

HNECC Primary Health Network Ramps Up Procurement Practices



Those who remember the Hawke Government will be familiar with the term ‘efficiency dividend’. This dividend is generated through an annual reduction in resources available to a government organisation or body, with dividend targets usually expressed as a percentage of OPEX (running) costs. Put simply, it’s about doing more with less.

A prime example took place in the health care sector in Australia in 2015 when the Federal Government announced a measure to consolidate 61 Medicare Locals - regional organisations charged with planning and co-ordinating improvements in primary health care for a designated population - into 31 geographically-based networks known as Primary Health Networks (PHNs). These 31 PHNs were charged with contracting providers to deliver a portfolio of medical services designed to reduce the number of people entering the tertiary hospital system.

The challenge, however, is that under the old system Medicare Locals were often the direct provider of primary health care services. As a consequence, there was little experience and knowledge within the primary health sector at directly commissioning service providers. The new PHN structure clearly required different skillsets and specialised toolsets.

One case in point is the Hunter New England Central Coast PHN, comprising the former Medicare Locals of the Hunter, New England and Central Coast. One of the first tasks for the HNECC PHN was to embed the tender process as a means of efficiently contracting suppliers to the network.

“The view of HNECC was to encourage competition in order to achieve value for money services,” said Danny Lynn, Contracts Manager, who was appointed to help ramp up HNECC’s procurement capabilities.

“Expressions of interest and tendering for services was foreign to many stakeholders in the Primary Health sector. They were aware that part of the requirement for funding from the Federal Government was that the service providers would be found through a competitive tendering process. Yet they had never done it before.”

Building from scratch made much easier with a digital toolset

There were bound to be difficulties in establishing a tendering process from scratch. Thus, the choice of a new toolset was a critical decision. The manual tender process was quickly discounted as an option due to being inefficient, slow and expensive. Most importantly, the manual process was seen as error-prone, particularly for less experienced practitioners grappling with all the uncertainties faced by organisations in start-up mode.

So the HNECC went to market seeking the services of an e-Procurement provider and, after a small request for quotation, HNECC selected TenderLink as the electronic toolset for all of its procurement needs. And they quickly put it to good use.

“Since bringing TenderLink on board we’ve completed one substantial expression of interest exercise for all potential services and providers in our region,” said Lynn. “In effect, it was an exercise to see how many providers were in our region; a fact finding mission. Now we know who the service providers are, we’ve got them established, we’ve got networks there, and they’ll be alerted as to any future tender process we go through.”

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Danny Lynn
Contracts Manager
HNECC Primary Health Network

Transparency in evaluations assured through lock-down criteria and weighting

From there, the newly-formed PHN went through the process of shortlisting to determine the supplier panels through which they'd undertake select tenders. Naturally, given that the process is one wholly new to the health space, there was the risk that some suppliers who did not make the shortlist would be perturbed at missing out. In anticipation, HNECC wisely chose to use TenderLink's evaluation toolset, coupled with external auditing oversight along the way.

"We enlisted a probity auditor along the way - it was recommended to the board - so we had an extra set of eyes look over it so they'd have that extra level of comfort," said Lynn. "We also had independent evaluators. Using TenderLink's evaluation toolset, we locked down the criteria and weighting, while also keeping things at arm's length by using the services of independent evaluators. The toolset was easily configured so the evaluators could only view the program of work relevant to them and were not able to see pricing, therefore removing the influence of price bias."

Once the decisions on supplier panels were made public, it was inevitable that HNECC would field questions from disappointed suppliers. But with TenderLink's toolset, the HNECC team was able to provide clear answers.

"One of the major benefits to using TenderLink's evaluation toolset is that there are controls. You can lock down the weighting and there's an audit trail of anyone who's been in there and had access to it," said Lynn. "So it's not like an Excel spreadsheet where data can be manipulated. This is imperative, as PHNs look to embed probity and transparency into their procurement process. With TenderLink, you can use the weighting and scoring methodologies in the evaluation toolset and produce reports out of the process. In addition, HNECC gave each unsuccessful service provider an opportunity for a debrief to discuss the process and their submission to advise how they could improve in the future."

Maintain procurement focus with first-class outsourced support

It's one thing to learn a new system on the go. It's another thing entirely to deal with a whole new base of suppliers who are also going through the electronic tender process for the first time. If suppliers encounter technical issues such as how to submit an electronic submission or zip a file, their first instinct would be to call the tenderer. In most instances that's fine - but when it's the first time for everyone involved, that call can significantly slow down the processes, with no guarantee of a result.

But the TenderLink offering has that base covered as well

"As part of our contract, TenderLink provide the help desk and that's a great asset; the thing that pushed them over the line for us is that they're very experienced and well-resourced and if there were any technical web-related queries they were handled by TenderLink," said Lynn. "We could focus on the actual questions that were relevant to the services."

The HNECC's use of the TenderLink toolset established the benchmark for tender process in a market that had never seen a tender before, let alone a digital one. It was quick, effective and established a clear tender process for the HNECC procurement team to follow from the get-go. The success of the HNECC rollout has led to more PHNs adopting TenderLink's toolset to take them through the daunting procurement process for the first time and beyond.

"The HNECC expression of interest exercise showed PHNs across the country how simple the process could be when executed with the help of digital toolsets," said Darrin Stollznow, Australasian Business Development Manager, TenderLink. "There's no paperwork, no manual handling of anything, no need to record calls; essentially all of the once-daunting drawbacks of the procurement process have become digital and the risk associated with the manual process is mitigated through automated processes. Just six months after that initial EOI, more than 20 PHNs across Australia began using our technology. It's the easiest and safest way to go to tender."

Yet perhaps the biggest benefits that the HNECC found were the most obvious.

"The toolset is simple to learn and even organisations that haven't been exposed to tendering before didn't have a great deal of difficulty using the tool," said Lynn. "TenderLink is efficient, its support is first-class and the technology really helped us ramp up our operations from the ground up. And because TenderLink has such a massive presence in Australia, we know that any opportunities we publish using their system are going to be sent to the largest base of suppliers across the country, and certainly in our region. When you're starting from scratch, it's great to know that the message you're sending out is going to the largest number of suppliers possible, and TenderLink can provide that assurance."

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