

NSW Health Performance Framework

NSW Health Services and Support Organisations

NSW Ministry of Health
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Health

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1. Overview

The National Health Reform Agreement requires NSW Government to establish Service Agreements with each Health Service and implement a performance management and accountability system, including processes for remediation of poor performance.

This document sets out the framework within which the Ministry of Health monitors, assesses and responds to the performance of public sector health services in New South Wales. The NSW Performance Framework (the framework) also provides a context for the Service Agreements between Local Health Districts (LHDs)/ Specialty Health Networks (SHNs) and Affiliated Health Organisations (AHOs), while recognising the different legal status and governance of AHOs.

It includes the performance expected of health services and support organisations to achieve the levels of health improvement, service delivery and financial performance as set out in their Service Agreements or Service Compacts.

The framework also sets out the performance improvement approaches, responses to performance concerns and management processes that support the achievement of these outcomes in accordance with NSW Health and government policy and priorities.

The framework operates within a number of important contexts:

- responsibility for helping achieve the NSW Government state priorities and the NSW Premier's priorities.
- integration of governance and strategic frameworks, business planning, budget setting and performance assessment is undertaken within the context of NSW State Health Plan: Towards 2021.
- the National Health Performance Authority will be reporting to Ministers and the public on the performance of health services. These requirements are being met through the Service Agreements and this framework.
- the delivery of the critical priorities for the Secretary of Health.
- Service Agreements, Service Compacts and performance reviews are central elements of the framework in practice.
- the framework operates alongside NSW Health Funding Reform, Purchasing and Commissioning Frameworks and Activity Based Funding guidelines.

1.1 Purpose and Scope of the Framework

The framework provides an integrated process for performance review and assessment, with the over-arching objectives of keeping people healthy and improving access to timely, quality, patient focused health care across NSW Health Services. It forms an integral part of the business planning cycle that establishes the annual Service Agreements and Service Compacts between the NSW Ministry of Health and each health service and support organisation, respectively.

The framework outlines a transparent monitoring process to identify and acknowledge sustained high performance with the view for lessons to be shared across NSW Health. The framework also recognises and identifies challenges to performance, cases of sustained under performance as well as significant clinical issues or sentinel events. When addressing these challenges the Ministry will work with the health service or support organisation to manage and build capacity and sustainability and the reduce risk into the future.

Further, the framework provides health services and support organisations with a clear understanding of the responses to unsatisfactory performance and the process of escalation where performance concerns arise. The cornerstone of this approach is to promote a collaborative relationship working with health services and support organisations to restore and maintain effective performance across facilities, services and other functions.

The framework acknowledges that some influences outside the control of each health service or support organisation may affect performance, and considers such factors in assigning performance levels.

The framework comprises:

- Service Agreements with health services, and Service Compacts with support organisations, include clearly stated performance requirements including Strategic Priorities and governance requirements;
- the roles and responsibilities of health services, the NSW Ministry of Health, the Clinical Excellence Commission and the Agency for Clinical Innovation;
- KPIs and their performance thresholds that, if not met, may raise a performance concern and the process through which these concerns are identified and raised;
- transparent monitoring and reporting processes both internally to boards and externally to government;
- expectations of responses to unsatisfactory performance or significant clinical issues or sentinel events; and
- robust governance processes through which escalation or de-escalation of responses is determined.

2. Performance Requirements

The operation of the framework and Service Agreements in the remainder of this document describes their application to NSW Health Services. When applied to NSW Health Support Organisations and Service Compacts, the framework's principles and processes are adapted in accordance with each organisation's individual mode of operation.

Health services are to meet the performance requirements as set out in the Service Agreement schedules, within the allocated budget, and specifically:

- successfully implement agreed plans that address the Strategic Priorities (Schedule A) and governance requirements;
- meet purchased activity targets within the set tolerance bands (Schedule D);
- achieve KPI targets (Schedule E); and
- ensure a staff engagement process is established that facilitates participation and improves satisfaction through all staff groups.

2.1 Strategic Priorities

Application of the framework incorporates the strategic priorities for the NSW Health system which flow from Commonwealth/State agreements, policies and emerging issues, including implementation of NSW Health Funding Reform. These priorities reflect the current strategic themes of the NSW State Health Plan: Towards 2021, focusing on providing patients with the right care in the right place at the right time in a rapidly changing environment.

