
CONFERENCE ABSTRACT

Contracting for outcomes in the primary care setting – a case study

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As commissioning practices in Australia mature, funding organisations are looking to transition from activity and service-based procurement processes to outcomes-based commissioning. This approach aims to shift the focus of health care investment from volume to value and achieve better outcomes for communities and the health system. One way to achieve this is through contracting for outcomes, whereby payments to service providers are based on performance against predetermined outcomes rather than activities.

The complexity of the change required for commissioners and service providers to transition from activity-based to outcomes commissioning is universally acknowledged. Much of the research and evaluation is based on international examples where the health system, the size and scope of contracts and service delivery agencies are very different to the Australian landscape. To build the local evidence base, and assess the value of this approach in the primary health setting, a payment for outcomes contract trial is being undertaken by Brisbane South PHN and two service providers.

Brisbane South PHN recognised the challenges of adopting outcomes contracting in a primary care environment of small-scale service providers, many of whom are in the not for profit sector, and the need to adopt a collaborative and structured approach to this different way of working. We collaborated with service providers over a six-month period to refine a “shadow” contract that defined performance and payment against agreed outcomes. This included intensive workshops to develop a program logic model defining long-term outcomes and objectives for the programs, agreeing key performance indicators and payment mechanisms. This ‘shadow’ contract was then trialled for 12 months while providers continued to be legally contracted to deliver services through traditional arrangements, meaning actual payments to the provider were not impacted by the results of the trial.

This paper will present the findings from the stage one evaluation of the trial, including insights from a funder and service provider perspective, examples of the payment and incentive structures included in the shadow contract and lessons learned to date. Discussion of the relevance and value of the approach within the Australian primary care landscape will be presented, and the applicability of the approach to other settings and cohorts will be explored.