

Procedure: Health Service Provider Selection

Procedure Facilitator: Planning and Funding	Authorised by: GM Planning and Funding Division	Classification: Planning and Funding Provider Selection
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1. Purpose and Scope:

- Provide Waikato DHB Planning & Funding Division with an efficient and timely mechanism to select the best possible provider to deliver health services
- Provide clear and consistent procedures for the selection of service providers
- Reduce the risk of challenges to the decision making process
- Comply with legislative requirements
- Provide an open and transparent provider selection process using Best Practice processes

This procedure will apply to all Planning and Funding provider selection processes. This will apply to both new funding (consistent with the funding approval - Prioritisation Paper or Ministry of Health directive) along with situations where a review or reconfiguration of existing services / provider(s) is required e.g.

- Existing provider exits service
- Current service is terminated
- Contestable process in best interests of DHB / its population

There are however the following exclusions where a provider selection process may not be required:

- Rollover, renewal, extensions or variations to existing contracts
- Urgent/Emergency agreements (necessary for service access)
- Provider Arm – hospital services (in line with the Operational Policy Framework)
- Specific funding initiatives as directed by the Ministry of Health or the Community Public Health Advisory Committee (CPHAC) that may conflict with this procedure or the granting of Section notices
- Changes to contract arrangements that are administrative, rather than a substantive change of provider

Waikato DHB reserves the right to deviate from this procedure at any time and for any reason whatsoever at its absolute discretion.

2. Definitions

Request for Proposal (RFP)	An invitation for providers to submit a proposal to supply the required services to the Waikato DHB
Registration of Interest (ROI)	An invitation for providers to register an interest to deliver/develop services (in accordance with broadly defined parameters) to the Waikato DHB



3. Procedure

Waikato DHB is committed to a robust transparent process in selecting providers to deliver health services within Waikato Region. The service provider selection process may include:

- RFP versus ROI
- Provider Selection Process
- Evaluation Panel Selection
- Evaluation Criteria Development
- Analysis of Proposals
- Contract Process
- Implementation Process
- Post Selection Process

3.1 RFP versus ROI

The decision between using an RFP or ROI process will generally be determined by the level of specificity in relation to the proposals being sought.

Where there is a clearly defined service being sought, an RFP process with a fully developed specification will be used. Where there has been a decision to seek initiatives from potential providers within a more generally described service area an ROI approach may be utilised. An ROI will require providers to submit sufficient information detailing both the type of service they are proposing and how they would provide the service. This information would then form the basis of a service specification that would be negotiated as a component of the service agreement.