The Strategic Priorities for each health service include the Premiers priorities and State priorities, system-wide priorities and the health service's additional local priorities detailed in their Strategic Plans.

The Secretary of Health has developed five critical priorities for the health system and the health services are required to support the Ministry of Health in the progress against each of the priorities.

Each health service is required to report progress on their Strategic Priorities on a six-monthly basis. Where substantial delays or other issues arise, the health service shall prepare a plan to address these issues. The progress against that plan then forms part of the framework.

2.2 Key Performance Indicators

Key Performance Indicators (KPIs) have been established for which performance targets and performance thresholds have been determined. Performance against these indicators is reported in the monthly Health System Performance Report prepared by the NSW Ministry of Health.

2.3 Improvement Measures

In addition to KPIs, a range of improvement measures are included in the Health System Performance Report. They have been included to assist the health service or to improve the safety and efficiency of patient care through the provision of contextual information against which to assess performance.

2.4 Other Measures

The NSW Ministry of Health continues to monitor a broad range of measures including emerging health issues, implementation of new service models, reporting requirements to NSW Government central agencies and the Commonwealth and participation in nationally agreed data collections with which the health service needs to comply.

2.5 Governance Requirements

Governance requirements for NSW Health Services are established within relevant legislation, NSW Health Policy Directives and Policy and Procedure Manuals and articulated within the Corporate Governance and Accountability Compendium for NSW Health.

Effective implementation of governance requirements is a requirement of the Service Agreements. Overseeing compliance with governance requirements is a key role of boards culminating in the annual governance attestation statement processes. Identified concerns about effective governance conformance or performance will be raised by the Ministry and progress in addressing concerns will be subject to quarterly review by the Ministry, in conjunction with the Chair and Chief Executive.

2.6 Key Programs and Priorities Focus

The framework includes specific focus on several key programs. These include key Premiers priorities for *Improving Service Levels at Hospitals* and *Tackling Childhood Obesity*, as well as key NSW Health priorities for *Elective Surgery Access Performance*, *Overdue Elective Surgery Patients*, *Transfer of Care* and *Emergency Treatment Performance*.

2.7 Staff and Stakeholder Engagement

A key component of the framework is the ability of a Health Service to engage with staff, and to improve satisfaction and participation across all groups. There are a number of tools available to assist in gauging the progress of local strategies including the NSW Government "People Matters" survey and the AMA/ASMOF survey. Each LHD/SHN is required to ensure a robust process exists and may include representation on decision-making committees, recognition programs and feedback mechanisms to achieve this critical component.

The LHD/SHN is expected to demonstrate clinician engagement in the development and commitment to local service plans and the operational delivery of those services in line with the LHD/SHN Service Agreement.

Each LHD/SHN is expected to develop co-operative arrangements with other stakeholders e.g. PHN, NGOs to further the objectives of NSW Health strategic direction and achievement against the Service Agreement.

3. Operation of the Performance Framework

3.1 Overview

Critical to the success of the framework is the relationship between the Ministry of Health and the health services. Open, effective and reciprocal communication is the cornerstone for these relationships and will determine the success of the framework.

The operation of the framework involves:

- ongoing monitoring and review of the performance of each health service;
- celebrating successful strategies and enabling shared learning throughout the system;
- system scanning to identify areas of significant concern, clinical risk or sentinel events;
- identifying performance issues and determining the appropriate responses;
- determining when a performance recovery plan is required;
- working with the health services and support organisations to develop recovery plans and roadmaps to monitor and measure the recovery;
- working with the District/SHNs, facility executives and the boards to ensure timely turnaround in performance;
- determining when the performance response needs to be escalated and by what magnitude or can be de-escalated; and
- determining when a health service no longer needs a performance response.

The level of performance concern in each case is determined by the following criteria:

- whether the trigger for escalation was a significant incident or sentinel event;
- clinical risk or impact of further incidents;
- speed with which the situation could deteriorate further;
- impact on State or Premier's Priorities;
- time it would take to achieve turnaround;
- impact on supra-District/SHN services;
- performance trend; and
- reputational impact to the District/SHN, Ministry of Health or any parts of the health system.

3.2 Performance Review Process

The core elements of the performance review process are:

- communication;
- distribution to health services of a monthly Health System Performance Report prepared by the Ministry of Health, detailing performance against the KPIs and Improvement Measures;
- performance review meetings between the health service and the NSW Ministry of Health, usually quarterly but more frequently if performance concerns require this; and
- a monthly performance status summary for all health services provided to the Secretary of Health.

