Hospital and Health Service Performance Management Framework

August 2015 Revision
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1. Introduction

1.1 Purpose and Context

This Hospital and Health Service Performance Management Framework (the Performance Management Framework) has been developed in accordance with the governance arrangements set out in the National Healthcare Agreement (2012) and the Hospital and Health Boards Act 2011.

As stated in the Hospital and Health Boards Act 2011, Hospital and Health Boards control the service for which they are established, and Hospital and Health Services (HHSs) are individually accountable for their performance. Similarly, the Mater Public Health Services Act 2008 defines arrangements for the delivery of public health services by Mater Misericordiae Health Services Brisbane Ltd (Mater Health Services, South Brisbane)\(^1\).

1.2 Scope

The Performance Management Framework applies to the 16 HHSs in Queensland and to public health services provided by the Mater Health Services, South Brisbane.

The Performance Management Framework sets out the systems and processes that the Department of Health will employ to fulfil its responsibility as the overall manager of public health system performance to ensure delivery of services in line with the service agreement. These processes include, but are not limited to, assessing and monitoring HHS performance and working with the HHS if performance is off-target.

Although there are no overall HHS ratings there will be key performance indicator (KPI) specific target ratings and review conversations, usually undertaken on a bi-monthly basis. These will be at Department of Health and HHS Executive Director level and will be supported by Director-General/HHS Chief Executive reviews at the end of the year.

The Performance Management Framework does not measure the effectiveness of the Board’s role in governing the HHS.

1.3 Roles and Responsibilities

The roles and responsibilities of the Department of Health and HHSs in relation to performance management are prescribed in legislation, through the Hospital and Health Boards Act 2011, the Financial Accountability Act 2009 and subordinate legislation. The Mater Public Health Services Act 2008 provides the legislative framework for the relationship between the Department of Health and Mater Health Services, South Brisbane. These roles and responsibilities of the Department of Health and HHSs are summarised in Table 1.

\(^1\) For the purposes of this Act, Mater Health Services includes the following hospitals located at South Brisbane – Mater Adult Hospital, Mater Mother’s Hospital, Mater Misericordiae Private Hospital and Mater Misericordiae Women’s and Children’s Private Health Service
### Table 1: Performance Management – Legislative Framework

<table>
<thead>
<tr>
<th>Department of Health</th>
<th>Hospital and Health Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall management of the public sector health system, including HHS performance <em>(Hospital and Health Boards Act 2011, s8)</em></td>
<td>HHSs are individually accountable for their performance <em>(Hospital and Health Boards Act 2011, s9)</em></td>
</tr>
<tr>
<td>Monitor the performance of HHSs and take remedial action when performance does not meet the standard outlined in the service agreement <em>(Hospital and Health Boards Act 2011, s45)</em></td>
<td>Managing HHS performance against the performance measures in the service agreement <em>(Hospital and Health Boards Act 2011, s19)</em></td>
</tr>
<tr>
<td>Establish systems which support monitoring of performance against organisational objectives and provide performance information to the Director-General at least quarterly <em>(Financial and Performance Management Standard 2009, s12)</em></td>
<td>Establish systems which support monitoring of performance against organisational objectives and provide performance information to the Hospital and Health Board at least quarterly <em>(Financial and Performance Management Standard 2009, s12)</em></td>
</tr>
<tr>
<td>Collection and validation of performance data supplied by HHSs and provision of data to the Commonwealth Government and relevant entities <em>(Hospital and Health Boards Act 2011, s9 and s45)</em></td>
<td>Providing performance data and reporting on their performance to the Department of Health <em>(Hospital and Health Boards Act 2011, s9 and s19)</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department of Health</th>
<th>Mater Health Services, South Brisbane</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entering into an agreement with Mater Health Services for the provision of public health services, which may include initiatives, performance targets, priorities and other measures relating to the delivery of services. <em>(Mater Health Services Act 2008, s6)</em></td>
<td>Entering into an agreement with the Chief Executive (Director-General) for the provision of public health services, which may include initiatives, performance targets, priorities and other measures relating to the delivery of services. Reporting to the Department of Health regarding the delivery of services <em>(Mater Health Services Act 2008, s6)</em></td>
</tr>
</tbody>
</table>
2. National and State Performance Management

At a state and national level, a number of agencies have a role in health system performance reporting. Figure 1 depicts the agencies responsible for health system performance reporting. The individual agency’s website should be consulted for details of their mandate and reporting requirements. The Director-General, Department of Health, is responsible for providing reports to the Commonwealth agencies.

Figure 1 Health System Performance Reporting

2.1 Australian Commission on Safety and Quality in Health Care

The Australian Commission on Safety and Quality in Health Care (ACSQHC) is a government agency established by the Commonwealth Government, with the support of State and Territory governments, to lead and coordinate national improvements in safety and quality in health care across Australia. The ACSQHC developed the National Safety and Quality Health Service (NSQHS) Standards approved by Australian Health Ministers’ Advisory Council (AHMAC) in September 2011.

