

Healthcare Purchasing, Funding & Performance Management Branch

Service Agreement Amendment Handbook

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DEFINITIONS

Amendment proposal – the written notice of a proposed amendment to the terms of the service agreement by the Deputy Director-General (DDG) or the Health Service Chief Executive (CE) to the other party, as required under section 39 of the *Hospital and Health Boards Act 2011*.

Amendment window – the period within which amendment proposals are negotiated and resolved. Amendment window dates are detailed in the service agreement.

Authorised – the signing of an amendment proposal by the relevant authority i.e. Deputy Director-General for the Department of Health and Chief Executive for Hospital and Health Services.

Chair means the Chair of the Hospital and Health Board.

Director-General – the chief executive of the department administering the *Hospital and Health Boards Act 2011*.

Deed of amendment – the legally binding document that details the agreed amendment proposals.

Department of Health (DoH) – collectively the Office of the Director General, System Policy and Performance Division, Health Service and Clinical Innovation Division, System Support Services Division, Health Services Information Agency and Health Services Support Agency.

Health Service Chief Executive – a health service chief executive appointed for a HHS under section 33 of the *Hospital and Health Boards Act 2011*.

Hospital and Health Board – the hospital and health board appointed under section 23 of the *Hospital and Health Boards Act 2011*.

Internal Allocations – the unit within the Department of Health Finance Branch that is responsible for the allocation of the Queensland Health budget to HHSs and Department of Health divisions.

Negotiation period – the period from the date an amendment proposal is received by the other party that is reserved for the negotiation of amendment proposals.

Non-recurrent funding – funding that is provided for a specified period of time. It can be a one-off payment or for a specific period e.g. 6 months, 2 years.

Pre-approval – agreement to an amendment proposal by a HHS Chief Executive and the Department of Health representative (i.e. the responsible divisional DDG) prior to the commencement of an amendment window.

Recurrent funding – funding provided on a continuous basis with no set end date.

Service agreement – the service agreement made under section 35 of the *Hospital and Health Boards Act 2011*.

Tracker – the database used by the Service Agreement Management Unit (SAM) to record details of the amendment proposals for processing purposes and to allocate unique reference numbers.

GLOSSARY OF ABBREVIATIONS

ABF	Activity Based Funding
CE	Chief Executive
CFO	Chief Financial Officer
DDG	Deputy Director-General
DG	Director-General
DoH	Department of Health
DRG	Diagnosis related group
HHS	Hospital and Health Service
HPFP	Healthcare Purchasing, Funding and Performance Management Branch
HSCID	Health Service and Clinical Innovation Division
HSIA	Health Services Information Agency
HSSA	Health Services Support Agency
IHPA	Independent Hospital Pricing Authority
MOHRI	Minimum Obligatory Human Resource Information
NEP	National Efficient Price
Non-ABF	Non Activity Based Funding (block funded)
OOS	Occasion of Service
QWAU	Queensland Weighted Activity Unit
RMG	Relationship Management Group
SAM	Service Agreement Management Unit
SPP	System Policy and Performance Division
SSS	System Support Services Division
URN	Unique Reference Number
WAU	Weighted Activity Unit
WOOS	Weighted Occasion of Service

INTRODUCTION

Section 39 of the *Hospital and Health Boards Act 2011* requires that if the Department of Health (DoH) or a Hospital and Health Service (HHS) want to amend the terms of a service agreement, the party wishing to amend the agreement must give written notice of the proposed amendment to the other party. The written notice is called an amendment proposal.

