

# Unit Pricing Framework

## Project Implementation

The Department of Health and Human Services received the final KPMG report (*Development of a Resource Allocation and Unit Pricing Framework*) in March 2011. Among other things, the Report recommends that Disability, Family Support, and some elements of Out of Home Care Services, move to a unit price funding framework.

Implementation of the Resource Allocation and Unit Price Framework aims to:

- place services on a viable and sustainable footing in order to meet demand
- improve client access and portability
- drive accountability for client outcomes
- achieve fairness and equity of funding allocation
- achieve clarity around the services purchased and provided.

The transition to a Unit Pricing Framework is crucial to ensure structural funding reform in the community sector. As a result, funds have been identified to implement the transition to unit pricing. These funds, together with the redistribution of some existing funds from organisations, will enable the implementation to occur within the next three years.

An Implementation Team has established to work with individual organisations on transitioning to the Unit Pricing Framework. Members of the Implementation Team include representatives from the Community Partnership Teams, the Individual Funding Unit, the Policy, Information and Commissioning Unit, State Office Disability and Community Services (DCS) staff as well as the Area Manager, DCS South West.

Oversight of the Unit Pricing Implementation Project is provided by a Steering Committee that includes the Executive Director, DHCS; Deputy Chief Financial Officer, CYF; Director, DCS Director; and Principle Consultant, PIC.

Individual meetings with organisations will discuss and verify service provision information and finalise unit prices and funding levels. The meetings will also discuss the transition to the new prices and implications for Funding Agreements.

Organisations scheduled to be visited have been prioritised according to known financial challenges in relation to their current budget allocation, or the potential challenges in translating to the proposed unit pricing. Teams are meeting with all community sector organisations between August and December 2011. Visits to organisations commenced on 30 August 2011 and almost half of the 86 scheduled have been visited to date.

After the service visits have been completed, the Unit Pricing Implementation team will make recommendations to the Steering Committee and to the Minister about funding levels. All recommendations will be discussed with organisations prior to finalisation.

It is appreciated that for some organisations there will be a period of adjustment, particularly given the current budget environment, where all organisations will need to look for efficiencies and consider options for delivering services within the Unit Price Framework.

Implementation will commence from 1 January 2012 and take up to 3 years. In the intervening period from 1 July 2011 to 31 December 2011 the Department will continue to provide funding under the existing Funding Agreements.

Variations to Funding Agreements will commence from 1 January 2012. There will be some changes to reporting requirements, with the intention that any changes are not onerous for organisations.

Further updates on this Project will be provided on a monthly basis.