital

- Palliative care services
- Primary health care
- Rehabilitation and aged care
- Surgical services
- Specialty Services

The Health Service Provider will provide specialised state-wide services including:

- Aboriginal Maternity Services Support Unit
- BreastScreen WA
- Comprehensive Cancer Centre
- Dental Health Service
- DonateLife
- Genetic Services of WA
- Peritonectomy Service
- Humanitarian Entrant Health Service
- Neurological Intervention and Imaging Service of WA
- Newborn Emergency Transport Service
- PathWest
- Sexual Assault Resource Centre
- State Forensic Mental Health Service
- State Head Injury Unit
- State Neurosurgery Service
- State-wide Obstetric Support Unit
- Tuberculosis Control Program
- WA Cervical Cancer Prevention Program
- WA Gynaecology Cancer Service
- WA Register of Developmental Abnormalities
- Women’s Health Clinical Support Programs
- WoundsWest.

5. Scope of Work

The Health Service Provider is responsible for planning, promoting, provision, monitoring and evaluation (including audits) for a full range of medical, surgical, emergency and rehabilitation services to adults and children including:

- Ambulatory care – outpatients & day hospital services
- Cancer services
- Patient support services
- Coronary care units
- Emergency services
- Intensive care and high dependency units
- Women and newborn services
- Medical services
- Mental health services
- Paediatric Services

NMHS Operates the Following Hospitals and Services:

Graylands Hospital

200 bed psychiatric hospital for youths, adults and older adults, co-located with 30 bed Frankland Centre for Forensic Mental Health.

Joondalup Health Campus

Privately-operated hospital with 479 public beds and a 24-hour paediatric and adult ED providing a full range of General Hospital Services.

Kalamunda Hospital

43 bed secondary hospital providing a range of secondary hospital services including palliative care, geriatric medicine, endoscopic surgery and allied health.

King Edward Memorial Hospital

WA's only women's and neonatal teaching hospital, with 172 adult beds and 100 neonatal beds; and 24-hour emergency obstetric and gynaecology department. Major referral centre for high-risk pregnancies and complex obstetric, gynaecological, neonatal, perinatal mental health patients and the principal teaching hospital for obstetrics, gynaecology, neonatal paediatrics and midwifery.

Mental Health Services

Provided through NMHS hospitals, community mental health clinics, day therapy and outreach programs. State-wide services include research, forensics, neurosciences, art therapy and other specialised services – many based at the Graylands Hospital campus.

Osborne Park Hospital

207 bed specialist and community hospital with services including rehabilitation and aged care, obstetrics and gynaecology and surgical services.

PathWest

WA's public pathology, providing 24-hour diagnostic and laboratory medicine services, as well as forensic sciences. PathWest includes five tertiary teaching hospital laboratories, five metropolitan general hospital laboratories, and 18 regional laboratories.

Public Health and Ambulatory Care

- Public Health & Ambulatory Care (PHAC) provides and supports a range of PHAC services to the NMHS and the wider metropolitan and state-wide communities. This includes:
 - prevention, health promotion and intervention for individuals and the population within the north metropolitan catchment, metropolitan wide and across the State
 - State-wide services include Dental Health, DonateLife, Oral Health Improvement Unit, WoundsWest, Tuberculosis Control Program and the Humanitarian Entrant Health Service
 - metropolitan services include community physiotherapy and community midwifery program; north metropolitan region specific services include communicable disease; Aboriginal health and diabetes services.

Sir Charles Gairdner Hospital

A major 600 bed tertiary teaching hospital including 24-hour ED and critical care services.

Swan District Hospital

193 bed general hospital including a 24-hour ED, however closure for this hospital is planned for; November 2015 where services will transition to Midland Public Hospital to be delivered.

Midland Public Hospital

New privately-operated hospital, including 307 public beds and a 24-hour ED. This will open in November 2015 at which time services at Swan Districts Hospital will transition to the new hospital.

6. Key Outcomes and Priorities

WA Health Clinical Services Framework 2010-2020

The NMHS will continue a major program of reform to the way health care is delivered, in line with the WA Health CSF 2010-2020, including:

- developing capacity and capability in the outer metropolitan area to ensure more patients receive care closer to home
- supporting NMHS service reconfiguration through a continuing infrastructure program.