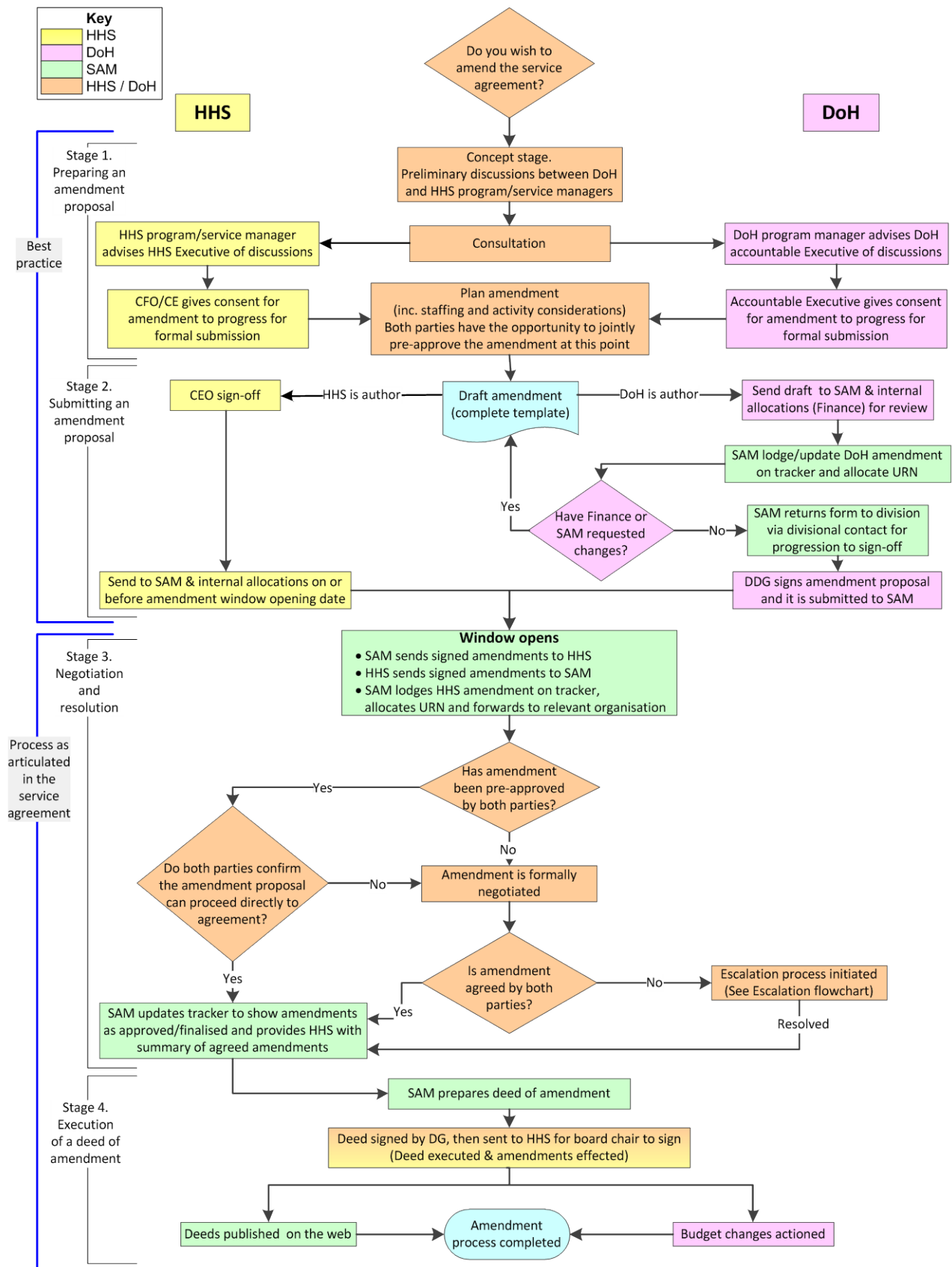
Amendment proposals can be submitted between the DoH and a HHS, or alternatively, between a HHS and one or more HHSs. Amendment proposals may include:

- Changes to funding (transfer or withdrawal)
- Changes to MOHRI
- Changes to or movement of function(s) or services
- Changes to activity levels
- Changes to the text of a service agreement
- Establishment of a new service.

Amendments to service agreements are progressed at specified intervals throughout the financial year. Amendments are given effect through a deed of amendment.

This handbook provides information to assist in the submission and resolution of proposed amendments to HHS service agreements. It should be read in conjunction with the section 'Amendments to this Service Agreement' in the current service agreement. The amendment process is summarised in figure 1.

