



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

Child and Adolescent Health Service Service Agreement 2016-17

improving care | managing resources | delivering quality



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1. Health Service Provider Delivery Commitment

This Service 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 Service Agreement is in accordance with enabling Western Australian (WA) Legislation. The WA Health System has the meaning given under Section 19(1) of the *Health Services Act 2016*. The Department Chief Executive Officer (CEO) of Health is recognised as the System Manager of the WA Health System under Section 19(2) of the *Health Services Act 2016*. The Department CEO and the Health Service Providers must enter into a Service Agreement for the provision health services as per Section 46 of the *Health Services Act 2016*.

The Service Agreement is also in accordance with the *National Health Reform Agreement (2011)*. The Department, through the Department CEO, will retain responsibility for system-wide coordination and policy; resource acquisition, allocation and stewardship; purchasing and regulation. This Service Agreement is to be read in conjunction with the Purchasing and Resource Allocation Policy Framework, Performance Policy Framework and the Service Agreement Management Policy (the Policy).

The Parties hereby confirm their commitment to this Service Agreement. In signing the 2016-17 Service Agreement, the Department CEO notes the following:

1. risks identified by Child and Adolescent Health Service (CAHS) in achieving the budget parameters set in the 2016-17 Service Agreement
2. CAHS will make every effort to achieve activity targets within the budget provided
3. regular monthly meetings will be set to best understand the current issues/risks and progress being made to mitigate them
4. the establishment of a Financial Program Board and Financial Recovery Plan to identify and manage the necessary steps to operate within budget parameters
5. a letter will accompany the Service Agreement that recognises the key risks and challenges of the CAHS.

The Department CEO agrees to provide funding and other support to the CAHS as outlined under '*Role of the Department CEO*' in the Policy Framework and associated Policy. The CAHS agrees to meet the service obligations and performance requirements outlined under '*Role of the Health Service Provider*' as outlined in the Policy Framework and associated Policy.

The Department CEO will continue to emphasise, as a priority, the importance of state and national safety and quality standards across the WA Health System. This Service Agreement recognises the priority commitment that the CAHS has in delivering improvements in safety and quality for health service provision—consistent with the level of care consumers would expect from WA Health Service Providers.

Execution

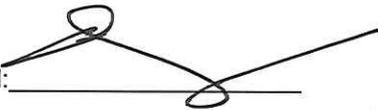
Executed as a Service Agreement in Western Australia.

Parties to the Agreement:

Department CEO

Dr David J Russell-Weisz
Director General
Department of Health

Date: 01 July 2016

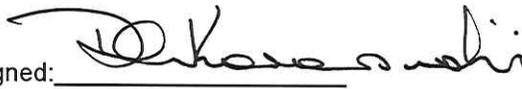
Signed: 

The Common Seal of the
Child and Adolescent Health Service)
was hereunto affixed in the presence of:)



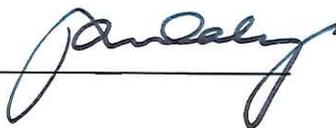
Ms Deborah Karasinski
Board Chair
Child and Adolescent Health Service

Date: 1 July 2016

Signed: 

Professor Frank Daly
Chief Executive
Child and Adolescent Health Service

Date: 1/7/16.

Signed: 

2. Background

This Service Agreement is between the Department CEO as the System Manager of the WA Health System (herein referred to as 'WA Health') and the Child and Adolescent Health Service (CAHS). Both parties acknowledge that this Service Agreement follows frameworks, policies, guidelines and plans as outlined below:

- WA Health Strategic Intent 2015-2020
- Clinical Services Framework (CSF) 2014-2024
- Purchasing and Resource Allocation Policy Framework
- Service Agreement Management Policy
- Performance Policy Framework
- WA Clinical Governance Framework
- WA Strategic Plan for Safety and Quality 2013-2017
- National Safety and Quality Health Service Standards
- Research Policy Framework
- Clinical Teaching and Training Policy Framework
- WA Aboriginal Health and Wellbeing Framework 2015-2030
- WA Health Information and Communications Technology (ICT) Strategy 2015-2018
- ICT Policy Framework.

WA Health Strategic Intent 2015-2020

The Strategic Intent defines WA Health's overarching vision, values and priorities.