Major Infrastructure Program

Queen Elizabeth II (QEII) Medical Centre

- QEII Stage 1 The five year, \$2 billion expansion is nearing completion, including:
 - expanded Comprehensive Cancer Centre
 - new mental health unit
 - new PathWest facility
 - continued expansion of facilities for public patients at privately operated Joondalup Health Campus. The new purpose built 37 bed Paediatric Ward and new expand Renal Unit will increase public beds to 496 by May 2016
 - new Harry Perkins Institute of Medical Research
 - construction of Sarich Neuroscience Research Institute underway
 - new Western Australian Institute for Medical Research
 - state Neurosciences Research Facility underway
 - new Children's Hospital Project
 - parking to increase to 5,100 bays, including new 3,000 bay multi-deck car park.
- QEII Stage 2 plans include a women's and newborns' hospital to replace King Edward Memorial Hospital.

Midland Health Campus

- \$360 million Midland Health Campus project to develop a new 307bed facility operated under a Public Private Partnership. The new hospital will offer a wider range of services including cancer services and critical care unit. Planned opening late 2015.
- expansion of public facilities co-located with private facilities at the privately operated Joondalup Health Campus has increased public beds to 471. The number of operating theatres has doubled to 12 and a new intensive care unit has been built.
- a redeveloped paediatrics unit is currently under way to increase capacity to 37 public paediatric beds.

Safety and Quality

- all NMHS hospitals are accredited with the Australian Council on Healthcare Standards
- patient safety and quality improvement programs are aligned to the Western Australian Strategic Plan for Safety and Quality in Health Care 2013-2017 and its associated annual action plans.

Community Engagement

- health service planning and delivery is aided by established Community Advisory Councils at north metropolitan sites.

Aboriginal Health

- more than 17 per cent of the WA Aboriginal population live in the north metropolitan catchment area
- the NMHS continues to implement a range of programs under the Council of Australian Governments' National Partnership Agreements and Footprints to Better Health Program to improve Aboriginal health
- the NMHS is committed to the delivery of culturally secure services.

National Health Reform Agenda

- the NMHS is an active participant in the National Health Reform agenda, with key focus given to meeting demand for emergency services, managing elective surgery waitlists and addressing the chronic disease burden.

Research

NMHS sites and services are world-renowned for ground breaking research:

- King Edward Memorial Hospital for obstetric, gynaecological, neonatal, perinatal mental health, and midwifery research
- Sir Charles Gairdner Hospital for research into respiratory medicine such as asbestos-related disease, Cystic Fibrosis and sleep disorders; neuromuscular disorders and neurosciences; and clinical drug trials in oncology. The hospital is also home to the Centre for Nursing Research.

Improving Access to Emergency Care

- The *Four Hour Rule Program* commenced in WA in 2009-10 with the aim of ensuring that the majority of patients arriving at EDs are seen, admitted, discharged or transferred within a four-hour timeframe
- In August 2011, WA committed to national reforms including a National Emergency Access Target (NEAT). The NEAT requires 90 per cent of all patients presenting to an eligible reporting ED to be seen, admitted, referred to another hospital for treatment, or discharged within four hours where it is clinically appropriate to do so.

Output Classes and Statement of Forecast Service Performance

One of the functions of this Service Agreement is to show how the Health Service Provider will evaluate and assess what services and products are delivered in 2015-16. For each output area outlined in the relevant Schedules there are agreed performance measures and targets, some of which are aligned to national reporting requirements.

These measures and targets will be subject to an annual audit carried out by the State Government's Office of the Auditor General.

The performance measures are specified in the Annual [Performance Management Framework](#).

Table 2 demonstrates the linkages between the WA Health outcomes, output classes and outputs.