Figure 1: Service agreement amendment process



Section 1: THE PROCESS

This section describes the recommended process to prepare and progress an amendment proposal.

Stage 1: Preparing an amendment proposal

Process	Department of Health (DoH)	Hospital and Health Service (HHS)
Concept stage	Discuss concept with the relevant HHS. Note that while discussions may occur at the program/service area level, it must be ensured that the HHS Chief Executive has been advised either by you or the HHS contact before any decision to proceed is reached.	Discuss concept with the DoH or relevant HHS. Note that while discussions may occur at the program/service area level, it must be ensured that the HHS Chief Executive has been advised either by you or the DoH or HHS contact before any decision to proceed is reached.
Consultation <i>(with a view to developing an amendment proposal)</i>	<ul style="list-style-type: none"> Consultation at this stage needs to be formalised and the preferred method of communication for each HHS should be followed. As a minimum, notification of the intent to develop an amendment proposal should be progressed by sending an email to the MD generic email account for each HHS. 	
Preparing an amendment proposal	<ul style="list-style-type: none"> Both parties have the opportunity to jointly pre-approve the amendment at this point. While formal negotiation and agreement will only occur after the amendment window opens, pre-approval enables the formal negotiation process to be expedited and agreement reached quickly. All amendment proposals must be documented on an amendment proposal form which is available on the Service Agreement Management unit (SAM) website¹. A new copy of the form should be downloaded each time an amendment proposal is completed to ensure correct version control. See Section 2 for details on completing and submitting an amendment proposal form. 	

¹ <http://qheps.health.qld.gov.au/hpfp/html/sam-home>

Stage 2: Submitting an amendment proposal

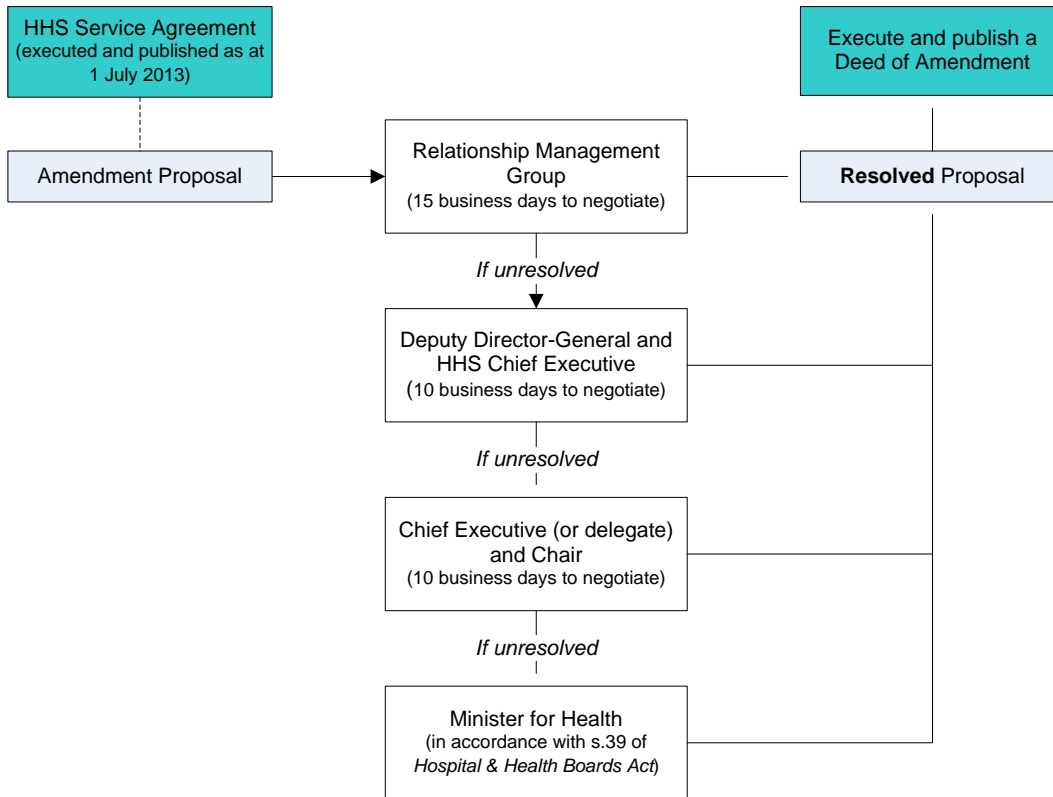
Process	Department of Health (DoH)	Hospital and Health Service (HHS)
<p>Review of drafted amendment proposals</p>	<ul style="list-style-type: none"> • Draft amendment proposals should be sent to SAM and Internal Allocations for review and feedback before they are signed by the divisional Deputy Director-General (DDG). • Finance (Internal allocations) will review the financial information. For tied funding they will confirm the information provided is correct and the budget is available. • SAM will review any proposed activity and text changes to ensure they are appropriate. 	<ul style="list-style-type: none"> • HHSs are not required to send their amendments to SAM or Finance for review prior to being signed by the CE. • Draft amendment forms can be sent to SAM and internal allocations if the HHS would like feedback before they are signed by the HHS Chief Executive (CE) but it is not required. • Finance (Internal Allocations) can confirm budget details (e.g. amounts and cost centre), and SAM can ensure proposed text and activity changes are appropriate.
<p>Submission of signed amendment proposals</p>	<ul style="list-style-type: none"> • Signed amendment proposals are submitted to SAM for distribution to HHSs on the amendment window date. <i>(Note: Divisions will be asked to provide their authorised amendment proposals to SAM in advance of the amendment window date in order to allow for collation and processing.)</i> <p>Or</p> <ul style="list-style-type: none"> • If agreed by the HHS and DoH, signed amendment proposals can be submitted to SAM outside of these dates for consideration in the next available amendment window. • Amendment proposals should be submitted to HPFP- ████████████████████ 	<ul style="list-style-type: none"> • Signed amendment proposals are submitted to SAM on the amendment window date. <p>Or</p> <ul style="list-style-type: none"> • If agreed by the HHS and DoH, signed amendment proposals can be submitted to SAM outside of these dates for consideration in the next available amendment window. • Amendment proposals should be submitted to HPFP- ████████████████████