To be accredited to the NSQHS Standards, health services are required to use an accrediting agency approved by the ACSQHC. The Australian Health Service Safety and Quality Accreditation scheme builds on the strengths of the current accreditation arrangements and provides for the national coordination of accreditation processes.
The results of health services’ accreditation to the NSQHS Standards will be reported to State and Territory Health Departments and the ACSQHC.

2.1.1 National Safety and Quality Health Service (NSQHS) Standards

There are 10 NSQHS Standards focusing on areas that are essential to drive the implementation and use of safety and quality systems:

1. Governance for Safety and Quality in Health Service Organisations
2. Partnering with Consumers
3. Preventing and Controlling Healthcare Associated Infections
4. Medication Safety
5. Patient Identification and Procedure Matching
6. Clinical Handover
7. Blood and Blood Products
8. Preventing and Managing Pressure Injuries
9. Recognising and Responding to Clinical Deterioration in Acute Health Care
10. Preventing Falls and Harm from Falls.

2.2 National Health Performance Authority

The National Health Performance Authority (NHPA) is an independent body established under the National Health Reform Act 2011 to provide locally relevant and nationally consistent information on the performance of healthcare organisations and health systems.

The NHPA works in collaboration with the ACSQHC and the Independent Hospital Pricing Authority (IHPA) to ensure that quality, pricing and performance measures for public hospitals are complementary.

NHPA publishes regular reports on matters relating to the performance of local hospital networks (HHSs in Queensland), public and private hospitals, primary healthcare organisations and other bodies that provide healthcare services including Primary Health Networks (PHNs).

The reports identify which hospitals and health services are performing well against performance indicators and highlight areas where improvement is needed.

2.2.1 National Health Performance Authority Indicators

The National Performance and Accountability Framework (NPAF) underpins the NHPA's performance reporting. The key objective of the NPAF is to support a safe, high quality Australian health system, through improved transparency and accountability. Performance is measured through a combination of service delivery outcomes and population health outcomes.

The NPAF includes standardised national indicators which are designed to measure local health system performance and drive improved performance. The indicators span three domains of health service delivery:
• Equity
• Effectiveness
• Efficiency.

The key performance indicators identified within the Performance Management Framework are aligned to the sub-domains within the NPAF:

• Effectiveness: Safety and quality
• Effectiveness: Patient experience
• Equity and Effectiveness: Access
• Efficiency: Efficiency and financial performance.

2.3 State Requirements

In addition, as Queensland public sector agencies, both the Department of Health and HHSs operate within the Queensland Government Performance Management Framework that establishes the minimum requirements in relation to performance management, including the development of strategic and operational plans and the publication of results through the Service Delivery Statement and an annual report.

Figure 2 depicts the key elements of the Queensland Government Performance Management Framework, including the relationship between the external drivers of whole of government direction and how service delivery creates value for clients, stakeholders and the community.
Figure 2  The Queensland Government Performance Management Framework

**Community Expectations/Scrutiny**

**Planning**
- Whole of Government
  - Government’s statement of objectives for the community
  - Charter of Fiscal Responsibility
  - State Budget
  - COAG plans and agreements
  - Specific purpose plans for Government priorities and strategies

- Agencies
  - Strategic plans
  - Operational plans
  - Service Delivery Statements
  - Agency budget
  - Specific purpose plans

- Individuals
  - Ministerial Charter letters
  - Chief Executive (CE) Performance Agreements (PAs)
  - Senior Executive (SE) PAs
  - Individual public service officer PAs

**Measuring and Monitoring Results**
- Whole of Government
  - Government commitments and decisions (including COAG)
  - Government priorities and strategies
  - Government financial position

- Agencies
  - Objectives and performance indicators (strategic plan)
  - Monitoring actual expenditure compared to budget (agency budget)
  - Service areas and service standards (Service Delivery Statements)
  - Capabilities (human, financial, information, physical assets and ICT) and business processes
  - Policy implementation and evaluation

- Individuals
  - Ministerial Charter priorities
  - CE Performance Agreement objectives
  - SE Performance Agreement objectives
  - Individual public service officer performance agreement objectives

**Public Reporting**
- Whole of Government
  - Regular reporting on achievement of government commitments
  - Report on State Finances
  - Mid-Year Fiscal and Economic Review
  - Queensland State Accounts
  - Reports on specific purpose plans for

- Agencies
  - Annual reports
  - Service Delivery Statements

- Independent Scrutiny/Reporting
  - Auditor-General reports
  - Parliamentary Committee reports
  - Reports by other independent bodies including the Queensland Ombudsman, Coroner and Crime and Corruption Commission
  - Report on Government Services (Commonwealth)

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2.3.1 Planning
As statutory bodies, Hospital and Health Services are required to develop a strategic plan for the HHS, and an operational plan for the HHS as a whole or levels of the organisation that are considered appropriate. The strategic objectives for the public health system in Queensland are articulated in part through the Queensland Government’s objectives for the community and the Department of Health Strategic Plan.

