

Department of Health Notional Contracted Services Local Hospital Network Service Agreement (Abridged)

An agreement between:

Department of Health Chief Executive Officer

and

**Department of Health
Purchasing and System Performance Division**

for the period

1 July 2019 – 30 June 2020

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BACKGROUND

- A. This Agreement supports the delivery of safe, high quality, financially sustainable and accountable healthcare for all Western Australians, by setting out the service and performance expectations and funding arrangements for the Department of Health's Notional Contracted Services Local Health Network (Notional LHN).
- B. This Agreement details the health services that the Department CEO will purchase from the Notional LHN and the health services the Notional LHN will deliver during the 2019-20 financial year.
- C. Through the execution of this Agreement the Notional LHN agrees to meet the service obligations and performance requirements as detailed in this Agreement. The Department CEO agrees to provide the funding and other support services as outlined in this Agreement.
- D. This Agreement represents the partnership between the Department CEO and the Notional LHN, and the shared commitment to deliver on the WA Government goal of a greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.
- E. This Agreement will be executed in accordance with Part 5 of the *Health Services Act 2016*.

DEFINED TERMS

In this Agreement:

1. **Activity Based Funding (ABF)** means the funding framework which is used to fund public health care health services delivered across Western Australia.
2. **Agreement** means this Service Agreement and any Schedules to this Agreement.
3. **Act** means the *Health Services Act 2016*.
4. **Block Funded Health Services** relates to those health services for which activity data is not yet available (e.g. non-admitted mental health; Teaching, Training and Research (TTR)).
5. **Chief Executive (CE)**, in relation to a Health Service Provider, means the person appointed as chief executive of the Health Service Provider under section 108(1) of the Act.
6. **Commission CEO** has the meaning given in section 43 of the Act.
7. **Deed of Amendment (DOA)** means an amendment made under section 50 of the Act that becomes an addendum to the original Agreement and forms the revised basis on which the original Agreement will be conducted.
8. **Department** means the Department of Health as the Department of the Public Service principally assisting the Minister in the administration of the Act.
9. **Department CEO** means the Chief Executive Officer of the Department of Health.
10. **Financial Products** means Depreciation, Borrowing Costs, Expensed Capital, Doubtful Debts and Resources Received Free of Charge (RRFOC), other than Notional LHN RRFOC and PathWest RRFOC.
11. **Health Service** has the meaning given in section 7 of the Act.
12. **Health Service Provider (HSP)** means a Health Service Provider established by an order made under section 32(1)(b) of the Act.
13. **HSS** means the Health Support Services, a Chief Executive Governed Health Service Provider.
14. **MHC** means the Western Australian Mental Health Commission.
15. **NHRA** means National Health Reform Agreement 2011 and its Addendum.
16. **OBM** means the WA health system Outcome Based Management Framework as endorsed by the Under Treasurer.
17. **OSR** means Own Source Revenue.
18. **Parties** means the Department CEO and the Health Service Provider to which this Agreement applies and “Party” means any one of them.
19. **PathWest** means PathWest Laboratory Medicine WA, a Chief Executive-Governed Health Service Provider.
20. **PMP** means the Performance Management Policy.
21. **Performance Indicator** provides an ‘indication’ of progress towards achieving the organisation’s objectives or outputs.
22. **Policy Framework** means a policy framework issued under section 26 of the Act.
23. **Term** means the period of this agreement as detailed in clause 1 ‘Term of Agreement’.
24. **WA** means the State of Western Australia.
25. **WA health system** has the meaning given in section 19(1) of the Act.

1. TERM OF AGREEMENT

In accordance with section 49 of the Act, the term of this Agreement is for the period of 1 July 2019 to 30 June 2020.

This Agreement, pursuant to section 46(3) of the Act, includes the health services to be provided by the Notional LHN during the Term of this Agreement that are within the overall expense limit set by the Department CEO in accordance with the State Government's purchasing intentions.

2. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding of the Parties and supersedes any previous agreement between the Parties as to the subject matter of this Agreement.

2.1 Notional Contracted Services Determination

The Department Notional Contracted Services Local Hospital Network (Notional LHN) consists of an aggregation of contracted public hospital services for the Department.