WA Health's vision is *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 all Western Australians receive safe, high quality and accessible health care.

3. Arrangements under the *Health Services Act 2016*

Pursuant to Section 49 of the *Health Services Act 2016*, the term of the Service Agreement is for a one year period. This Service Agreement covers the period from 1 July 2016 to 30 June 2017 and a forecast period of three years ending 30 June 2020. The forecast period allocations provided within the Service Agreement are indicative only.

In accordance with Section 46(3)(a),(b) and (g) of the *Health Services Act 2016*, the main function of the CAHS is to provide health services (inpatient, Emergency Department and non-admitted services inclusive of mental health services) as well as teaching, training and research in support of the provision of health services. Pursuant to Section 44 of the *Health Services Act 2016*, a Commission service agreement entered into with the Mental Health Commission CEO for the provision of mental health services, must give effect to the Head Agreement between the Department CEO and the Mental Health Commission CEO. Additionally, the CAHS must provide Public Health and Special Purpose Programs. The services to be provided by the CAHS are detailed in the Service Agreement summary schedule (Section 9).

As outlined in Section 46(3)(c) of the *Health Services Act 2016*, the funding to be provided to the CAHS is detailed in the Service Agreement summary schedule (Section 9). The Department manages the distribution of funds sourced from the WA Government and from the National Health Funding Pool (includes Commonwealth and State funding). These funds are disbursed to the CAHS based on the payments schedule agreed by the Department and the CAHS. Further information on the method for distributing funds can be found in Section 5.

Under Section 46(3)(d),(e) and (f) of the *Health Services Act 2016*, the performance measures and targets for the provision of health services as well as the performance evaluation, review of results and data collection requirements is to be undertaken as prescribed in the Performance Policy Framework.

The CAHS will ensure that structures and processes are in place to comply with this Service Agreement, fulfil its statutory obligations and to ensure good corporate governance, as outlined in the *Health Services Act 2016*, legislative requirements, and WA Health operational directives, policy frameworks, policies and guidelines.

The CAHS will agree with the Health Support Services (HSS) that pursuant to HSS' role to provide centralised services, HSS will deliver four key functions (groups of services) to the CAHS: Finance, Human Resources, Information Technology and Supply.

In accordance with Section 50 of the *Health Services Act 2016*, a party that wants to amend the terms of the agreed Service Agreement must provide written notice of the proposed amendment to the other party. The Service Agreement amendment process is detailed within the Purchasing and Resource Allocation Policy Framework.

4. Health Services Management

Memorandum of Understanding

At proclamation of the *Health Services Act 2016* on 1 July 2016 Health Service Providers will become responsible and accountable for a range of new functions relating to the governance of their service. A range of these functions were previously the responsibility of the Department CEO and undertaken by the Department of Health on behalf of the WA Health System.

To transition these functions from the Department to the Health Service Providers a Memorandum of Understanding has been developed. This Memorandum of Understanding between the Department CEO and the Health Service Provider Board Chairs sets out the Parties' agreed terms for the provision of certain functions by the Department for Health Service Providers during a period of transition (the 2016-17 financial year). Further information can be found within the Memorandum of Understanding between the Department CEO and the Health Service Provider.

Bilateral Discussions

Throughout the course of 2016-17, regular discussions will be held between the Department CEO, Board Chair and the Chief Executive (or equivalent) from the CAHS.

From 2017-18 pursuant to Section 47(1)(b), if the Department CEO and the CAHS cannot agree on some or all of the terms within the Service Agreement, then the Department CEO will decide on the term at least one month before the expiry of the existing agreement (30 June 2017) and advise the CAHS of the decision. The term decided in this circumstance will be included in the Service Agreement.

Performance Management, Evaluation and Review

The performance reporting, monitoring evaluation and management of the CAHS is undertaken as prescribed in the Performance Policy Framework.

The Performance Policy Framework states that performance review meetings between the Department and the CAHS will initially be held monthly for the first quarter of 2016-17. Thereafter, the performance review meetings will be on a quarterly basis when no performance concerns are identified. Sustained high performance may lead to less frequent performance review meetings. If performance concerns are identified, the frequency of the performance review meetings will be held monthly until performance issues are resolved.