Stage 3: Amendment negotiation and resolution

Negotiation and resolution of amendment proposals is through a tiered process commencing with the Relationship Management Group as illustrated in Figure 2.

Steps	Process
Preparation for the negotiation period	<ul style="list-style-type: none"> • SAM is responsible for registering the amendment proposals on the tracker and allocating a unique reference number (URN). • SAM distributes the collated amendment proposals to the HHS Chief Executive for consideration on the exchange date set out in the service agreement, noting any that have been pre-approved. • SAM arranges a negotiation meeting with each HHS to discuss the amendment proposals. • DoH division contacts may be asked to attend a negotiation meeting if expert input is needed to support the negotiation process
Negotiation period and possible outcomes	<ul style="list-style-type: none"> • The HHS and DoH must reach agreement on a way forward for each submitted proposal. The possible outcomes from the negotiation period include: <ul style="list-style-type: none"> – agreement – deferral (to next window) – withdrawal – unresolved • Both parties are asked to confirm that any amendment proposals that have been pre-approved can proceed directly to agreement with minimal negotiation. • If both parties agree to change the content of an authorised amendment proposal during the negotiation period it is updated by SAM and a copy provided to both parties, noting it is an updated version. <ul style="list-style-type: none"> – If the changes are considered to be significant the authorising officer may be asked to re-sign the amendment proposal.
Escalation of an amendment proposal	<p>When an amendment proposal is unresolved it will be escalated for resolution as illustrated in figure 2.</p>