The priorities and objectives identified by HHSs within their strategic plans should align with those set out in the Government’s objectives for the community and the Department of Health Strategic Plan in order to maintain a clear line of sight between government priorities and direction and service delivery. This does not prevent HHSs identifying specific local priorities which are based on the needs of their communities.

3. Hospital and Health Service Performance Management Framework

The Performance Management Framework provides an integrated process for the assessment, reporting and review of performance across the 16 HHSs in Queensland and the Mater Health Services, South Brisbane, and is based on six overarching principles outlined below.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Performance Management Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparent</td>
<td>The Performance Management Framework is target based with clear pre-determined measures of performance which are easy to understand</td>
</tr>
<tr>
<td>Consistent</td>
<td>The Performance Management Framework is consistent with the objectives set out within the National Health Reform Agreement 2011 and enacted in the Hospital and Health Boards Act 2011 and applied consistently across all HHSs.</td>
</tr>
<tr>
<td>Proactive</td>
<td>The Department of Health and HHSs each have a role to play in identifying performance issues early and working collaboratively to address the performance issues in a timely manner.</td>
</tr>
<tr>
<td>Responsibility</td>
<td>The Department of Health and HHSs each have a role to play in ensuring that performance expectations are met and that services meet the needs of the population. Accountability for performance needs to be understood and agreed at all levels.</td>
</tr>
<tr>
<td>Balanced</td>
<td>A view of HHS performance across a number of key areas of performance including safety and quality, access to services and efficiency is considered when determining performance assessments</td>
</tr>
<tr>
<td>Proportionate</td>
<td>Intensive HHS support is based on the level of risk and takes into account local circumstances and trajectory of individual HHS performance</td>
</tr>
</tbody>
</table>

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3 Financial and Performance Management Standard 2009, Div 2.9
4 Source: Department of the Premier and Cabinet May 2015
3.1 Performance Requirements - Service Agreements

Service agreements are signed by the Chief Executive of the Department of Health (the Director-General) and the Hospital and Health Board Chair and are binding on the Director-General and the HHS.

The service agreement includes (but is not limited to):

- the hospital services (with respect to outcomes and outputs), other health services, teaching, research and other services to be provided by the HHS
- the funding to be provided to the HHS for the provision of the services
- the performance measures and targets for the provision of the services
- the performance and other data to be provided by the HHS to the Director-General
- HHS expected contribution toward achieving Queensland and Commonwealth Government priorities, services, outputs and outcomes.

3.2 Roles and responsibilities of the Department of Health and Hospital and Health Services

Both the Department of Health and HHSs have a role to play in ensuring that performance expectations are met and that services meet the needs of the population (Table 3). HHSs are obliged to contribute to the delivery of Queensland’s Whole of Government and Commonwealth government plans and priorities.

