

IRCCS WEST PURCHASING FRAMEWORK

PART 1: Purchasing Principles

The IRCCS West service model is based on the purchase of client services from partner organisations and, as necessary, other services. The following principles will underpin all purchasing decisions and arrangements.

Overarching Principles

1. Service purchases will be determined in the best interests of the individual client.
2. IRCCS West will only purchase services when it can be demonstrated that the service required is not available within existing mainstream resources. This principle applies equally to PDRSS and clinical services.
3. All providers entering into agreement with IRCCS West to provide purchased services must agree to adhere to IRCCS West policies and procedures, provide necessary monitoring and reporting information, and participate in agreed forums and meetings.
4. Processes for purchasing services will remain transparent and all purchasing principles will be evident in purchasing decisions and arrangements.

Provider Selection Principles

5. IRCCS West will select service providers with the necessary capacity and competencies to provide the service required. It is acknowledged that over time – particularly in relation to care coordination – the capacity and competencies required may change.
6. IRCCS West will give preference to the purchase of services from providers who are capable of providing the required service *and* who can demonstrate that if the service is required over time (at the same level or in a modified form) they will be able to mainstream the provision of the initially purchased service. This principle recognises that the medium-term aim of IRCCS West is for clients to live in the community supported by mainstream services.
7. Where capacity and competency requirements and ability to mainstream services are demonstrated by a number of providers, purchasing decisions will take into account matters such as:
 - provider location in relation to the community in which the client is/will be living
 - any pre-existing relationship of the provider with the client or carer
 - relevant service linkages of the provider with other providers.
8. Only in circumstances where more than one provider is able to address the requirements articulated in Principles 5, 6 and 7 will the issue of equity within the partnership be considered.

Purchase Pricing Principles

9. The unit of service purchased will be hours of service required per week.
10. The price paid for purchased services will be based on the salary levels usually paid by agencies for services similar to those being provided on behalf of IRCCS West. This principle recognises that there are underlying differences in the salary structures and classifications in the clinical and PDRSS sector: and, within the PDRSS sector, between independent agencies and those integrated with community health. IRCCS

West will not attempt to address these differences but will work from them in setting the base for the purchase price.

11. The price paid for purchased services will include the salary and salary oncosts at actual cost plus an agreed percentage (15%) for agency overheads and an additional percentage (5%) for supervision and professional development of the service provider.
12. The amount of care coordination purchased for each client in any one year may not exceed 10% of the notional funding (\$90,000 exl. GST). In the first year care coordination will be funded at a fixed rate of \$9,000 plus GST.
13. Once a client has been identified by the IRRCS West Selection Panel as having the potential to be selected, the Panel will request an agency to appoint a Care Coordinator to develop the initial Purchasing Proposal. The initial Purchasing Proposal will inform the Selection Panel's final decision regarding selection. The agency appointed will be paid a one-off fee of \$600 plus GST for the Care Coordinator to develop the proposal and undertake all necessary liaison and preliminary planning activities required. This fee does not constitute part of the \$9,000 plus GST or the 10% cap (refer Item 12 above).
14. Brokerage funds may be allocated to the Care Coordinator based on identified client needs; where brokerage funds have not been allocated and the need for such funds emerges, the Care Coordinator may apply to the Purchasing Committee.
15. On call support will be identified as a separate purchase item when required and will be paid according to the provision of the selected provider's EBA or according to the applicable award. (See also Principle 8.)
16. The period for which specific services are purchased will be not less than three months and no more than 12 months with the provision for purchase period extensions as required.
17. For clients who exit the program early, IRRCS West will aim to negotiate with the contracted provider to transfer the value of the purchased services to another client. If this is not possible the minimum purchase period will apply.

PART 2: Roles and Processes Related to Purchasing Arrangements

- a) The Client Selection Panel will determine the Year 1 price ceiling for each selected client in accordance with this policy and available funds
- b) The Practice Group will:
 - approve Year 1 Purchase Plans for each client
 - recommend on price ceilings for each client for Year 2 to the Governance Group
 - recommend on price ceiling variations to the Governance Group
 - monitor purchasing arrangements and provide reports to the Governance Group.

See also: Practice Group Term of Reference

- c) The Lead agency, WRHC, will:
 - hold and manage contracts for Care Coordination on behalf of IRRCS West
 - utilise a standard contract agreeable to the agency and endorsed by the IRRCS West Governance Group
 - work with the Practice Group to ensure the contract is well managed and deliverables are appropriately achieved
 - Manage the transfer of contracts between agencies should this be required. This will be achieved by terminating the initial contract and establishing a new contract with the replacement agency.

- d) The employing agency of each Care Coordinator is responsible for entering into all subcontracts necessary for the provision of agreed services described in the Purchasing Plan. Sub contacts must be consistent with the requirements and conditions specified in the agency's contract with the lead agency.

PART 3: Purchasing Planning and Review Sequence of Activity

The IRRCS West purchase planning and review process involves the following sequence of activity:

1. Governance Group appoints Initial Assessment Team, Client Selection Panel, and Purchasing Committee.
2. Initial Assessment Team assesses clients and makes recommendations to Client Selection Panel.
3. Client Selection Panel shortlists clients and appoints Care Coordinators. An interim payment is made by IRRCS West for the development of the Purchasing Proposal.
4. Care Coordinators prepare Purchasing Proposal for Client Selection Panel within four weeks of appointment if possible: if not a variation in timing will be negotiated through the Convenor of the Client Selection Panel. *See Purchase Planning and Review Template*
5. Client Selection Panel confirms selection in line with selection criteria and available budget and determines Year 1 price ceiling. The Panel reports on selection decisions including price ceilings to the Governance Group.
6. Care Coordinators develop detailed Purchasing Plans using the IRRCS West *Purchase Planning and Review Template* for approval by the Practice Group. The Year 1 Purchasing Plan includes the plan for transition to community and must be within the price ceiling.
7. The Practice Group establishes the Purchase Plan review cycle and reports to Governance Group as required.
8. Western Region Health Centre (as lead agency) generates Purchasing Contracts with agencies employing Care Coordinators. *See IRRCS West Contract for the Provision of Care Coordination Services Template.*
9. The agency with Care Coordination responsibility establishes and manages sub-contracts with all other purchased service providers.
10. Care Coordinators report to the Practice Group to the agreed schedule and, at least one month prior to the end of Year 1, prepare the Year 2 Purchasing Proposal/Plan (using the *Purchase Planning and Review Template*) for consideration by the Practice Group. Year 2 Plans include a specific emphasis on transition from IRRCS West funded services to mainstream services.
11. Practice Group recommends Year 2 price ceilings to the Governance Group and establishes the Year 2 review cycle, reporting as required to the Governance Group.
12. Care Coordinators report to the Practice Group to the agreed schedule and provide an Exit Summary within one week of the client's exit from IRRCS West.

Variations to this sequence of activity may be triggered if:

- a) a price ceiling variation is required. In this circumstance the Coordinator raises the requirement through the Practice Group and the Practice Group recommends to the Governance Group
- b) for any reason the client exits IRRCS West early. In this circumstance the Care Coordinator is responsible for managing and reporting on the exit process; the lead agency will manage any contract variation required

- c) for any reason it is necessary to transfer Care Coordination responsibility between agencies. In this circumstance the Practice Group will determine the alternate Care Coordinator and the lead agency will manage any contract variation required. The Practice Group will report on transfer of Care Coordination responsibility to the Governance Group.

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Endorsed: December 2008

Associated Documents

- *Purchase Planning and Review Template*
- *Contract Template*
- *Care Coordinator Role Statement*
- *Practice Group Terms of Reference*