The NSW Ministry of Health meets quarterly with the Chief Executive and senior management team for each health service through the performance review meetings. Where a performance issue is identified, the frequency of meetings may be increased until

the issue is resolved. Depending on the issues under review attendance by the Chair or other board members may also be indicated.

If an LHD is escalated the Secretary of Health will advise the Chair of the LHD Board and the Chief Executive of the increase in performance level. If the escalation is to a level above 1 a senior member of the System Purchasing and Performance Division may attend the next meeting of the LHD Board for the Chief Executive, LHD Board and Ministry to discuss the escalation, the *Performance Recovery Plan* and actions required to re-establish performance levels to meet agreed trajectories and reduce the performance level for the LHD.

A more robust structure may be implemented for specific escalations related to key strategic or state priorities or a significant clinical incident or sentinel event.

3.3 Performance Assessment

A range of performance considerations are made to assess the performance of a health service and whether escalation or de-escalation is required.

Response to performance concerns within the framework are not escalated or de-escalated solely on the basis of KPI results. Rather, KPI concerns act as signals that are viewed in the context of the health service's overall performance, including:

1. Implementation of Strategic Priorities and governance compliance;
2. The availability and implementation of governance structures and processes;
3. Whether there has been a significant clinical incident or sentinel event;
4. Whether there is a deteriorating trend for a particular aspect of performance – e.g. the health service may not have breached a critical performance threshold for any one indicator but is underperforming on multiple KPIs;
5. Whether there is a systemic performance issue for an individual facility and/or service; and
6. Progress against agreed turnaround and/or recovery plans.

Confidence in, and evidence of, the health service's ability to achieve a turnaround in performance is considered in the decision to escalate or de-escalate the response to the performance concern. The trigger to reduce performance levels may come from completion of turnaround plans or emerging trends of sustained performance improvement.

The level of performance concern in each case is determined by the particular indicator(s), the seriousness of the issues, the speed with which the situation could deteriorate further and the time it would take to achieve turnaround. Whether or not an indicator is on trajectory to meet target within a reasonable and agreed time frame will also influence the level of performance concern.

Escalation and de-escalation may not be sequential. The initial level of escalation and response is based on the seriousness of the performance issue, the likelihood of rapid deterioration and the magnitude of the issue. For example, there may be circumstances where the seriousness of the situation calls for an escalation from Level 2 directly to Level 4.

3.4 Roles and Responsibilities

3.4.1 The NSW Ministry of Health

A key function of the Ministry of Health under this framework is to work collaboratively with each health service to support and assist them to provide world-class health care. At all levels through the framework and in ongoing communications concerning performance the primary focus of the Ministry is to support the health service to maintain, improve or restore performance to agreed standards. All Deputy Secretaries and their divisions are to work closely to ensure a co-ordinated approach is taken by the Ministry under the framework.

3.4.2 Health Services

Each health service is to have in place an effective internal performance framework that extends to facility and clinical network/stream levels for monitoring performance and identifying and managing emerging performance issues. The health service shall report to the NSW Ministry of Health any emerging or potential performance issue and/or performance risk including immediate actions taken and/or an early assessment of action that may be required to prevent the issue from deteriorating.

3.4.3 Role of Boards

The board is required to ensure effective clinical and corporate governance frameworks are established for the health service, and to provide strategic oversight of and monitor the health service's quality, financial and operational performance in accordance with the Statewide performance framework.

3.4.4 Clinical Excellence Commission

The Clinical Excellence Commission (CEC) has a key role in monitoring the safety and quality performance of the health services and identifying key issues, events or trends that could indicate clinical safety or risk. The CEC also supports health services in improving their safety and quality systems.

3.4.5 Agency for Clinical Innovation

The Agency for Clinical Innovation (ACI) advises the Ministry and health services on strategies related to models of care and innovation in health service delivery. The ACI plays an important role in advising the Ministry on appropriate KPIs relating to improving outcomes of care, clinical service effectiveness, patient flow, equity of access and clinical and community engagement. The ACI also assists health services with the implementation of these strategies.