An overview of key responsibilities with regard to performance management is outlined below.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Performance Management Key Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department of Health</strong></td>
<td><strong>Hospital and Health Service</strong></td>
</tr>
<tr>
<td>Establish and maintain a culture of performance improvement across the public health system.</td>
<td>Establish and maintain a culture of performance improvement within the HHS.</td>
</tr>
<tr>
<td>Develop and implement a Performance Management Framework with associated KPIs.</td>
<td>Contribute to the development or updating of the Performance Management Framework as required. Implement and manage KPIs and associated activities including rectification if performance deteriorates.</td>
</tr>
<tr>
<td>KPI governance including reviewing KPIs annually, setting targets, tracking the key drivers for better healthcare (nationally and internationally), maintaining KPI attribute sheets as well as sub-KPIs.</td>
<td>Establish an internal performance management framework in line with the core principles of the statewide Performance Management Framework</td>
</tr>
<tr>
<td>Schedule and co-ordinate bi-monthly meetings between the Department of Health and each HHS to facilitate constructive performance discussions supporting HHS development and improvement initiatives.</td>
<td>Engage in bi-monthly meetings with the Department of Health. Raise and report emergent issues in a timely manner.</td>
</tr>
<tr>
<td>Department of Health</td>
<td>Hospital and Health Service</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Coordinate the production and distribution of monthly performance reports for each HHS and overall system performance.</td>
<td>Provide a regular, verified, performance report to the Director-General (or delegate), including an assessment of performance-related risks facing the public health system.</td>
</tr>
<tr>
<td>Provide a regular, verified, performance report to the Director-General (or delegate), including an assessment of performance-related risks facing the public health system.</td>
<td>Provide the Hospital and Health Board with regular information on the HHS’ performance, including an assessment of performance-related risks facing the HHS.</td>
</tr>
<tr>
<td>Provide information and advice on HHS performance trajectories to the Minister (as per Minister’s office requirements), including any risks or challenges to the achievement of strategic objectives.</td>
<td>Provide timely information to the Hospital and Health Board of any risks or challenges to the achievement of strategic objectives.</td>
</tr>
<tr>
<td>Develop a purchasing framework for the health system.</td>
<td>Engage in service agreement negotiations and respond to proposals in a timely manner.</td>
</tr>
<tr>
<td>Co-ordinate the negotiation of service agreements, including issuing proposals and development of service agreement documentation.</td>
<td>Provide a named point of contact within the HHS regarding the service agreement (negotiation and in-year management). This will be the HHS - service agreement contact person as defined in the service agreement.</td>
</tr>
<tr>
<td>Provide a named Department of Health point of contact for each HHS regarding their service agreement (negotiation and in-year management). This will be the Department of Health – service agreement contact person as defined in the service agreement.</td>
<td>Provide performance data to the National Health Performance Authority (NHPA).</td>
</tr>
<tr>
<td>Coordinate public sector health system state budget requirements, including system-wide, HHS and Department of Health performance service standards.</td>
<td>Provide performance data to the Department of Health.</td>
</tr>
<tr>
<td>Coordinate regular progress reports to Government on state budget commitments for the Health portfolio.</td>
<td>Provide information required for the state budget, including for budget papers e.g. Service Delivery Statements.</td>
</tr>
<tr>
<td>In partnership with HHS’s, develop ‘one source of truth’ for all statewide data which HHSs can access, noting that this is a significant undertaking.</td>
<td>Provide milestones and other information to support monitoring of the delivery of state budget commitments.</td>
</tr>
<tr>
<td>Develop and agree with HHSs a standardised set of performance data.</td>
<td>In partnership with the Department of Health, develop ‘one source of truth’ for all statewide data which HHSs can access, noting that this is a significant undertaking. Ensure infrastructure to contribute towards statewide data repositories.</td>
</tr>
<tr>
<td>Review data definitions through the Data Governance Framework to ensure accuracy and currency of available data.</td>
<td>Utilise the agreed standard set of performance data for reporting.</td>
</tr>
<tr>
<td>Provide benchmarked statewide data to the HHSs.</td>
<td>Participate, as relevant, in the review of data definitions as required.</td>
</tr>
<tr>
<td>Coordinate regular progress reports to Government on National Partnership Agreements</td>
<td>Utilise the benchmarked data provided for performance activities and clinical service improvement.</td>
</tr>
<tr>
<td>Coordinate regular progress reports to Government on National Partnership Agreements</td>
<td>Provide milestones and other information to support monitoring of the delivery of National Partnership Agreements.</td>
</tr>
</tbody>
</table>
3.3 Governance to support performance management

In fulfilling the Department of Health’s role as the ‘system manager’ of the public health system with responsibility for a range of functions including system-wide direction setting, planning, purchasing, performance management and regulation, Department of Health program areas fulfil a monitoring and intervention role that complements the Performance Management Framework.

On a regular basis, reports from Department of Health program areas are provided to the Healthcare Purchasing and Performance Committee. This follows the agreement of objectives and KPIs that are articulated at the beginning of each financial year to each Hospital and Health Board chair for their organisation.

**Figure 3** Department of Health Governance arrangements to monitor performance

**Minister for Health**
- The Minister for Health will write to Hospital and Health Board chairs each year to set out the Minister’s priorities and expectations for the following year.

**Director-General**
- meets with HHS chief executives for a year-end discussion

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5 Formerly the Health Commissioning Board
• meets with the HHS chief executive when off-target performance is escalated by the Deputy Director-General Healthcare Purchasing and System Performance
• reviews reports from the Healthcare Purchasing and Performance Committee
• monitors the performance of each HHS and the delivery of health services from a state-wide perspective
• discusses key areas of HHS and system performance with senior Department of Health Executives
• provides regular updates to the System Leadership Team (SLT) and Minister for Health on HHS performance.

System Leadership Team
• overall leadership of the health system
• setting the overall system direction/strategy and long-term planning
• management of system performance
• achievement of system priorities identified by government.

Departmental Leadership Team
• supports the Director-General in meeting his statutory responsibilities.

Healthcare Purchasing and Performance Committee
• meets monthly to review the actions and initiatives in place as an outcome of the Relationship Management Group meetings
• reviews the overall performance of the HHS in relation to service delivery and financial management.
• reviews key initiatives focused on individual HHSs or specific HHS groups.

Patient Safety Board
• takes advice from HHSs regarding remedial action when the patient safety performance of HHSs does not meet the expected standard
• escalates unresolved issues to the Healthcare Purchasing and Performance Committee.