TABLE 2: WA Health Outcomes, Output Classes and Outputs

OUTCOMES			
Restoration of patients’ health, provision of maternity care to women and newborns and support for patients and families during terminal illness.		Enhanced health and well-being of Western Australians through health promotion, illness and injury prevention and appropriate continuing care.	
Output Classes	Outputs	Output Classes	Outputs
Public Hospital Admitted Patients	Acute Services Elective Services Subacute Services Rehabilitation Services Diagnostic Services Maternity Services Pharmacist Services Specialised State-wide Services	Prevention, Promotion and Protection	Health Promotion Screening Programs Chronic Disease Management
Home-based Hospital Programs	HITH RITH MITH	Dental Health	School-based Services
Palliative Care	Inpatient and Community Care	Aged and Continuing Care	Home-based Support Services Respite services
Emergency Care	Acute Services Diagnostic Services Pharmacist Services	Mental Health	Community Services
Public Hospital Non-admitted Patients	Allied Health Medical Nursing		
Mental Health	Acute Services		

7. Health Services Management

Bilateral Discussions

Throughout the course of 2015-16, regular engagement discussions will be held between the Director General of Health and each of the Chief Executives (or equivalent) from the Health Service Providers and Support Service Providers. These discussions will focus on financial performance and progress towards achievement of key outputs and milestones within the Health Service Providers/Support Service Providers area of responsibility.

Performance Management

In 2015-16, the Purchasing and System Performance Division will convene regular Performance Management Meetings with Health Services. The purpose of the meetings is to review performance reports and agree on action(s) to be taken by Health Service Provider to improve performance.

Performance Objectives

The Health Service Provider seeks to provide and fund health services on a basis that is equitable, accessible, integrated and sustainable for the population in their catchment area.

The purchasing priorities are:

- to put the patient first and provide appropriate care close to where people live
- to increase the emphasis on more cost-effective primary and community care to reduce the demand for hospital services
- to deliver quality and accessible services within available resources
- to achieve targets for emergency, inpatient, outpatient, ambulatory and elective surgery performance
- for Health Service Providers to be clinically and financially sustainable.

Review of the Service Agreement

The review of this Agreement and performance against targets will be undertaken at the end of each financial year (or earlier if required). The aim of the review is to strengthen and improve process and practices which lead to improvements in WA Health performance. The findings of the review may be submitted to the Minister for Health for consideration.

Key Financial Management Considerations

[The Guidelines](#) captures key financial considerations in [Section 6.2.7](#). This section is designed to highlight the financial policy outcomes that impact on the 2015-16 B&RA Process for Health Services.

Key modifications include Own Source Revenue (OSR) Targets and Revenue Reform, as well as Savings and Corrective Measures (e.g. Efficiency Dividends, Procurement Savings, Targeted Separation Scheme and Workforce Renewal Policy).

Specific NMHS funding modifications include:

- Joondalup Health Campus (JHC) is funded on an ABF basis at the HSAP with an adjustment to align with the contract value. The Department will monitor activity and funding for this site during 2015-16
- Midland Public Hospital, being a new hospital delivering public health services, is funded on an ABF basis at the HSAP with an adjustment to align with the contract value. The Department will monitor activity and funding for this site during 2015-16
- Graylands Hospital funding has moved from a per diem basis to a DRG, for specified wards.

8.MASTER SCHEDULE

Total Expenditure View

	2015-16 Budget		Forward Estimates					
	WAOs (#)	Budget (\$)	2016-17		2017-18		2018-19	
			WAOs (#)	Budget (\$)	WAOs (#)	Budget (\$)	WAOs (#)	Budget (\$)
North Metropolitan Health Service	297,481	2,033,716,702	308,837	2,104,395,167	316,898	2,177,084,024	324,723	2,256,553,376
ACTIVITY BASED SERVICES	297,481	1,630,682,462	308,837	1,717,444,819	316,898	1,785,015,419	324,723	1,850,147,282
Schedule A - Inpatient	223,231	1,223,331,648	230,775	1,282,610,508	235,770	1,327,316,484	240,309	1,368,457,743
Schedule B - Emergency Department	33,352	181,926,720	35,966	199,203,426	38,383	215,464,707	40,964	232,733,186
Schedule C - Non Admitted	37,760	207,971,253	38,875	217,432,462	39,437	223,584,923	40,049	229,813,236
Schedule C1 - Non Admitted - Aggregate	3,138	17,452,841	3,221	18,198,422	3,308	18,649,306	3,400	19,143,118
NON-ACTIVITY BASED SERVICES		403,034,240		386,950,348		392,068,605		406,406,094
Schedule D1 - Non Admitted Mental Health		104,955,000		109,849,199		115,611,229		121,889,843
Schedule D2 - Small Rural Hospitals		—		—		—		—
Schedule E - Public Health & Ambulatory Care		20,699,297		21,216,779		21,747,199		22,290,879
Schedule F - Teaching, Training and Research		89,580,163		95,169,883		100,203,657		105,431,586
Schedule G - Special Purpose Funding		69,990,284		63,695,031		59,881,085		59,924,899
Schedule H - National Partnership Funding		—		—		—		—
Schedule I - Financial Products		116,208,146		106,659,457		105,979,436		106,056,888
Schedule I2 - Savings and Corrective Measures		1,601,350		(9,640,000)		(11,354,000)		(9,188,000)

The Schedule outlines the Activity as Weighted Activity Units (WAUs) and associated budget allocation by category for all hospitals in the Health Service Provider’s catchment area.