Figure 2: Amendment proposal negotiation and resolution process

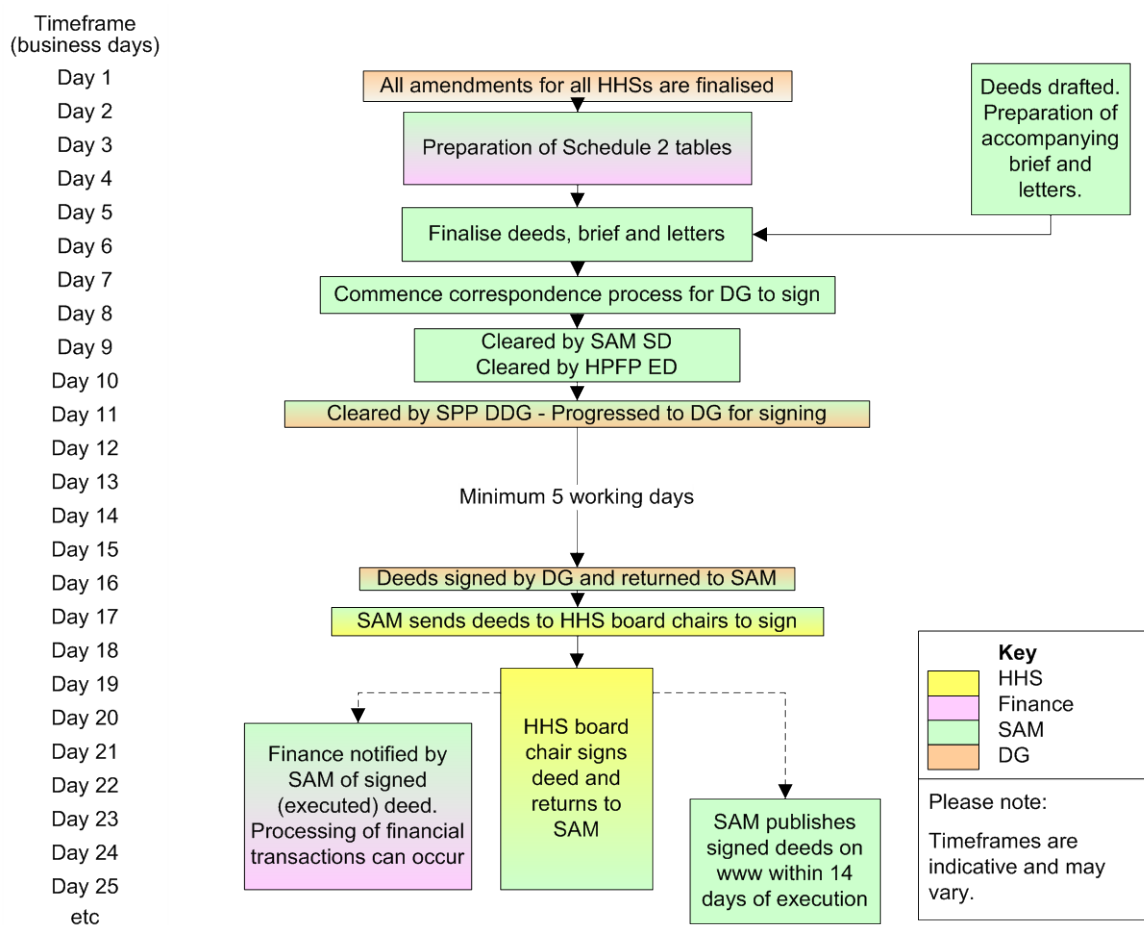


Stage 4: Execution of a deed of amendment

The deed of amendment is a legal document and the mechanism through which the Director- General and the Hospital and Health Board Chair agree the changes to the service agreement.

Steps	Process
Preparation of the deed of amendment	Upon agreement of the amendment proposals by the Department of Health and each Hospital and Health Service, SAM prepares the deed of amendment.
Approval and execution	<ul style="list-style-type: none"> The deed of amendment is provided to the Director-General for signature. Once signed by the Director-General the deed is sent to the Hospital and Health Board Chair for signing. When both parties have signed the deed of amendment the deed becomes an executed legal document. Upon execution of the deed the amendments within it are actioned and the deed is published online within 14 days.

Figure 3: Execution of a deed of amendment



SECTION 2: AMENDMENT PROPOSAL FORM COMPLETION

The following table provides information to assist with completion of the amendment proposal form.