Relationship Management Group: Department of Health and HHS
• discussions are bi-monthly and are attended by Department of Health executives and the HHS
• provide an opportunity for joint discussions between the HHS and the Department of Health regarding performance against KPIs, specific funding commitments and key priorities, including the opportunity to acknowledge high performance
• opportunity for HHSs to raise any issues they consider relevant for discussion (e.g. proposed service developments or capacity issues) and for both the Department of Health and the HHS to look at key medium-long term issues
• a mid-year review in January/February and attended by the Deputy Director-General Healthcare Purchasing and System Performance and the HHS chief executive (which substitutes one of the bi-monthly meetings)
• an end-of-year discussion attended by the Director-General and HHS chief executive
• identification of supportive actions required to respond to performance results that are unfavourable to target
• service agreement management to ensure that services are being delivered in accordance with the agreed purchasing intentions.

3.4 Performance Measures

Performance is monitored by the Department of Health and reported through a monthly performance report. The Minister may also specify additional requirements for reporting on HHS performance. The HHS will be notified of any additional requirements.

3.4.1 Key Performance Indicators

Key performance indicators (KPIs) are targets established in consultation with HHSs. KPIs are tailored to reflect the profile and service delivery priorities of each HHS. Therefore, not all KPIs apply to all HHSs.

The proposed list of 2015/16 KPIs are provided in Appendix 1 and in schedule 3 of the service agreement.

3.4.2 Targets

Each target measures the level of performance achieved. Where possible these targets are linked to performance levels agreed to in national agreements such as the National Healthcare Agreement and National Partnership Agreements, or set out within the National Performance and Accountability Framework, or defined by the state government.

Targets must meet the following criteria:

• clear and unambiguous – it must be clear what is to be achieved and within what timeframe
• relevant – the target should reflect what the public health system is trying to achieve and should be aligned where possible to targets set in higher level documents (e.g. National Performance and Accountability Framework)
• attributable – the targets must be capable of being influenced by actions which can be attributed to the HHS; it should be clear who has accountability for achieving the target, and what the consequences are if the target is not met
• achievable – the target should be challenging but achievable within available resources.

Each KPI has a target as well as an acceptable range of performance (tolerance) which is defined in the KPI attribute sheet.

Unless specified otherwise in the attribute sheet, year to date targets refer to the financial year.

6 The KPIs for 2015/16 are currently under negotiation and may therefore be subject to change.
The table below depicts the traffic light system used in the performance report to report KPI performance against target. Performance reporting may include in year, year to date, against agreed trajectory and 12 month rolling average. KPI performance that is outside the agreed tolerance is considered to be ‘off target’ and will attract a red performance rating.

### Table 4 KPI traffic light ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Classifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>Performance is currently on target or better than target</td>
</tr>
<tr>
<td>Amber</td>
<td>Performance is unfavourable to target but is within agreed tolerance levels</td>
</tr>
<tr>
<td>Red</td>
<td>Performance is unfavourable to target and is outside the tolerance levels</td>
</tr>
</tbody>
</table>

### 3.5 Reporting Performance

Performance is reported at a number of levels. Hospital performance reports are published nationally by the NHPA through the MyHospitals website.

In Queensland, information on the performance of each HHS is made available to the public through:

- quarterly reports published in newspapers

Information on performance is also available through public documents such as budget papers and annual reports.

Performance against State and Commonwealth government priorities is monitored by the relevant program area in the Department of Health.

The performance reports prepared by the Department of Health are updated on an ongoing basis and are available through the Contracting and Performance Reporting System (CaPRS). A whole of system performance report is provided to the Departmental Leadership Team on a monthly basis.

### 3.6 Responding to Hospital and Health Service Performance

Performance monitoring is critical to enable the evaluation of performance, to identify any evolving performance issues and to ensure confidence in the Queensland public health system. When a performance issue is identified, consideration is given to both the need for potential intensive support and whether adverse performance is consistent with the overall trajectory.

In line with the principle of proportionality, this will depend on the nature and severity of the issue and an assessment of the HHSs capacity to resolve the issue.

The Department of Health is committed to working with HHSs when performance does not reach the expected target against a KPI or agreed priority.

When it is identified that performance is off target, a range of responses may be considered. These could include:
• discussion between Healthcare Purchasing and System Performance Division and the HHS at Senior Executive level to ensure a sound understanding of the causes and contributing factors to the performance issue
• a joint HHS and Healthcare Purchasing and System Performance review to identify the underlying root cause impacting performance
• preparation of a report by the HHS to explain variances in performance that are outside of the threshold tolerance defined in the KPI attribute sheet
• submission of a recovery plan (or turnaround plan for financial performance) by the HHS, with agreed trajectories and milestones
• collaborative work between the Deputy Director-General Healthcare Purchasing and System Performance and the HHS chief executive to take proactive action to support a HHS to improve its performance against the target/s
• escalation of performance reviews to include the Director-General and the HHS chief executive
• agreement that additional support to the HHS may be best provided through engagement of an independent review or validation of an issue.