The Department Notional Contracted Services LHN only includes in scope health services that are eligible for a Commonwealth funding contribution.

As stated in Clause A54(a) of the *National Health Reform Agreement 2011*, the Administrator of the National Health Funding Pool prescribes that the Notional Contracted Services LHN is not required to meet the LHN governance arrangements set out in clauses D11 to D21. However, all requirements and responsibilities outlined in the *National Health Reform Agreement 2011* and *National Health Reform Act 2011* still apply to the LHN.

3. PUBLICATION OF AGREEMENT

The Department will publish an abridged version of this Agreement on the WA health system internet site, in accordance with Schedule D9 of the NHRA. Any subsequent amendments to this Agreement will also be published in accordance with Schedule D9 of the NHRA.

4. LEGISLATIVE AND POLICY CONTEXT

4.1 The Health Services Act 2016

The Act supports the WA health system vision to deliver a safe, high quality, sustainable health system for all Western Australians including:

- to promote and protect the health status of Western Australians
- to identify and respond to opportunities to reduce inequities in health status in the WA community
- to provide access to safe, high quality, evidence-based health services
- to promote a patient-centred continuum of care in the provision of health services
- to coordinate the provision of an integrated system of health services and health policies
- to promote effectiveness, efficiency and innovation in the provision of health services and TTR and other services within the available resources
- to engage and support the health workforce in the planning and provision of health services and TTR and other services.

5. STRATEGIC CONTEXT

This Agreement is informed by a wider strategic context related to the delivery of safe, quality, financially sustainable and accountable healthcare for all Western Australians. The delivery of health services within the following strategic context is the mutual responsibility of both Parties, whether with reference to supporting information and guidelines or mandatory policy requirements.

5.1 WA Health System Strategic Intent 2015-2020

The Strategic Intent defines the WA health system vision, values and priorities. The WA health system's vision is delivering a safe, high quality, sustainable health system for all Western Australians.

The WA health system'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.

5.2 WA Aboriginal Health and Wellbeing Framework 2015-2030

The *WA Aboriginal Health and Wellbeing Framework 2015-2030* (the Framework) outlines a set of strategic directions to improve the health and wellbeing of Aboriginal people in WA.

Supported by the *Implementation Guide for the WA Aboriginal Health and Wellbeing Framework 2015-2030*, Notional LHN is required to progress the six strategic directions of the Framework:

1. promote good health across the life-course
2. prevention and early intervention
3. a culturally respectful and non-discriminatory health system
4. individual, family and community wellbeing
5. a strong, skilled and growing Aboriginal health workforce
6. equitable and timely access to the best quality and safe care.

5.3 Additional Policy Considerations

This Agreement is informed by, but not limited to, the following frameworks, policies, guidelines and plans:

- WA Disability Health Framework 2015-2025
- Clinical Health Services Framework 2014-2024
- Purchasing and Resource Allocation Policy Framework
- Performance Policy Framework
- Outcome Based Management Policy Framework
- Clinical Governance, Safety and Quality Policy Framework
- Research Policy Framework
- Clinical Teaching and Training Policy Framework
- ICT Policy Framework,
- Purchasing Intentions 2019-20.

Notional LHN Commonwealth Specific Purpose Payment Activity and Funding

ABF Service group	National Efficient Price (NEP \$) (as set by IHPA)	Total Expected NWAUs (#)	Commonwealth	
			Funding Rate (%)	Contribution (\$)
Acute Admitted	5,134	1,858	43.0	4,104,782
Admitted Mental Health	5,134	0	38.4	0
Sub-Acute	5,134	3,216	33.8	5,587,370
Emergency Department	5,134	0	40.6	0
Non Admitted	5,134	13,206	52.5	35,628,056
ABF Total	5,134	18,280	48.3	45,320,207

Non-ABF Service group	Total	Commonwealth		State
	Contribution (\$)	Contribution (\$)	Funding Rate (%)	Contribution (\$)
Non Admitted Mental Health	—	—	—	—
Non Admitted CAMHS	—	—	—	—
Non Admitted Home Ventilation	—	—	—	—
Rural CSO sites	—	—	—	—
Teaching, Training and Research	—	—	—	—
Total Block Funding	0	0	—	0