

# The Challenges of and in Health Contracting

Lessons learned from the past 30  
years

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# Background – key messages

- Key Strategic Messages
- Values in Common
- Vision
- The Challenge of Change
- What Needs to Happen
- Benefits for the Sector
- Contracts – sources of Funds

# Background – key messages

- Where to get the funding from
- Spreading the risk
- Benefits of varied funding sources
- Financial homework

# Key Strategic Messages

- Services are people focused
- Wellness and strengths based models are promoted
- Services are coordinated and responsive to need
- Family/whanau/carer needs are considered where appropriate
- Information is shared and there is smooth transition between services
- Planning/funding arrangements support integration

# Key Strategic Messages

- Any service provided should never be seen as an end in itself
- If it does not lead to better outcomes for the individual, it cannot be justified
- Health service options allow integrated planning, funding and delivery of a range of support services

# Values in Common

- Putting people first
- Well being for everyone
- Affirming rights and autonomy
- Building on strengths
- Responding early
- Right responses
- Collaboration
- Services in communities

# Vision

- Well informed & involved sector
- Wrap around services
- Build resilience
- Connectedness – intra & inter
- Person focused

# The Challenge of Change

- Have a shared vision based on contemporary practice
- Establish the roadmap & framework to support change
- Look for new opportunities
- Expand thinking that considers all possibilities
- Produce a commodity that requires systemic investment vs. personality dependence

# The Challenge of Change

- Workforce skills and availability
- Developing a robust evidence base
- Use of new innovations and willingness to move out of your comfort zone
- Recognising & addressing the impact of legislative change
- Getting a more accurate picture of the community

# What Needs to Happen

- Movement towards wrap around, person centred services
- Use of innovations to drive practice change
- Move toward a needs based approach
- Develop a sustainable workforce
- Recognise the value of this workforce
- New partnerships validated by MOUs or other types of contracts

# What Needs to Happen

- Develop multi systemic frameworks across and within agencies/ services
- Increase leadership capacity at all levels across the sector
- Funding mechanisms working across different portfolios

# Benefits for the Sector

- More transparency
- Contract longevity
  - Regular evaluation
  - Annual cost reviews
  - Evergreen contracts
- Increased collaboration across the continuum
- Improved stability for the workforce
  - Competence
  - Trusting

# Benefits for the Sector

- Changes to service specifications
  - More sensible monitoring/reporting templates
  - Context will be here and now
  - Contracts designed to reflect need
- Process in place to address issues/concerns
- Regular forums for meaningful discussions

# Contracts – Sources of Funds

- Securing funds should be planned and funding strategies should be consistent with service goals.
- This will generally be based around answering 3 main questions:
  1. What is needed?
  2. Where to get it?
  3. How is it obtained?

# Where to get the Funding From?

- Sourcing income for your service should be based on using your imagination and 'thinking outside the square'.
- It is very easy for you to get into a rut of relying on traditional funding sources which it is hoped will always be there.

# Spreading the Risk

- To rely solely on a single contract or funding source is risky
- It is common for objectives and targets for funding to change.
- If one contract is withdrawn or not renewed, then the service can fall over.
- By securing a number of contracts or a number of funding sources for the service, you do not 'have all your eggs in one basket'.

# Benefits of Varied Funding Sources

- Often money from funders is tagged for a specific purpose.
- By having different sources revenue can be targeted at different areas of the service.
- By raising the dollars itself, your service can have control over how and when it is spent.

# Financial Homework

- It is very important to do your financial homework before tendering for any contract.
- You need to undertake a comprehensive budget, which will:
  1. Determine the viability of a contract
  2. Enable you to know exactly how much resource you need to deliver the contract.
  3. How much negotiation room you have.
  4. Anticipated surplus or deficit.
  5. Significant areas of expense.

# Final thoughts

- Any health reform can provide a vehicle for change
- Calculated risks will offer opportunities for positive change for those willing to engage
- **Co-design** could be a game changer for many
- Contracts will be different and increased emphasis will be on value added components
- Don't ever be fearful of taking on challenges and negotiating unique solutions in your domain
- My adventures in health over the past 30 years have proven that !!