Performance Objectives

The CAHS will seek to provide and fund health services on a basis that is equitable, accessible, integrated and sustainable for the population in its 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 be clinically and financially sustainable.

5.2016-17 Budget & Resource Allocation

Setting and Distribution of WA Health Budget

For 2016-17, WA Health's total approved expense limit for the WA public health system is \$8.6 billion, accounting for over a quarter of the State's total expenditure for general government services.

As part of the 2016-17 budget submission, WA Health provided the State Government with advice as to the likely volume of inpatient activity, Emergency Department activity, hospital-based non-admitted activity and block funded services¹ expected for 2016-17 and for the three out-years 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

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) 2016-17 price and cost models with adjustments applied to suit WA Health specific funding requirements
- activity based allocations for 2017-18 onwards are based on the established growth outlined by the demand and capacity modelling in the CSF

- adjustments for external factors (e.g. budget constraints, post-CSF arrangements), requirements for contracting privately-provided public hospital services and other relevant considerations.

Block funded services¹ are increased by an expected population growth factor.

Activity Based Funding (ABF) Pricing

The Department has implemented a single Health Service Allocation Price (HSAP) for 2016-17. This signals a movement from dual pricing between tertiary sites and all other sites as has been the case for the previous three years.

A transitional Tertiary Price Loading (TPL) has been developed and applied to adult tertiary sites in 2016-17 to recognise additional tertiary costs that are present in underlying costing data in WA. It is the intention of the Department to reduce the TPL over the next four years to converge to a single price, reflective of all costs associated with ABF.

Table 1: 2016-17 ABF Pricing Parameters

	Projected Average Cost (PAC)	Standard Price Loading (SPL)	HSAP
All sites	\$5,015	\$545	\$5,560
Tertiary Price Loading (additive)		\$184	\$5,744

¹ Block funded services relate to those health services for which activity data is not yet available (e.g. non-admitted mental health; teaching, training and research).

6. Child and Adolescent Health Service (CAHS)

The CAHS is accountable for Princess Margaret Hospital and is assisting the Department CEO in managing the commissioning of the Perth Children's Hospital within WA Health that offers specialised paediatric care.

7. Key Outcomes and Priorities

CAHS priorities include:

- delivering health care services to ensure a comprehensive continuum of care from early childhood through to transition to adult services
- working with the Office of Mental Health and the Mental Health Commission to ensure the ongoing development of mental health services for children and young people
- working with other agencies and non-government organisations to provide a wide range of service delivery options
- working with the Aboriginal community to improve the health of Aboriginal children in WA.

Safety, Quality and Risk

The CAHS will deliver a safe, efficient and effective health service for the community through:

- aligning patient safety and quality improvement programs to WA Health policy and the work of the Australian Commission of Safety & Quality in Health Care
- ensuring all services involve patients, families and carers in the planning and provision of health care.

Aboriginal Health

A number of key initiatives are underway to improve Aboriginal health including the:

- CAHS Aboriginal Cultural Learning Plan
- CAHS Aboriginal Health Action and Advisory Committee
- CAHS Aboriginal Leadership Group
- CAHS Aboriginal Workforce Plan.

Research

The CAHS will implement the Research Policy Framework in order to embed a vibrant and effective Research culture into the core activities of WA Health. The CAHS will:

- articulate an investment strategy for Research (including targets and performance measures) in a manner that will support and embed Research as a core activity within its health service
- work towards developing a standardised system for acquitting the Teaching Training and Research budget allocation to demonstrate its investment in research
- develop standardised mechanisms to monitor site research activity and the conduct of research projects in line with System Manager requirements and National Health and Medical Research Council Guidelines.

Clinical Teaching and Training

The CAHS will implement the Clinical Teaching and Training Policy Framework in order to ensure an appropriately qualified, trained and competent workforce exists, which is supplied into the future and across the WA Health System.

The System Manager will develop a standardised performance reporting framework in line with the Independent Hospital Pricing Authority classification system for acquitting the Teaching, Training and Research budget allocation by 2018. In the interim, the CAHS will articulate an investment strategy for Clinical Teaching and Training (including interim targets and performance measures) in a manner that will support the principles within the Clinical Teaching and Training Policy Framework.