Appendix 1: Monitoring and Reporting Activities and Timing

Monitoring and Reporting Activity	Timing	Responsibility
Provision of information for KPIs	variable, depending on the individual frequency of collection of individual data collections already in place	Health services to ensure information is submitted in accordance with the requirements of each data collection, ensuring data quality and timeliness.
Analysis and interpretation of KPI data	monthly, quarterly or annually (as applies to the individual KPI)	System Purchasing and Performance Division (SPPD) in liaison with the branch or other agencies responsible for the performance area to which the KPI relates.
		Health service to undertake its own analysis and interpretation in preparation prior to each meeting.
Provision of information on implementation of Strategic Priorities	six-monthly	Health services to ensure that the information is submitted in accordance with the requirement of the NSW Ministry branch or other agency responsible for each strategic priority.
Performance review meetings	quarterly, or more frequently if a health service's performance is subject to a formal performance response	SPPD is responsible for scheduling and organising meetings and documenting agreed outcomes.
		The health service is responsible for implementing agreed actions and ensuring that there is active monitoring of implementation of agreed actions.
Performance recovery meetings	as dictated by the performance response timeframe	The health service to provide a report on progress with implementation of agreed performance recovery actions; an update of risk in achieving successful outcomes and options to mitigate any identified risks. This report will be submitted 5 business days prior to the scheduled meeting.
		The NSW Ministry of Health to document agreed actions arising from the meeting and arrange for the appropriate level of support when further escalation is required.

Appendix 2: Performance escalation levels and Responses

<u>Level 0 - “No performance issues”</u> - No additional requirements		
<u>Level 1 - “Under review”</u>		
Point of Escalation	Point of De-escalation	Response
Performance issue identified	The issue is satisfactorily resolved.	The health service Chief Executive will provide formal advice to the Ministry on: <ul style="list-style-type: none"> the factors that led to the performance issue; the intended action to be taken to rectify the performance issue; and the timeframe to achieve the recovery.
<u>Level 2 - “Under-performing”</u>		
Point of Escalation	Point of De-escalation	Response
<p>The original performance issue that triggered a Level 1 response has not been resolved</p> <p>Other performance issue(s) emerge warranting Level 2.</p> <p>A governance or management failure or sentinel event occurs warranting escalation to level 2.</p>	The performance issue/s are resolved and do not re-emerge	<p>The health service will:</p> <ul style="list-style-type: none"> undertake an in-depth assessment of the problem and identify options to address the problem. provide a detailed recovery plan and a timetable for resolution. The plan is signed off by the board. meet with the Ministry to formally monitor the recovery plan. <p>The time frame for recovery will be as agreed with the Ministry.</p>
<u>Level 3 - “Serious under-performance risk”</u>		
Additional support and involvement required from the Ministry, e.g. diagnostic assessment		
Point of Escalation	Point of De-escalation	Response
The recovery plan is not progressing well and is unlikely to succeed without additional support and input from the Ministry.	The revised recovery strategy has succeeded and the performance issue shows no indication of re-emerging in the ensuing three months.	<p>The health service is to develop a recovery strategy satisfactory to the Ministry of Health. The Ministry may require the strategy to include assigning staff identified by the Ministry to work collaboratively with the health service to develop and implement the strategy; or to have a more direct involvement in the operation of the health service.</p> <p>The Ministry may appoint a representative for the specific purpose of assisting the board to effectively oversee necessary performance improvements including attending board meetings for that purpose.</p> <p>The timing and scope of any action will be determined by the nature of the performance issues.</p>

Level 4 - “Health Service challenged and failing”

Changes to the governance of the health service may be required

Point of Escalation	Point of De-escalation	Response
The recovery strategy has failed and changes to the governance of the health service may be required.	The performance issue has improved and there is demonstrable evidence that the health service now has the capability to have full responsibility for the operation of the service.	<p>The timing and scope of any action will be determined by the nature of the performance issues.* These may include:</p> <ul style="list-style-type: none">• the Secretary of Health commissioning an independent review of health service governance and management capability;• the Minister requiring the Board Chair to demonstrate that the CE is able to achieve turnaround within a reasonable time frame; and *• the Minister determining to change the membership of the board and/or appointing an administrator. * <p><i>NOTE * Nothing in this document is to be taken as affecting or limiting the discretion to exercise powers under sections 29, 52 or 121N of the Health Services Act.</i></p>

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System Management Branch

System Purchasing and Performance Division



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