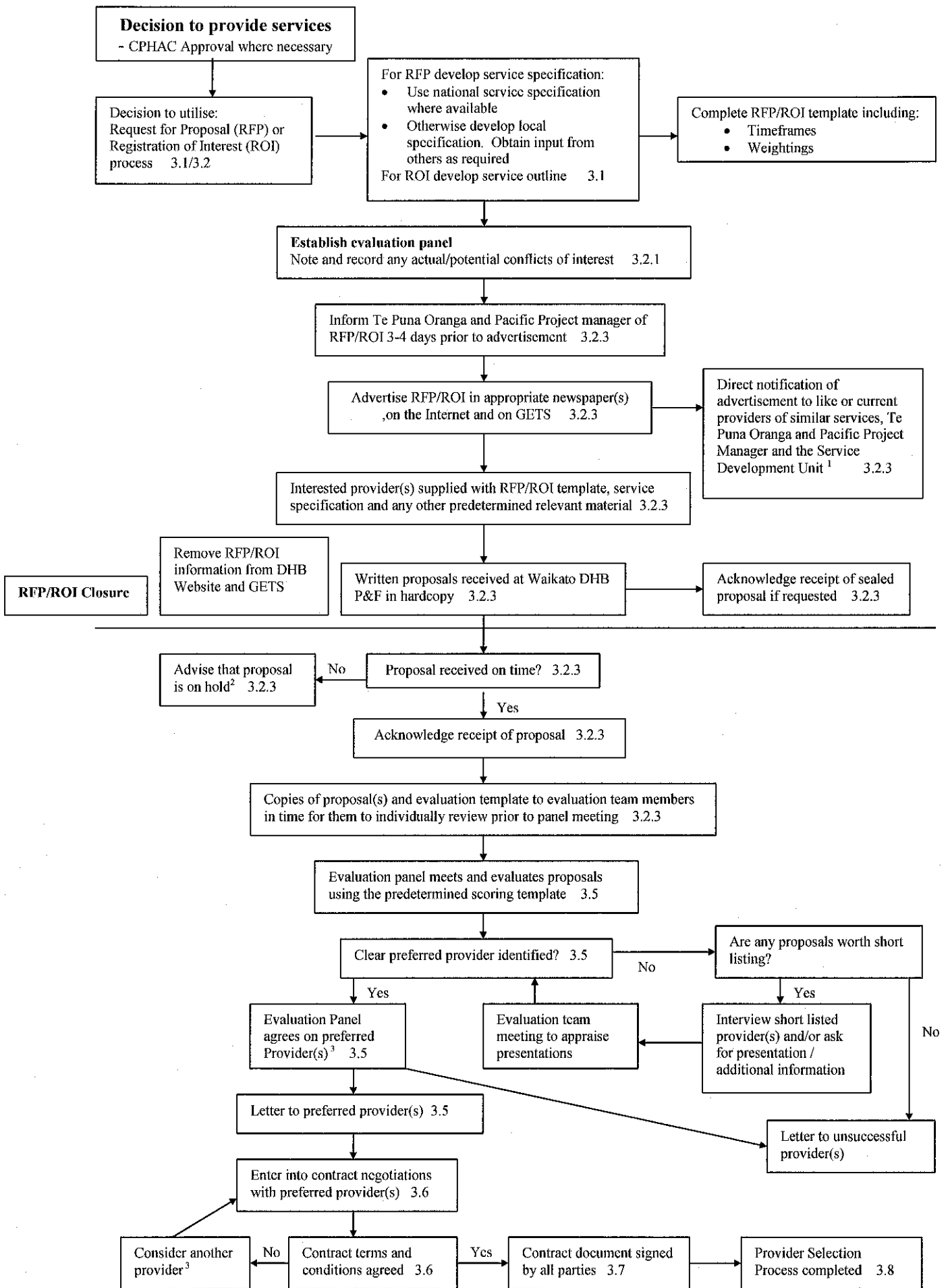
3.2 Provider Selection Process (RFP or ROI)

3.2.1 Conflicts of Interest

Throughout Provider Selection, processes will be managed to ensure they are transparent and minimise actual and perceptions of conflicts of interest or unfair advantage. This will be an inherent component of all significant stages of the process including specification development and the role of the evaluation panel. Prior to these components of work being undertaken, the involved parties will be asked to identify and record actual and potential conflicts. This information will be advised to the GM: Planning and Funding to determine whether the involvement of any particular party is appropriate.

Where (due to the service nature) further expertise is required from Te Puna Oranga (Māori Health Service) or other experts, the involved individual(s) will not have had previous discussions with providers (or other staff who may have discussions with providers) in relation to the RFP / ROI.

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1 Consider notification to all relevant existing providers including PHOs and Waikato DHB (Health Waikato). Te Puna Oranga (Māori Health Service) may directly inform relevant Māori provider(s) of advertisement.

2 Late proposals will only be considered if an outcome is not reached with the proposal(s) received on time.

3 If no successful provider identified, consider options.

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3.2.2 Establish Service Requirements

- Identify and describe services required consistent with prioritisation paper approval
- For an RFP, identify the appropriate national service specification. Where a national specification is not available develop a local Service Specifications. There must be the following involvement in service specification development:
 - Clinical input eg Chief Medical Advisor, Director of Nursing
 - Advisory Group (where a relevant group exists)Consider involving other experts in the development of any service local specifications as required e.g. Te Puna Oranga (Māori Health Service), Pacific Project Manager
- Estimate resource requirement (identify costs of providing the required services)