The Annual Performance Management Framework 2015-16 specifies the performance management plan, targets and performance thresholds for Activity.

9. Service Activity Schedules

Commonwealth Specific Purpose Payment Activity and Funding

ABF Service group	National Efficient Price (NEP\$) (as set by IHPA)	Total expected NWAU (#) (modified for IHPA adjustments)	Commonwealth	
			Funding rate (%)	Contribution (\$)
Total activity funded	4,971	262,654	39.9%	521,221,643
Acute Admitted	4,971	166,459	40.2%	332,906,632
Admitted Mental Health <i>(includes MHC)</i>	4,971	15,303	36.1%	27,470,982
Sub-Acute <i>(includes MHC)</i>	4,971	20,278	38.9%	39,198,553
Emergency Department	4,971	29,703	37.7%	55,720,572
Non Admitted	4,971	30,911	42.9%	65,924,903

ABF Service group	Total Contribution (\$)	Commonwealth		State Contribution (\$)
		Contribution (\$)	Funding rate (%)	
Total block funding	188,237,863	61,709,339	32.8%	126,528,524
Non Admitted Mental Health	98,657,700	28,052,401	28.4%	70,605,299
Other 'In Scope' Program Services	—	—	—	—
Rural CSO sites	—	—	—	—
Teaching, Training and Research <i>(includes MHC)</i>	89,580,163	33,656,938	37.6%	55,923,225

Performance Management

Key Performance Indicators and the Performance Management Framework

The PMF was introduced in 2010-11 for ABF funded hospitals¹ in WA and consolidates performance reporting, monitoring, evaluation, management and intervention. The PMF has matured to become a system wide performance management framework focussed on enabling WA Health to achieve key priority areas as well as ensuring the WA health system is sustainable into the future and continues to deliver safe, high quality care for all Western Australians.

The PMF 2015-16 continues to be aligned to State and National strategic priorities. The PMF 2015-16 should be read in conjunction with other Department documents and publications including the following:

- [ABF/ABM Annual Performance Management Framework 2014-15](#)
- [WA Strategic Plan for Safety and Quality in Health Care 2013-2017](#)
- [Health Service Performance Report Performance Indicator Definitions Manuals 2015-16](#)
- [ABF/M Performance Management Strategic Directions 2014-15 and Beyond Consultation Framework](#)
- [Performance Reporting and Data Quality within the Performance Management Framework](#)

¹ Note: ABF funded hospitals include the metropolitan hospitals and the WA Country Health Service regional resource centres and integrated district health centres.

1.1 Performance Reporting, Monitoring, Evaluating and Management

The PMF involves a system of reporting performance against specified Key Performance Indicators (KPIs) for each Service Provider. Reporting on the performance of Service Providers against the KPIs occurs on a regular basis, with the level of performance assessed against an agreed target.

The PMF 2015-16 is monitored through the monthly Health Service Performance Report (HSPR) 2015-16. The HSPR 2015-16 has a strong focus on performance in key priority areas and is aligned to the WA Health Strategic Intent 2015-20. The HSPR provides targeted and timely information and analysis to assist in managing performance.

The HSP enables Service Providers to understand their performance against system management obligations.

Departmental Assessment of Performance

The performance of Service Providers is monitored regularly against the KPIs, targets and thresholds specified in the HSPR. Performance review meetings are held monthly between the Department Health, as the System Manager, and each Health Service, as the Service Provider. The performance review meeting is held as part of the monthly Board meetings. Sustained high performance may lead to less frequent performance review meetings. More frequent meetings are held where there are emerging performance deterioration or significant, continuous under performance.