Where the above actions do not halt performance deterioration, escalation will occur through conversations initially with the Director-General and HHS chief executive and subsequently, if required, the Minister and Hospital and Health Board chair.

Where the above options have been exhausted and following discussions between the Minister and the Hospital and Health Board chair, the Minister may appoint an administrator and/or replace the Hospital and Health Board.

3.6.1 Financial Adjustment – Activity Targets

The Department of Health may initiate a joint process with the HHS to determine whether a financial adjustment should be applied in relation to any activity which has been breached within the relevant quarterly financial period. This process will take into account any relevant matters that have been identified in the review/analysis as well as the outcomes of the activity plan implemented to address the activity breach.

Financial adjustments will be made through the amendment process detailed in the service agreements. Adjustments will be based on the purchased activity levels specified in the finance and activity schedule within the service agreement including the activity levels purchased overall as well as for specific categories including:

• inpatients
• emergency department
• sub and non-acute
• mental health
• interventions and procedures
• outpatients
• non-ABF block funded services
• commitments linked to specific funding allocations.

Activity will be monitored at the service stream level. Providing the HHS meets all relevant KPIs and specific funding commitments, the HHS has the flexibility to transfer activity across service streams.
Table 5 demonstrates the financial adjustment that may be applied when activity thresholds have been breached.

**Table 5  Financial adjustments applied on breach of activity thresholds**

<table>
<thead>
<tr>
<th>Example of Breach</th>
<th>Description</th>
<th>Financial Adjustment</th>
</tr>
</thead>
</table>
| Overperformance   | Activity exceeds that specified in the service agreement value (all types of activity) | Purchasing contracts are capped and a HHS will not be paid for additional activity with the exception of:  
  - Activity above the public QWAU target, as set out in section 2.1 of schedule 2 in the service agreement; or  
  - Activity that is in scope for the identified purchasing initiatives (refer http://qheps.health.qld.gov.au/hpfp/html/purchasing_framework.htm)  
  The Department of Health retains the right to use its discretion to fund extra activity based on the outcomes of the review analysis. |
| Underperformance   | Activity is below that specified within the finance and activity schedule but within the quarterly tolerance threshold of 1% | No financial adjustment will occur, subject to the HHS demonstrating achievement of elective surgery targets and providing the HHS has achieved its public QWAU target (refer section 2.1 of schedule 2 in the service agreement). |
| Underperformance   | Activity is below that specified within the finance and activity schedule and outside of the quarterly tolerance threshold of 1% for:  
  - Inpatients  
  - Sub and non-acute  
  - Mental health  
  - Interventions and procedures  
  - Outpatients; and  
  - Non-ABF block funded services. | Following confirmation that the HHS has taken all reasonable steps to produce the required level of activity, the contracted activity and the related funding may be withdrawn pro rata to the level of under delivery at full cost and reallocated to an alternate provider that can undertake the activity. See also section 2.1 of schedule 2 in the service agreement. |
| Underperformance   | Emergency Department | There will be no withdrawal of funding. |
| Failure to deliver on commitments linked to specific funding allocations specified in the finance and activity schedule 2 | Specific program funding National Partnership Agreements | It is at the discretion of the Department of Health to withdraw allocated funding pro rata to the level of under delivery in accordance with the activity levels specified in schedule 2 of the service agreement. |

For all other types of activity variance, any financial adjustment will be made at the discretion of the Department of Health.
3.6.2 Financial Adjustments – other

The purchasing framework comprises a range of 'purchasing initiatives' which apply financial levers to drive the delivery of efficient and effective care. Purchasing initiatives are targeted in three main areas:

- improving patient safety and quality, e.g. reducing adverse events and quality improvement payments (QIP)
- improving preventive health measures, e.g. quality improvement payment for immunisation and smoking cessation
- more care closer to home, e.g. telehealth.

Purchasing initiatives can take the form of:

- volume adjustments – purchasing more or less of certain types of activity, e.g. additional activity in targeted areas such as telehealth
- price adjustments
- incentive payments, such as QIP
- financial disincentives, such as nil payment for 'never events'.

Appendix 1: Key Performance Indicators, Targets and Tolerances

Note: Not all KPIs are in scope for all HHSs. For information regarding the KPIs for individual HHSs please refer to the HHS service agreements.