3.2.3 Preparing the RFP or ROI

Pre- advertisement

- Draft an RFP or ROI that is clear, unequivocal and complete using the relevant standard template (refer Attachments)
- Set up a file to include all correspondence concerning the process
- Provide sufficient information in RFP or ROI for provider to self eliminate
- Select an Evaluation Panel (refer to 3.3). Confirm with individuals their involvement on the selection panel formally noting any actual or potential conflicts of interest and ensuring external staff will not also be involved in provider development in relation to this service area
- Set evaluation date(s) and interview date(s) and inform panel
- Establish evaluation criteria (refer to 3.4)
- Establish a single point of contact for Proposers to use during the process. This may entail the “point of contact” arranging for others within Planning and Funding to deal with queries
- Determine closing date - RFPs / ROIs will close in a minimum of two weeks (usually three) from time of advertising to closing date
- Ensure that there is a clear location for receipt of proposals included in all contract documentation
- Determine how many copies of proposals will be requested (consider requesting the same number of copies as size of the evaluation panel)

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Opening to closure of advertisement

- Advise Te Puna Oranga and Pacific Project person of RFP / ROI, 3 – 4 days prior to advertising
- Advertise RFP in appropriate newspaper(s) and Internet
- Best endeavours will be made to notify all current or known potential providers of like or similar service (including Primary Health Organisations and Waikato DHB Provider Division) and Te Puna Oranga (Māori Health Service) directly of RFP / ROI advertisement
- Supply the template (including evaluation criteria), service specification (if available) and any other predetermined relevant material to providers who request this information
- Te Puna Oranga (Māori Health Service) and the Pacific Project Officer may also notify relevant Māori or Pacific provider(s) respectively following advertisement in addition to the processes undertaken by the Planning and Funding Division
- Ensure all communications between DHB and Proposers are in writing (as informal communication between evaluation team and potential service providers could prejudice the integrity of the RFP / ROI process)
- Document when RFP /ROI responses received
- Acknowledge receipt of the sealed proposal if name and address of sender is written on outside of envelope

Following closing date

- Ensure two people are present to open the RFPs / ROIs after the nominated closure date and time and record relevant information including number of copies received and whether received within the required timeframe
- Acknowledge receipt of proposal within five days of the closing date
- Store RFPs/ ROIs in a safe place
- Decline any RFPs received after the nominated closing time. A late proposal will only be considered if an outcome is not reached with the proposal(s) received on time
- Provide a copy of proposals and evaluation template to evaluation panel members

3.3 Evaluation Panel Selection

- Establish an evaluation panel comprising a minimum of three people including: Two Portfolio managers who have a broad understanding of the services and a Performance Analyst
- Provide the opportunity for the Chief Medical Advisor and Director of Nursing to be on the evaluation selection panel
- Confirm with individuals their involvement on the selection panel and record any actual or potential conflicts of interest prior to advertisement
- Where (due to the service nature) further invited expertise is required from Te Puna Oranga (Māori Health Service) or other experts, it will be clarified with the involved individual(s) that they must not have discussions with providers (or other staff who may have discussions with providers) in relation to the RFP / ROI / service
- Advise nominated individuals the schedule outlining the time involved

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- Internal or external participants may be considered for the Evaluation Panel where other expertise is required i.e. clinical input, other funders, Te Puna Oranga (Māori Health Service), Pacific Project officer

3.4 Evaluation Criteria Document

- Refer to attached RFP / ROI templates
Weighting scores are used as a tool to assist analysis and seek to reflect the relative importance of, and risk associated with, each selection criterion.

3.4.1 Scoring Criteria:

- A minimum score of 65% must be achieved before contract is awarded or ROI considered
- Where the panel has scored individually, an average score will be applied
Where the panel is scoring as a group, a consensus score will be obtained
Where there is a conflict between the two scoring methods, the averaged score will be used
- Compliance against specified key criteria will be considered, with the expectation that providers should score at least 3 in the key areas

A weighting will be allocated to service requirements based on whether the requirement is:

- essential (weighting = 3)
- desirable (weighting = 2)
- all other requirements (weighting = 1)

A total provider score will be allocated for each criteria (possible score multiplied by allocated weighting).

