



Strategic priority: Influencing the market through provider engagement and commissioning

What do we mean?

A market is a mechanism through which buyers and sellers interact for mutual benefit. In healthcare, we are referring to the relationship between providers and commissioners of the service, who in many cases are acting on behalf of consumers.

It is our intention to engage providers and encourage active participation throughout the commissioning cycle, from understanding needs, through to designing consumer-focused initiatives and evaluating the impact of commissioned activities. We believe this approach will allow us to influence the market to better meet the needs of the local population in a sustainable way.

Why is this a priority?

PHNs have been created by the Commonwealth Department of Health to support regional planning and drive innovation and integration through commissioning of services. As a commissioner, we are uniquely positioned to create new alliances, explore new service models as well as influence system change to improve the way health care is delivered to our population. We believe working proactively with the market is the best way to deliver ongoing sustainability and new models of care with improved outcomes.

What does the evidence say?

International evidence suggests that strong collaborative provider engagement can enable funders and planners to reorient health markets to better respond to identified and emerging needs.

Essentially a new approach is adopted that supports more regular engagement across the sector, including both current and potential providers as well as a broad range of other key stakeholders. A shift away from the historical arm's length and siloed approach to purchasing services, towards an environment that supports transparent engagement and information sharing are key enablers to this new way of working.

Authentic engagement with providers requires a change in the way we work with the sector, a move away from a transaction approach to a more inclusive partnership relationship. This change in approach takes time and requires a different way of thinking from all parties. Historically many providers have focused on their part of the system, this new way of thinking encourages a wider view and better understanding of how all the components interact.

Commissioning is not contracting or procurement in isolation, it is essentially a change management process that supports services to be delivered differently. The approach moves away from the historical command and control environment, creating a space where all parties clearly understand the need and required outcomes up front. Service models are developed through a true collaborative approach that uses the knowledge skills and expertise of a broad range of providers and stakeholders to design sustainable models that meet the local need.

Our analysis of the south eastern NSW health care market has identified:

- there is a concentration of services in and around more urban centres which creates competition, improves access to services and choice of providers for consumers
- smaller populations in rural settings do not support many of the providers' existing business models

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What have our stakeholders told us?

- there is a role for COORDINARE to generate a collective understanding of the local area's needs to enable the market to better respond
- there is interest in collaborating and developing partnerships to create innovative, sustainable services
- service gaps and issues can be addressed by local capacity building
- not all providers are comfortable with the concept of a health care 'market'
- it will be important to balance increased competition with maintaining collaboration across providers
- we should work with smaller, locally based providers to build their capacity to work collaboratively and respond to tenders, so that a long term shift to single large providers is avoided
- it will be important to create opportunities to trial new innovations and models of service delivery, accepting that some will fail
- we should engage with other government departments to pool funding to facilitate innovation wherever possible

What is our approach?

Our aspiration for this strategic priority is to create an effective market that is able to deliver transformative and innovative solutions to meet current and future population health needs.

To achieve this, we will:

- bring the consumer voice to the market so that commissioned initiatives are designed around **consumer-informed need**
- engage with providers to better **understand local health system issues and how the local market operates**
- **make local data more accessible** to current and potential providers, including GPs, other service providers and the community
- focus our commissioning efforts on **system change and improvement**
- **communicate** our future directions to the market in a timely way
- **encourage partnerships and collaborations** across public, private and not-for-profit sectors
- **build the capacity** of current and potential new providers to:
 - improve their understanding of our commissioning processes
 - respond to commissioning and service redesign opportunities
- **actively support our commissioned providers** to improve health outcomes through regular engagement on service development and performance
- **continually improve procurement and contract management processes** to minimise the administrative burden on providers participating in commissioning opportunities
- **develop local networks of providers and consumers**, to participate in the of redesign of services, building on existing local strengths
- **share the results** of successful commissioned initiatives to encourage system improvement and better health outcomes across the region