<table>
<thead>
<tr>
<th>KPI No.</th>
<th>Key Performance Indicator (KPI)</th>
<th>Green</th>
<th>Amber</th>
<th>Red</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness – Safety and Quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>In hospital mortality VLAD indicators</td>
<td>Upper level flags or no lower level flags</td>
<td>Lower level 1 or 2 flag</td>
<td>Lower level 3 flag</td>
</tr>
<tr>
<td></td>
<td>In hospital mortality rates for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Acute myocardial infarction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Stroke</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fractured neck of femur *</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pneumonia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* excludes Central West, Torres and Cape and South West</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Unplanned Hospital Readmission VLAD Indicators</td>
<td>Upper level flags or no lower level flags</td>
<td>Lower level 1 or 2 flag</td>
<td>Lower level 3 flag</td>
</tr>
<tr>
<td></td>
<td>Unplanned hospital readmission rates for patients discharged following management of:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Acute myocardial infarction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Heart failure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Knee replacements*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Hip replacements*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Depression*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Schizophrenia*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Paediatric Tonsillectomy and adenoidectomy*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>* excludes Central West, Torres and Cape and South West</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Healthcare–associated infections</td>
<td>Facilities with ≥ 5,000 days of patient care under surveillance for the reporting period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Healthcare associated <em>staphylococcus aureus</em> (including MRSA) bacteraemia</td>
<td>Rate is less than or equal to 2.0 per 10,000 patient days per healthcare facility</td>
<td>N/A</td>
<td>&gt;2.0 per 10,000 patient days per healthcare facility</td>
</tr>
<tr>
<td></td>
<td>Facilities with &lt; 5,000 days of patient care under surveillance for the reporting period:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7 KPIs for 2015/16 are currently under negotiation and may therefore be subject to change.
<table>
<thead>
<tr>
<th>KPI No.</th>
<th>Key Performance Indicator (KPI)</th>
<th>Green</th>
<th>Amber</th>
<th>Red</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No specific target, any movement from zero to be discussed</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>4</td>
<td><strong>Rate of Seclusion</strong></td>
<td>Child and adolescent: ≤15 seclusion events per 1,000 patient days <strong>General adult and older persons:</strong> ≤10 seclusion events per 1,000 patient days</td>
<td>Child and adolescent: &gt;15 to ≤18 seclusion events per 1,000 patient days <strong>General adult and older persons:</strong> &gt;10 to ≤13 seclusion events per 1,000 patient days</td>
<td>Child and adolescent: &gt;18 seclusion events per 1,000 patient days <strong>General adult and older persons:</strong> &gt;13 seclusion events per 1,000 patient days</td>
</tr>
<tr>
<td>5</td>
<td><strong>Community Mental Health Packages of Care</strong></td>
<td>≥75%</td>
<td>&lt;75% to 65%</td>
<td>&lt;65%</td>
</tr>
<tr>
<td></td>
<td>Proportion of community mental health treatment packages of care that meet minimum expectations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>Shorter stays in emergency departments</strong></td>
<td>≥90%</td>
<td>85.0% - 89.9%</td>
<td>&lt;85.0%</td>
</tr>
<tr>
<td></td>
<td>% of patients who attended an emergency department/service who depart within four hours of arrival</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td><strong>Elective surgery</strong></td>
<td>Category 1: ≥98.0% <strong>Category 2:</strong> ≥95.0% <strong>Category 3:</strong> ≥95.0%</td>
<td>Category 1: ≥95.0% &lt;98.0% <strong>Category 2:</strong> ≥92.0% &lt;95.0% <strong>Category 3:</strong> ≥92.0% &lt;95.0%</td>
<td>Category 1: &lt;95.0% <strong>Category 2:</strong> &lt;92.0% <strong>Category 3:</strong> &lt;92.0%</td>
</tr>
<tr>
<td></td>
<td>Elective surgery patients treated in the clinically recommended timeframe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Category 1: 30 days <strong>Category 2:</strong> 90 days <strong>Category 3:</strong> 365 days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td><strong>Fewer long waiting specialist outpatients</strong></td>
<td>≤HHS specific target (see agreed outpatient trajectory)</td>
<td>≤HHS specific target (see agreed outpatient trajectory)</td>
<td>≤HHS specific target (see agreed outpatient trajectory)</td>
</tr>
<tr>
<td></td>
<td>% of unseen specialist outpatients waiting more than the clinically recommended timeframe for their urgency category</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Category 1: 30 days <strong>Category 2:</strong> 90 days <strong>Category 3:</strong> 365 days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td><strong>Potentially preventable hospitalisations – chronic conditions</strong></td>
<td>≤ HHS specific target</td>
<td>≤1.0% above HHS target</td>
<td>&gt;1.0% above HHS target</td>
</tr>
<tr>
<td>KPI No.</td>
<td>Key Performance Indicator (KPI)</td>
<td>Green</td>
<td>Amber</td>
<td>Red</td>
</tr>
<tr>
<td>---------</td>
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<td>-------</td>
<td>-----</td>
</tr>
<tr>
<td>10</td>
<td>Aboriginal and Torres Strait Islander Potentially Preventable hospitalisations</td>
<td>≤HHS specific quarterly, YTD and annual target</td>
<td>≤1.0% above HHS target</td>
<td>&gt;1.0% above HHS target</td>
</tr>
<tr>
<td>11</td>
<td>Aboriginal and Torres Strait Islander Discharge Against Medical Device</td>
<td>≤HHS specific quarterly, YTD and annual target</td>
<td>≤5% above HHS target</td>
<td>&gt;5% above HHS target</td>
</tr>
<tr>
<td>12</td>
<td>Telehealth Number of non-admitted telehealth service events</td>
<td>≥10.00% above the 2013/14 baseline</td>
<td>5.00% - 9.99% above the 2013/14 baseline</td>
<td>&lt;5.00% above the 2013/14 baseline</td>
</tr>
</tbody>
</table>