Section	Type of information required	Notes
1 – Proposed amendment window to be actioned in	Select from the drop-down list provided.	
2 – Amendment title	Brief accurate description of the amendment. Maximum of 60 characters.	
3 – Amendment proposal submitted to	Select from drop-down list provided.	
4 – Amendment proposal submitted by	Select from drop-down list provided.	This should be the author's organisation.
5 – Contact in submitting organisation	Free text – name, position in organisation and telephone number.	The contact person is usually the person organising the proposals (e.g. business manager) and may be different to the content expert.
6 – Content expert	Free text – name, position in organisation and telephone number	The content expert can be in either the submitting or receiving organisation.
7 – Amendment Proposal Summary	<ul style="list-style-type: none"> • A brief description of the amendment and the reason it is being submitted. • Tick boxes to indicate what sections are applicable on the form. • Include budget information for current and outer years if applicable. • Detailed financial information is provided in section 9. • Cost centre details are only required for the DoH. 	Information that may be included: <ul style="list-style-type: none"> • What outcome is expected? • What time frame? • Are there reporting requirements? • Is this an election commitment, government or Ministerial announcement? • What methodology has been applied (where relevant)?

Section	Type of information required	Notes
8 – Consultation	<ul style="list-style-type: none"> Names and contact details of person in the submitting organisation and who they contacted in the receiving organisation. Use drop down lists to indicate what organisation the contacts are from. 	<ul style="list-style-type: none"> Provide information on the type of contact and the outcome. This section MUST be completed.
9 – Finance	<ul style="list-style-type: none"> Select from drop-down lists provided Detailed information is required to ensure the funding goes from and to the correct fund holder. If the revenue type is Commonwealth, the following information must be provided: <ol style="list-style-type: none"> Fund code Cost centre A free text section is provided after the MOHRI section for additional information. 	<ul style="list-style-type: none"> DoH generated proposals only - This section should be reviewed by DoH finance (Internal Allocations) before the proposal is submitted to the HHS. Non-recurrent – has an end date. If known the number of years and split over the years should be included.
10 – MOHRI impact	<ul style="list-style-type: none"> Select from drop-down list provided. If people are currently employed in the positions being moved please provide actual FTE number 	<p>The formula is specific to each HHS.</p> <p>It is not possible to provide greater detail on the form. If more detail is required it should be discussed between the submitting and receiving organisations.</p>
11 – Activity	Provide number of Weighted Activity Units (WAU) or Weighted Occasions of Service (WOOS)	Please discuss WAU and WOOS implications with HHS/Department of Health contact prior to submission of proposal.
12 – Checklist	List of tick boxes	To be completed by the author to ensure relevant actions have been completed prior to the proposal being submitted.
13 – Pre-approval	Tick only one box in this section	If the amendment proposal has been pre-approved by both parties documented evidence is required e.g. copy of email, brief or letter.

Section	Type of information required	Notes
13 – Authorisation / approval	To be signed by the relevant delegate in the submitting organisation i.e. divisional DDG in the DoH, Chief Executive in the HHS.	
Supplement – Proposed service agreement text changes	<ul style="list-style-type: none"> • Under the relevant heading please provide the text that you would like to include or amend in the service agreement. • All proposed text changes must be discussed with SAM prior to submission of the amendment proposal. 	<ul style="list-style-type: none"> • Text changes are only accepted in windows 2 and 4. Text changes submitted for other windows are at the discretion of SAM. • The tables in schedule 2 of the 2013/14 – 2015/16 service agreement containing finance and activity information (tables 2.2, 2.3 and 2.4) will be automatically updated. A request for text changes is not required for finance only or WAU/WOOS only amendments.

FREQUENTLY ASKED QUESTIONS

Q: What are the timeframes for amendment windows?

A: Amendment windows occur four times per year. They open in August, November, February and May. A current list of amendment dates are listed in each service agreement.

Q: Can I submit a proposal before the window opens?

A: DoH – All amendment proposals from the Department of Health must be submitted to SAM before the window opens to enable them to be logged and prepared for provision to the HHS on the window opening date.

