

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

An agreement between:

**Department of Health Chief Executive Officer**

And

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

for the period

1 July 2020 – 30 June 2021

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## BACKGROUND

- A. This Agreement supports the delivery of safe, 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 Hospital Network (Notional LHN).
- B. This Agreement details the health services that the Department CEO will purchase from the Notional LHN and the services the Notional LHN will deliver during the 2020-21 financial year.
- C. Through 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 is representative of the partnership between the Department CEO and the Notional LHN and shared commitment to deliver on WA Government's goal of greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.
- E. This Agreement is executed in accordance with part five of the *Health Services Act 2016*.

## DEFINED TERMS

In this Agreement:

1. **Act** means the *Health Services Act 2016*.
2. **Activity Based Funding (ABF)** means the funding framework which is used to fund public health care services delivered across Western Australia.
3. **Agreement** means this Service Agreement and any Schedules to this agreement.
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 Chief Executive Officer (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. **Health Service** has the meaning given in section 7 of the Act.
11. **Health Service Provider (HSP)** means a Health Service Provider established by an order made under section 32(1)(b) of the Act.
12. **HSS** means the Health Support Services.
13. **MHC** means the Western Australian Mental Health Commission.
14. **OBM** means the WA health system Outcome Based Management Framework as endorsed by the Under Treasurer.
15. **OSR** means Own Source Revenue.
16. **Parties** means the Department CEO and the Health Service Provider to which this Agreement applies and "Party" means any one of them.
17. **PathWest** means PathWest Laboratory Medicine WA.
18. **Performance Indicator** provides an 'indication' of progress towards achieving the organisation's objectives or outputs.
19. **PMP** means the Performance Management Policy.
20. **Policy Framework** means a policy framework issued under section 26 of the Act.
21. **Schedule** means a schedule to this Agreement.
22. **Term** means the period of this agreement as detailed in clause 1 'Term of Agreement'.
23. **WA** means the State of Western Australia.
24. **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 2020 to 30 June 2021.

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 National Health Reform Agreement. Any subsequent amendments to this Agreement will also be published in accordance with Schedule D9 of the National Health Reform Agreement.

### **4. LEGISLATIVE AND POLICY CONTEXT**

#### **4.1 The Health Services Act 2016**

The Act supports the WA health system's 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 the health status
- 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 teaching, training, research and other services within the available resources
- to engage and support the health workforce in the planning and provision of health services and teaching, training, research and other services.

### **5. STRATEGIC CONTEXT**

This Agreement is informed by a wider strategic context related to the delivery of safe, quality, financial 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's overarching 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, WACHS 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 2020-21

## **5.4 Sustainable Health Review**

The Sustainable Health Review has identified eight Enduring Strategies and 30 Recommendations to progress the sustainability agenda. HSPs are required to support implementation of the eight Enduring Strategies and 30 Recommendations, which should be based on detailed planning and assessment of prioritisation, sequencing, key partners, new and existing work, emerging evidence and issues, and development of specific measures to track progress and outcomes.

## Notional LHN—Commonwealth and State contributions to the National Health Funding Pool

	National	Total	Total	Commonwealth		State
	Efficient Price (as per IHPA)	Expected NWAUs	Contribution	Contribution	Funding Rate	Contribution
<b>ABF Service group</b>	(NEP \$)	(#)	(NEP \$)	(NEP \$)	(%)	(NEP \$)
Acute Admitted	5,320	3,121	16,603,720	7,026,947	42.3	9,576,773
Admitted Mental Health	5,320	—	—	—	—	—
Sub-Acute	5,320	1,297	6,900,040	2,920,202	42.3	3,979,838
Emergency Department	5,320	—	—	—	—	—
Non Admitted	5,320	15,842	84,279,440	35,668,340	42.3	48,611,100
<b>Total ABF</b>	<b>5,320</b>	<b>20,260</b>	<b>107,783,200</b>	<b>45,615,488</b>	<b>42.3</b>	<b>62,167,712</b>
<b>Non-ABF Service group</b>			(\$)	(\$)	(%)	(\$)
Non Admitted Mental Health		—	—	—	—	—
Non Admitted CAMHS		—	—	—	—	—
Non Admitted Home Ventilation		—	—	—	—	—
Rural CSO sites		—	—	—	—	—
Teaching, Training and Research		—	—	—	—	—
<b>Total Block Funding</b>		—	—	—	—	—