

**CONTRACT MANAGEMENT GUIDELINES FOR
LOCAL HEALTH INTEGRATION NETWORKS
May 2017**

The Government recognizes the importance of high quality and high value home care. Home care plays a critical role in achieving successful and sustainable health care for Ontarians.

A person-centred, high performing health care system requires continuous improvement across the system by all service providers, including Local Health Integration Networks (LHINs) and home care service providers. Home care will contribute to a person-centred continuum of health care services by delivering integrated care based on evidence-based best practice care paths to allow people to remain in their communities. Key levers for change are:

- outcome-based performance measurement and reimbursement,
- transparency through public reporting at the local level of care provision, and
- care coordination across health service providers.

Our goal is for clients and caregivers to be more satisfied with their home care experience and for home care service providers to be fully accountable for their performance.

The LHIN and service provider contractual relationship will support continuous improvement efforts and flexibility to act on these levers of change for the benefit of Ontarians and their families in need of home care services. The strength of the contractual relationship between LHINs and home care service providers will determine the level of success.

The Ministry of Health and Long-Term Care (ministry) supports a joint process for LHIN and home care service providers to modernize contracts. A strong contractual relationship will embed ongoing improvements into a process and culture that guides, inspires and rewards excellence in care delivery.

The following Contract Management Guidelines for LHINs and home care service providers will support continuous quality improvement while maintaining continuity of high quality and high value client care services.

1. As existing contracts expire, LHINs and service providers will enter into new contracts that include the appropriate provisions to achieve the following:
 - a. Integrated care and adoption of evidence-based best practice care pathways for appropriate client populations

- b. Standardized outcome-based performance measurement aligned with the standardized provincial Performance Management Framework outlined in Schedule A
- c. Transparent public reporting of service provider performance
- d. Value-based pricing for quality based procedures such as unilateral hip and unilateral knee replacement, hip fracture, stroke, wound care and palliative care and/or others as directed by the ministry
- e. Regular re-examination of pricing methodologies and rates to reflect the cost of evidence-based care and achievement of efficiencies
- f. Continuous Quality Improvement Plans for LHINs and service providers, as outlined in Schedule B.

Contracts should also maintain a sufficient level of flexibility to enable continuous quality improvement, innovation and amendments that reflect changes as directed by the ministry.

2. LHINs will utilize a competitive procurement process for purchase of client services only under the following circumstances:
 - a. In the event a LHIN has a business case to issue a new contract for new services, new volumes and/or exceptional circumstances
 - b. In the event the LHIN must terminate a service contract as a result of poor performance by the service provider and the LHIN cannot reallocate service volumes to other existing service providers holding contracts with the LHIN
 - c. In the event that an agreement between the LHIN and a service provider is not reached and the LHIN cannot reallocate service volumes to other existing service providers holding contracts with the LHIN.
3. Where a LHIN wishes to use competitive procurement under number 2, the LHIN must:
 - a. Inform the ministry
 - b. Use the *Client Services Procurement Directive for CCACs*.
4. The ministry expects LHINs and service providers to jointly establish:
 - a. A respectful, positive and accountable contractual framework, relationship and systems that advance and promote the work of the home care sector
 - b. A system of measures to monitor and improve service delivery, health outcomes, and person, family and provider experience.
5. All contracts between LHINs and service providers must be within the LHINs' approved level of funding.
6. If LHINs have not already done so, LHINs should consolidate multiple contracts held with the same service provider to promote consistency of care across communities.

7. Contractual performance outcomes should be regularly reviewed and amended to reflect continuous quality improvement, innovation and system evolution.
8. LHINs must continue to acquire medical supplies and equipment through competitive procurement processes in the *Client Services Procurement Directive for CCACs*.
9. LHINs must ensure that all legislation, regulations, policy directions and standards relating to the delivery of client services are reflected in, and adhered to by LHINs, throughout the planning, acquisition and ongoing management of contracts for client services (e.g. *Local Health System Integration Act, 2006*, *Home Care and Community Services Act, 1994*, *Employment Standards Act, 2000*, the principles set out in the *Excellent Care for All Act, 2010*, Management Information System guidelines, Client Services Procurement Directive for CCACs, and Contract Management Guidelines).
10. Service providers must comply with applicable law.

SCHEDULE A

Performance Management Framework – means the standardized provincial Performance Management Framework developed by the LHINs for their use consistent with the criteria described below.

LHINs will develop a standardized provincial Performance Management Framework to measure and evaluate service provider performance and manage client service contracts consistent with the performance standards and benchmarks outlined in the Performance Management Framework on an ongoing basis.

This Performance Management Framework will require LHINs to request and receive regular performance information from the service providers, analyze the performance, and provide regular performance feedback to service providers.

LHINs and service providers will regularly and publicly report key performance metrics as part of a balanced scorecard that links performance objectives with measures. The scorecard should grant insight into performance at the LHIN and service provider agency level by using indicators of client access, client and caregiver experience, quality and outcome measures, as well as value for money.

As part of the Performance Management Framework, LHINs will develop appropriate mechanisms to enforce compliance with the standards, and take steps to remedy non-compliance. LHINs must review service provider performance at least annually.

LHINs will implement a standardized provincial Performance Management Framework for client services that:

- a. clearly articulates expectations of service providers, including performance targets;
- b. incorporates performance indicators developed or selected by Health Quality Ontario and additional indicators for monitoring the achievement of expectations (including process, quality and outcome measures, indicators of client experience and worker satisfaction, and financial indicators);
- c. includes definitions and the development and setting of benchmarks for satisfactory, unsatisfactory and exemplary performance;
- d. includes transparent criteria affecting performance management and decision making;
- e. includes guidelines for timing and content of remedial action plans, when needed;
- f. includes specific rewards and sanctions related to each level of achievement;
- g. monitors achievement of expectations (e.g. including process, quality and outcome measures, indicators of client experience and worker satisfaction,

and financial indicators) and applies a weighting factor to reflect an emphasis on quality of care.

SCHEDULE B

Continuous Quality Improvement Plan – means a management approach to improving and maintaining quality that emphasizes internally driven and continuous assessment of quality. A Continuous Quality Improvement Plan includes performance benchmarks for the provision of client services. When performance benchmarks are met by LHINs and service providers, benchmarks are reviewed and revised as appropriate by LHINs in consultation with service providers with the purpose of improving the quality of care provided.

LHINs will require service providers to develop annual Continuous Quality Improvement Plans that align with the Continuous Quality Improvement Plans of their respective LHINs and include these in their annual reports to LHINs.

LHINs will develop and publicly post annual Continuous Quality Improvement Plans. In developing annual Continuous Quality Improvement plans, LHINs will consider the performance benchmarks of their contracted service providers.