

Purchasing Commissioner

A new governance framework has been developed for the Department of Health and Human Services. It will help the Agency better deliver high quality care and support to patients and clients within the resources available. For more information, read the [‘New Governance Framework’ fact sheet](#).

Purchasing, or commissioning, will be a key function of the Ministry under the new governance framework. Commissioning basically involves allocating funding for health and human services to meet population needs.

With the current financial situation and the introduction of activity-based funding (ABF) for many hospital services, commissioning will be the most effective strategy for achieving a fair and effective allocation of resources for our health system. It also frees service providers to do just that – provide services.

The Purchasing Commissioner Unit (currently known as the Commissioning Unit) will focus on:

- assessment of population needs
- evaluation of the costs of alternative intervention options
- service planning – based on the assessment of needs and intervention options
- reconciliation of planned services with available resources
- funding of services through detailed service and performance agreements
- performance monitoring of service providers/delivery against the service and performance agreements and
- evaluation and revision of service plans and service agreements in the light of actual performance.

Why are these changes being made?

Across Australia, fundamental changes are being made to the way health and hospital services are funded, delivered and structured. Tasmania has until 1 July 2012 to put some key changes in place, including establishment of the Tasmanian Health Organisations (currently Area Health Services).

At the same time, we are facing significant budget challenges across the Agency and across government which mean we have to change the way we do business. We’ve already seen areas including Housing Tasmania, Children and Youth Services, and Disability and Community Services take steps towards meeting these challenges by adopting the purchaser/provider approach.

DHHS needs more efficient and effective structures to support these changes so we can continue to deliver high quality care and support to Tasmanians with the resources we have. It makes sense to make sure new structures benefit all areas of our Agency, not just those facing major reform in the next six months.

What impact will the changes have?

In time, all services provided by our Agency will be commissioned by the Purchasing Commissioner Unit. A number of resources will need to move to the Purchasing Commissioner Unit as a result.

A purchasing approach will allow providers to concentrate on providing services, while the purchaser concentrates on assessing needs and developing strategies and plans to best meet those needs. The Purchasing Commissioner then purchases those services in line with the available budget, in a transparent way.

Overall, this will produce a more accountable system for delivering care and support to Tasmanians. This will mean more funding is available for direct patient/client activities.

How will the changes be implemented?

The [functional outline](#) will be used as the basis for developing a revised organisational structure and will be finalised by the end of 2011 and released early in 2012.

It is vital that the purchasing/commissioning functions, roles and responsibilities are confirmed and put in place as soon as possible, so that the framework is in place before the transition phase for Tasmanian Health Organisations (THOs) is complete on 1 July 2012.

The Purchasing Commissioner Unit will initially focus on purchasing health services. This is because it is both an imperative associated with the national health reforms and because it consumes a large portion of the budget for the Department of Health and Human Services.

The transfer of ministry and purchasing functions from Children and Youth Services and Disability, Housing and Community Services will be done in consultation with the responsible Ministers and the Deputy Secretaries of these areas, supported by strong consultation with staff and their representatives. This decision will allow a further rationalisation of resources across the current Department of Health and Human Services.

Implementation will be staged. Generally, the critical health-related changes that support national health reform will be put in place by 1 July 2012 (as required under the National Health Reform Agreement). A further 12 months (until 1 July 2013) will be allowed for the transition of all other providers and Department of Health and Human Services entities to the Purchasing Commissioner Unit. This includes the purchasing areas of Children and Youth Services and Disability, Housing and Community Services. The Purchasing Commissioner Unit will also commission services from Ambulance Tasmania and Statewide and Mental Health Services.

A dedicated project team will be established through redirecting existing resources to facilitate the establishment of THOs, so that systems, resources and processes are in place to operate an activity based funding system in hospitals. A smaller number of dedicated project roles will be identified to help with other service provider transition processes.