HHS – HHSs can submit proposals before the window opens if they wish. The proposal will be logged when submitted and actioned in the next amendment window or the window for which it is identified.

Q: Who has the delegation to approve an amendment proposal?

A: DoH – Each division will have its own business processes however approval must consider financial delegation, program accountability and must be signed by the Deputy Director-General before being submitted.

HHS – Each HHS will have its own business processes however approval must consider financial delegation, program accountability and must be signed by the Hospital and Health Service Chief Executive before being submitted.

Q: Do all amendment proposals need to be agreed by a HHS before the deed progresses for signing by the Director-General?

A: Yes. The HHS and DoH must reach agreement on a way forward for each submitted proposal. This may include deferral, withdrawal or escalation. Where a proposal is being escalated, the progression of the deed will be delayed.

Q: How will I know if my proposal has been progressed or finalised?

A: You will only be contacted if an outstanding issue needs to be resolved, alternatively, please contact the Service Agreement team via HPFP-SAFM@health.qld.gov.au with any queries. All amendment proposal changes are recorded in the deed of amendment which is published on the internet 14 days after the deed is executed (signed by both the DG and Hospital and Health Board chair).

Q: Where do I send my proposals once they have been signed off by my CEO or divisional DDG?

A: All amendment proposals should be sent to the Service Agreement and Framework Management generic email: HPFP-SAFM@health.qld.gov.au

Q: Will a late amendment be accepted?

A: Every effort should be made to adhere to timeframes however extraordinary circumstances may lead to the need for late applications to be considered on the basis of financial and other benefits or risks to the DoH or HHS.

Q: Where/how can I get help completing financial information?

A: DoH – liaise with your Divisional Business Manager in the first instance. If further queries remain contact Internal Allocations [REDACTED]

HHS – contact your CFO.

Q: What is MOHRI and how is it calculated?

A: MOHRI stands for Minimum Obligatory Human Resource Information. The MOHRI target calculation uses the average cost per FTE for each HHS to determine the affordable FTE associated with new funding. This is the standard adopted by the DoH for measuring FTE. MOHRI can change when:

- Providing funding to a HHS
- Withdrawing funding from a HHS

If people are being transferred to or from a HHS then the actual FTE number is used rather than applying the MOHRI formula.

Q: What is a WAU and how is it calculated?

A: The single standardised unit used to measure healthcare services (activities) is called a Weighted Activity Unit (WAU). The WAU provides a common unit of comparison to measure the value of the care and resources used to provide services to patients. The WAU allocates a weight to each diagnosis related group (DRG) or outpatient intervention. The more resource intensive an activity is, the higher the WAU will be. The amount of WAU a HHS should have added to their contract can be calculated by dividing the funding by the base price (\$4,660 in 13/14).

$$\text{Activity Based Funding} / \text{Base Price } (\$4,660) = \text{WAU}$$

$$\text{WAU} \times \text{Base Price } (\$4,660) = \text{Activity Based Funding}$$

The base price is called the 'National Efficient Price (NEP)' and is set yearly by the Independent Hospital Pricing Authority (IHPA).

Q: What is a WOOS and how is it calculated?

A: Weighted Occasions of Service (WOOS) is the measure of activity for publicly funded oral health services in Queensland. WOOS reflect the effort (time, complexity, value, cost) relating to dental care provided to eligible patients. WOOS are calculated according to the number and value of treatment item codes recorded in the statewide Information System for Oral Health (ISOH) by HHS oral health staff.

Q: What alternative are there to submitting an amendment proposal/ changing the service agreement?

A: While an amendment proposal is the only option for transferring funding to a HHS from the Department of Health or another HHS there are other alternatives for managing, monitoring, providing and agreeing service provision and activity for HHSs. These include but are not limited to:

- Memorandums of understanding
- Other contracts e.g. HSSA and HSIA both have their own agreements with each HHS
- Directives
- Legislative requirements applicable to HHSs
- Obligations of agreements entered into between the Queensland and Commonwealth governments applicable to HHSs