8. Misconduct, Discipline, Public Interest Disclosure and Performance Management; and Conduct Review Panels and Medical Appeals Panels

Misconduct matters, breach of discipline matters, Public Interest Disclosure matters and Performance Management matters that commenced prior to 1 July 2016, and for which the Department CEO is decision maker, or which are being investigated or managed by the Department of Health on behalf of a Health Service Provider, will continue to be managed by the Department CEO and the Department of Health on behalf of Health Service Providers until those matters are finalised.

Conduct Review Panels and Medical Appeals Panels convened prior to 1 July 2016 under the *Memorandum of Understanding between the Minister for Health, the Director General of Health and the Boards of Management and the Australian Medical Association (Western Australia) Incorporated in respect of Clinical Privileges, Conduct and Governance in Western Australian Government Hospitals and Health Services 2015*, will continue to be managed by the Department CEO and the Department of Health on behalf of Health Service Providers until the matters are resolved, including any legal proceedings which may arise.

9. Summary of Activity and Funding

	2016-17 Budget		Forward Estimates					
	WAUs (#)	Budget (\$)	2017-18		2018-19		2019-20	
			WAUs (#)	Budget (\$)	WAUs (#)	Budget (\$)	WAUs (#)	Budget (\$)
Child and Adolescent Health Service	52,219	572,766,986	52,898	550,445,297	53,568	562,271,091	54,464	576,173,329
ACTIVITY BASED SERVICES	49,567	275,613,140	50,192	283,024,506	50,810	290,948,132	51,650	299,869,009
Schedule A—Inpatient	29,902	166,268,953	30,130	169,898,735	30,376	173,936,767	30,628	177,820,394
Schedule B—Emergency Department	6,618	36,796,703	6,729	37,944,174	6,799	38,931,380	7,069	41,038,766
Schedule C—Non Admitted	13,047	72,547,485	13,333	75,181,596	13,636	78,079,986	13,953	81,009,849
Schedule C1—Non Admitted - Aggregate	—	—	—	—	—	—	—	—
NON-ACTIVITY BASED SERVICES		178,733,907		137,135,608		139,057,083		143,460,035
Schedule D2—Small Rural Hospitals		—		—		—		—
Schedule E—Public Health & Ambulatory Care		104,837,378		105,684,031		107,305,515		108,952,230
Schedule F—Teaching, Training and Research		18,721,475		19,355,863		20,005,652		20,763,705
Schedule G—Special Purpose Funding		55,175,054		12,095,713		11,745,916		13,744,100
FINANCIAL PRODUCTS		57,229,376		69,899,039		70,490,295		69,550,195
Schedule I—Financial Products		57,229,376		69,899,039		70,490,295		69,550,195
MENTAL HEALTH	2,652	61,190,563	2,705	60,386,144	2,758	61,775,581	2,815	63,294,090
Schedule Q—Mental Health Funding	2,652	61,190,563	2,705	60,386,144	2,758	61,775,581	2,815	63,294,090

Notes:

- 1 This 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.
- 2 The Performance Policy Framework specifies the targets and performance thresholds for Activity.

10. Service Activity Schedule

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	4,883	47,498	43.6%	101,020,536
Acute Admitted	4,883	27,636	42.5%	57,419,096
Admitted Mental Health <i>(Includes MHC)</i>	4,883	1,617	34.0%	2,686,637
Sub-Acute <i>(Includes MHC)</i>	4,883	119	38.6%	224,025
Emergency Department	4,883	6,227	42.2%	12,818,086
Non Admitted	4,883	11,899	48.0%	27,872,691

Non-ABF Service Group	Total Contribution (\$)	Commonwealth		State Contribution (\$)
		Contribution (\$)	Funding Rate (%)	
Total Block Funding	31,168,294	10,698,044	34.3%	20,470,251
Non Admitted Mental Health	11,530,462	3,276,208	28.4%	8,254,255
Other 'In Scope' Program Services	—	—	—	—
Rural CSO sites	—	—	—	—
Teaching, Training and Research <i>(Includes MHC)</i>	19,637,832	7,421,836	37.8%	12,215,996

Note:

This schedule relates to Commonwealth in-scope activity only and is a subset of the Summary of Activity and Funding Schedule.



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