



# PHNs: Commissioning Health Services Frequently Asked Questions

Primary Health Networks (PHNs) are independent primary health care organisations, located throughout Australia. They are funded to undertake activities and commission services to address the prioritised primary health care needs of their communities and to improve efficiency, effectiveness and coordination of care.

## What is commissioning?

Commissioning is a strategic, evidence-based approach to planning and purchasing services and is intended to be outcomes-focused, with health services centred on the needs of patients. The commissioning process provides a holistic approach to service procurement, with the outcomes from each commissioning cycle factored into the next.

## How is commissioning different from simply purchasing or procuring services?

Purchasing is only one part of the PHN commissioning model. When commissioning, PHNs need to:

- assess and understand the health needs of their local population
- prioritise and plan services to meet those needs
- work with stakeholders and health service providers to ensure that what is needed can be delivered
- purchase or procure new services or activities to address any health care gaps
- monitor and evaluate the effectiveness of those services.

Commissioning is core business for PHNs, and allows them to make strategic decisions that influence primary health care at a local level.

## How do PHNs determine which services to fund?

PHNs' commissioning decisions are underpinned by rigorous planning, consultation, stakeholder engagement and service design.

PHNs consult extensively with their communities as part of the commissioning process and listen to what people say about the health system in their region. This consultation includes government departments and Local Hospital Networks (or their equivalent), consumers, general practitioners and other health professionals, service providers, community workers, academics, elected representatives, local councils and other community members interested in improving the health system.

PHNs also analyse data from a variety of sources to understand the population in their region and its health needs. They map existing health services and analyse where there are gaps or inefficiencies.

## What are the benefits of commissioning?

As commissioners, PHNs plan and contract primary health care services that are appropriate and relevant to the health needs of their local communities. It provides opportunities for PHNs to fund

new forms of service delivery, based on evidence, and for local community stakeholders and community members to become involved in shaping the services to be commissioned.

The commissioning cycle fosters flexibility, responsiveness and innovation to improve frontline services. It allows resources to be invested in services that will have the greatest impact, and can better integrate and coordinate care between different parts of the health system. The relationship that develops between the PHN and service providers also means that problems can be discussed and resolved, and the service model adjusted, if required.

This approach to commissioning services results in:

- a better understanding of the needs of local populations, through health data analysis
- a greater focus on health outcomes that matter to patients and communities
- patients and communities being at the centre of care, with services organised and delivered in response to their needs
- better relationships with stakeholders, providers and patients, which influences the design, funding and delivery of services
- better value for money through the use of open and transparent procurement processes
- the best outcomes from limited health resources.

## What is joint commissioning?

Joint commissioning means PHNs work together with other organisations or funders to jointly plan and fund activities, services or initiatives to make the best use of limited resources. It allows for PHNs to pool limited resources with other funders (such as other PHNs, state and territory governments or private organisations) to address community needs and priorities. It also fosters improved integration and coordination of services provided by different funders and health service sectors.

## What is co-design?

As part of the commissioning process, PHNs may invite a range of people to make a creative contribution to developing solutions to health service needs. A key principle of co-design is that users—people with what is known as ‘lived experience’—become central to the design process. This emphasises the value of personal experience in health care and recognises the value that others can bring to the process. PHNs may co-design with other service funders, existing or potential service providers, patients and other community members. It encourages innovative solutions that are tailored to local circumstances and that address identified community priorities.

## Why do PHNs decide to discontinue or decommission services?

Part of a PHN’s role is to monitor and evaluate the region’s health services to inform ongoing planning and future commissioning. PHNs work hard to improve the primary health care system, and a decision to remove, reduce or replace a service is based on evidence and considers the identified needs and priorities of the community.

If a service is decommissioned, it does not mean that the service has no value or does not meet a need in the community; rather, it may reflect the need of PHNs to prioritise funding to maximise the impact on health outcomes.

## Where can I find out more information about PHNs and what they do?

More information about PHNs and what they do is available on the Department of Health’s PHN website at [www.health.gov.au/phn](http://www.health.gov.au/phn).