Standard Monitoring and Assistance Required are the two proposed intervention levels in the 2015-16 financial year. The level of intervention dictates the action required by the Health Service Providers and/or the Department. The Director General has the discretion to escalate or de-escalate concerns to higher or lower levels based on an assessment of progress with the recovery plan.

Actions Arising from Performance Assessments

The Department will also determine the subsequent actions required to monitor performance or correct any performance concerns – standard monitoring or assistance required.

The level of intervention will be based on:

- the seriousness of performance concerns
- the likelihood of rapid deterioration
- the level of support required to sustain health service operations or manage risks
- progress towards existing recovery plans
- persistent and emerging financial risk
- and other demonstrated performance deficits.

Standard Monitoring

Performance review meetings are held monthly between the Department and the Health Service Providers. Sustained high performance may lead to less frequent performance review meetings. The basis of discussion will be the information and analysis provided in the Health Service Management Report.

The meetings aim to assist health services to proactively manage issues, with appropriate support to achieve performance targets and avoid the need for further action. The discussion will be interactive and enable health services to raise relevant issues. The meeting will cover previously agreed actions, flag potential or emerging performance issues, and identify risks affecting future performance. Actions and requirements of health services and the Department will be clearly recorded.

Assistance Required

If the Department determines an assessment of *Assistance Required* a range of responses maybe applied, including:

- more frequent meetings between the Department and the health service
- development of recovery plans by the health service to address performance concerns, including analysis of the drivers of poor performance, mitigation strategies and implementation plans
- appointment of external resources, parties and expertise to assist the health service to address performance concerns
- implementing a peer collaboration model whereby health services assist each other in regards to addressing performance concerns
- a requirement to undergo a department-sanctioned audit
- independent reviews, the scope of which is determined as appropriate to address the performance concerns, but which may include a review of the health service's management capability.

1.2 Service Agreements

The PMF forms the Health Services Provider's Service Agreement (SA) between the Director General of Health as the delegated 'Board' and the Health Services. The SAs, in turn, form the basis of the Personal Performance Agreements between the Director General of Health, Health Service Chief Executives and Executive Directors, who have a direct accountability for delivery of health services.

Service Providers operate in an environment of delivering the services set out in the SA. The SA is informed by the WA CSF 2010-2020, specifying the scope of services and target levels of activity for a facility. The SAs ensure that the Government's policy objectives on service delivery are clearly set out and provide the basis for both payment and evaluation of performance. The performance management of the SAs is undertaken as prescribed in the PMF.

Financial Management Standard

It is essential to improve financial management and accountability in the WA Health sector. To assist in this improvement the following Financial Management Standard (the Standard) outlines the criteria for better practice and guides Health Service Providers in improving their financial management. It focuses Health Service Providers on the internal organisational procedures and processes to support and improve financial management practice and accountability.

The principles of the Standard are consistent with Government expectations for public sector agencies.

The Standard contains twelve criteria for improved financial anagement and accountability:

- Criterion 1 – The financial objectives for the organisation are clearly defined, approved by the Chief Executive and are consistent with Department and Government expectations.
- Criterion 2 – The Chief Executive’s responsibility for financial management is clearly defined and is supported by documented lines of financial accountability throughout the organisation.
- Criterion 3 – A finance and audit committee is established as oversight for the financial aspects of governance.
- Criterion 4 – Standing financial instructions with regard to Treasurer’s Instructions and AAS are updated to reflect current requirements, and these have been formally adopted by the Chief Executive, disseminated and implemented throughout the organisation.
- Criterion 5 – Financial risk management processes exist throughout the organisation.
- Criterion 6 – There is an effective and documented system of internal control for all financial management systems.
- Criterion 7 – There is an adequate resourced, training and competent finance function.
- Criterion 8 – Staff including managers and the Chief Executive are provided with adequate information, instructions and training on financial management.
- Criterion 9 – The Chief Executive reviews the effectiveness of its system of internal control for financial management at least annually.
- Criterion 10 – The Chief Executive receives regular reports on financial performance and activity, and is made aware of significant risks, determines and takes appropriate action.
- Criterion 11 – The Executive Director of Finance (or equivalent) provides an annual assurance to the finance and audit committee on the effectiveness of the organisation’s financial arrangements based on this standard.
- Criterion 12 – The organisation can demonstrate that it has done its reasonable best to meet its key financial objectives.



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