**Efficiency – Efficiency and Financial Performance**

<table>
<thead>
<tr>
<th>13</th>
<th>Full-year forecast operating position</th>
<th>Balanced, surplus or an agreed non-recurrent deficit</th>
<th>&gt;0% to 1.0% unfavourable variance to budget</th>
<th>&gt;1.0% unfavourable variance to budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Length of stay in public hospitals</td>
<td>At or below AR-DRG target</td>
<td>within +10% of target</td>
<td>&gt; +10.01% of target</td>
</tr>
<tr>
<td>15</td>
<td>Funded and average cost per QWAU</td>
<td>At or below the HHS specific funded price per QWAU</td>
<td>≥0.1% to 3% above the HHS specific funded price per QWAU</td>
<td>≥3% above the HHS specific funded price per QWAU</td>
</tr>
</tbody>
</table>

**Effectiveness – Patient Experience**

<table>
<thead>
<tr>
<th>16</th>
<th>Measures of patient experience with:</th>
<th>Under development</th>
<th>Under development</th>
<th>Under development</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Maternity services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Small hospitals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABF</td>
<td>Activity Based Funding</td>
</tr>
<tr>
<td>ACSQHC</td>
<td>Australian Commission on Safety and Quality in Health Care</td>
</tr>
<tr>
<td>AHMAC</td>
<td>Australian Health Ministers’ Advisory Council</td>
</tr>
<tr>
<td>AHSSQA</td>
<td>Australian Health Service Safety and Quality Accreditation</td>
</tr>
<tr>
<td>DDG</td>
<td>Deputy Director-General</td>
</tr>
<tr>
<td>DG</td>
<td>Director-General</td>
</tr>
<tr>
<td>DLT</td>
<td>Departmental Leadership Team</td>
</tr>
<tr>
<td>DoH</td>
<td>Department of Health</td>
</tr>
<tr>
<td>HPPC</td>
<td>Healthcare Purchasing and Performance Committee</td>
</tr>
<tr>
<td>HHS</td>
<td>Hospital and Health Service</td>
</tr>
<tr>
<td>IHPCA</td>
<td>Independent Hospital Pricing Authority</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
</tr>
<tr>
<td>NHPA</td>
<td>National Health Performance Authority</td>
</tr>
<tr>
<td>NPAF</td>
<td>National Performance and Accountability Framework</td>
</tr>
<tr>
<td>NSQHS</td>
<td>National Safety and Quality Health Service</td>
</tr>
<tr>
<td>PHN</td>
<td>Primary Healthcare Network</td>
</tr>
<tr>
<td>PQWUA</td>
<td>Public Queensland Weighted Activity Unit</td>
</tr>
<tr>
<td>QIP</td>
<td>Quality Improvement Payment</td>
</tr>
<tr>
<td>RMG</td>
<td>Relationship Management Group</td>
</tr>
<tr>
<td>SLT</td>
<td>System Leadership Team</td>
</tr>
</tbody>
</table>
Resources

**Agency Planning Requirements** (Department of the Premier and Cabinet)

**Annual Report Requirements for Queensland Government Agencies** (Department of the Premier and Cabinet)

**Australian Commission on Safety and Quality in Health Care**
www.safetyandquality.gov.au

**Department of Health Strategic Plan 2014-2018**

**Financial Accountability Act 2009**

**A Guide to the Queensland Government Performance Management Framework** (Department of the Premier and Cabinet)

**Healthcare Purchasing Framework – specification sheets**

**Hospital and Health Boards Act 2011**

**HHS Service Agreements and supporting documents**

**Independent Hospital Pricing Authority**
www.ihpa.gov.au

**KPI attribute sheets**

**Mater Public Health Services Act 2008**

**MyHospitals**
www.myhospitals.gov.au

**National Healthcare Agreement (2012)**

**National Health Reform Agreement (2011)**

**National Performance and Accountability Framework**
National Health Performance Authority
www.nhpa.gov.au

The Queensland Government’s objectives for the community (Department of the Premier and Cabinet)

State Budget – Service Delivery Statements (Queensland Treasury)