The possible score will be scaled from 0 to 4:

- 0 = Does not meet minimum requirements
- 1 = Meets around one-third of the requirements
- 2 = Meets half the requirements (>1/3, <2/3)
- 3 = Meets around two-thirds of the requirements
- 4 = Fully meets requirements

In addition to considering the overall score, emphasis will also be given to the level of compliance against the key criteria with the expectation that providers should score at least 3 in the key areas. Where a provider obtains a high overall score but there are concerns in relation to the key criteria, this will be considered and reflected in the overall ranking of proposals.

- Weighting/scoring guidelines must be available to send to prospective proposers with RFP/ROI
- Only the final scoring sheet will be kept (i.e. individual scores will be discarded)

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3.5 Analysis of Proposals

The Evaluation Panel will:

- Individually review the proposal/ROI prior to the panel evaluation meeting(s) and score the proposal/ROI
- Meet and determine a single score. This may be achieved by averaging, especially where the individual scores are similar
- Identify any key areas where there are concerns in relation to the proposal
- Identify areas requiring clarification
- Identify parts of the proposal that could add value to the service required
- Note that “value for money” does not necessarily mean selecting the lowest price
- Short list for presentation / negotiation, if required
- Seek references as appropriate to confirm organisation’s ability to deliver the core services required
- Seek references as appropriate to confirm organisation’s ability to link effectively with other healthcare / intersectoral providers

- It may be necessary to invite shortlisted proposers and registrants of interest to make a presentation to expand and clarify its proposal. All proposers invited to make a presentation should be given the same brief, and allotted the same amount of time
- It may be appropriate to carry out a site visit (e.g. residential home) to help with the evaluation process to determine a preferred provider
- Where presentations have occurred there will be a reassessment of scores against each of the evaluation criteria. The panel will keep a record of both the pre and post-presentation scores
- A consensus decision will be the preferred option. If a consensus cannot be reached, then the GM: Planning and Funding will be invited to assist with the analysis of proposals and will have the final decision
- Notify successful Proposer/Registrant of Interest in writing and request that they accept the offer of a contract in writing within an agreed timeframe
- Notify unsuccessful Proposer(s)¹
- If a successful provider cannot be identified, consider options
- Despite the processes set out in this procedure, Waikato DHB retains the right to accept or decline for any reason whatsoever any proposal/registration of interest whether in whole or in part, and its decision will be final

3.6 Contract Process

- Decide type of agreement (letter of agreement, short agreement, long agreement)
- Complete agreement documentation
- Incorporate performance indicators
- Confirm service specifications
- Agree exclusions (if relevant)
- If contract terms and conditions cannot be agreed with preferred provider, consider other options including whether to progress with the second best potential provider

¹ Do not write to unsuccessful providers until certain that either proposal is definitely unsuccessful.



3.7 Post Selection Process

- Notify all applicants of successful proposals
- Following the provider selection process and agreement of contract with the successful provider, information submitted by unsuccessful Proposers will be retained as required by the Archives Act, or longer if necessary to mitigate legal risk
- Information from the selected Proposer, along with file notes/correspondence in relation to the negotiation phase will be maintained on file
- Any complaints in relation to the selection process will be considered in line with Waikato DHB's complaints policy
- Complete the RFP / ROI file (advertisement, template, any service specification, all completed evaluation templates and copy of all proposal and registrations of interest) and archive
- Commence a provider file for the new service

4 References

- Procurement: A statement of Good Practice
- Guidelines for Contracting with Non-Government Organisations for Services Sought by the Crown (Treasury)
- Waikato DHB District Annual Plan (Prioritisation)

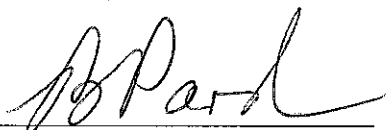
5 Attached Documents

- RFP template
- ROI template
- Service Specifications – Rules and Guidelines

6 Associated Documents

- Operation Policy Framework

7. Authorisation



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GM: Planning and Funding

31/8/06
(Date)

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