



Special Commission of Inquiry into Healthcare Funding

Submission Number: 141
Name: HealthShare NSW
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HealthShare NSW

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Initial Submission

30 November 2023

healthshare.nsw.gov.au

This initial submission is provided with the intention that it will be supplemented with supporting material as required throughout the Inquiry.



Executive Summary

HealthShare NSW is an organisation of approximately 8,500 employees dedicated to serving NSW public hospitals and their patients through the provision of non-clinical shared services.

1. Established as an entity under the Health Administration Corporation (HAC), HealthShare NSW has grown to become the largest, most diverse and most mature government shared service provider in Australia.
2. Due to the diversity of its services, the value of HealthShare NSW takes many forms, including improving overall system efficiency, enhancing patient and system flow, improving the patient experience, supporting the system to operate more sustainably, and returning time to clinicians so that it can be better spent with patients.
3. Increasingly, HealthShare NSW is being seen as a vehicle for significant reforms through further evolution of the shared services model. Under the umbrella of its Shared Service Evolution Program, HealthShare NSW is committed to undertaking important service enhancements in the areas of procurement, hospital food services, linen services, hospital loading dock management, cleaning and non-emergency patient transport over the next three to four years.
4. A core principle of the Shared Service Evolution Program is the need for standardisation. Just as standardisation has safety and quality benefits in a system where clinicians work across multiple sites and local health districts (standardisation of clinical charts by way of example), standardisation of hospital support services has its benefits in areas such as service quality and consistency, system flow and employee and patient experience.
5. In the area of procurement and specifically contract management, standardisation in the development and management of contract category plans is expected to result in savings in FY 23-24 as part of the HealthShare NSW-led Savings Leadership Program.
6. Additionally, work by HealthShare NSW Procurement to transform the medical consumable supply chain (the DeliverEASE Program) is maximising efficiency for clinicians and value for the NSW Health system by revolutionising the way in which essential supplies are ordered, supplied, delivered and stored from the dock to the ward.
7. By harnessing the benefits of both a standardised approach and the end-to-end management of the service value chain, these initiatives have the potential to increase efficiency, eliminate bespoke over-servicing arrangements, reduce waste and create more service equity across metropolitan and regional local health districts.
8. By leveraging HealthShare NSW's breadth and scale even more, there is opportunity to improve the overall efficiency of non-clinical hospital support services while simultaneously providing time back to busy frontline health workers and improving the experience of patients receiving care.

Summary of Recommendations

- A. Further leverage economies of scale to deliver efficiencies through NSW Health's shared services arm for non-clinical hospital support services, HealthShare NSW (Section 9, 45) (Terms of Reference: A, D).
- B. Encourage central end to end value chain ownership to maximise the efficiency of non-clinical support services (Section 43) (Terms of Reference: A, D).
- C. Continue to prioritise the experiences and outcomes of patients in the design of cost-effective shared service models such as in the provision of patient meals (Section 46) (Terms of Reference B ii, C).
- D. Standardise patient menus with built-in flexibility to meet the needs of local communities and specific patient cohorts. Food service offerings should respect patient choice and reduce food waste to improve environmental outcomes (Section 47) (Terms of Reference: B iii, D, E).
- E. Further standardise administrative operations (e.g. employment checks) to streamline current localised approaches and create efficiencies that return time to frontline health workers (Section 48) (Terms of Reference: A, F).
- F. Continue the work underway to digitise health employee interactions with the corporate support systems managed by HealthShare NSW (Section 49) (Terms of Reference: A, F).
- G. Leverage opportunities through EnableNSW to assist with discharge planning through the effective provision of mobility equipment and assistive technology through a centralised, state-wide Equipment Loan Pool service and IT system (Section 50) (Terms of Reference: B iii, C, D, E).
- H. Improve regional patients' equity of access to non-emergency transport while releasing capacity to NSW Ambulance for emergency cases by expanding the HealthShare NSW Patient Transport Service's scope of practice to include regional and rural areas (bringing into line with services provided in metropolitan Sydney) (Section 53) (Terms of Reference: B v, F ix, H).
- I. Continue to progress the consolidation of 29 product catalogues into one state-wide master catalogue with standardised pricing (Section 56) (Terms of Reference: E).
- J. Continue NSW Health's change initiative to transform procurement and supply chain by improving the visibility and availability of medical consumables in hospitals (DeliverEASE) and enabling data-driven procurement decision making (SmartChain) (Section 57) (Terms of Reference: E).

Background

- 9. HealthShare NSW was established in 2014 when the then Health Support Services evolved into two separate organisations – HealthShare NSW and eHealth NSW. HealthShare NSW is a state-wide organisation of close to 8,500 employees established to provide high-quality shared services to support the delivery of patient care within the NSW Health system.
- 10. HealthShare NSW delivers the following state-wide services:
 - A. Financial services such as accounts payable, accounts receivable and general ledger
 - B. Employee and Payroll services
 - C. Procurement, Warehousing and Distribution
 - D. Food and Patient Support Services (including cleaning)
 - E. Linen Services
 - F. Provision of assistive technology and related services to people with a long-term disability or chronic health condition (via EnableNSW)
 - G. Patient Transport Services (PTS) for non-emergency patients
 - H. Make Ready Service in partnership with NSW Ambulance; and
 - I. Management of the NSW Government’s supplies of personal protective equipment (PPE).



Services

Services to patients

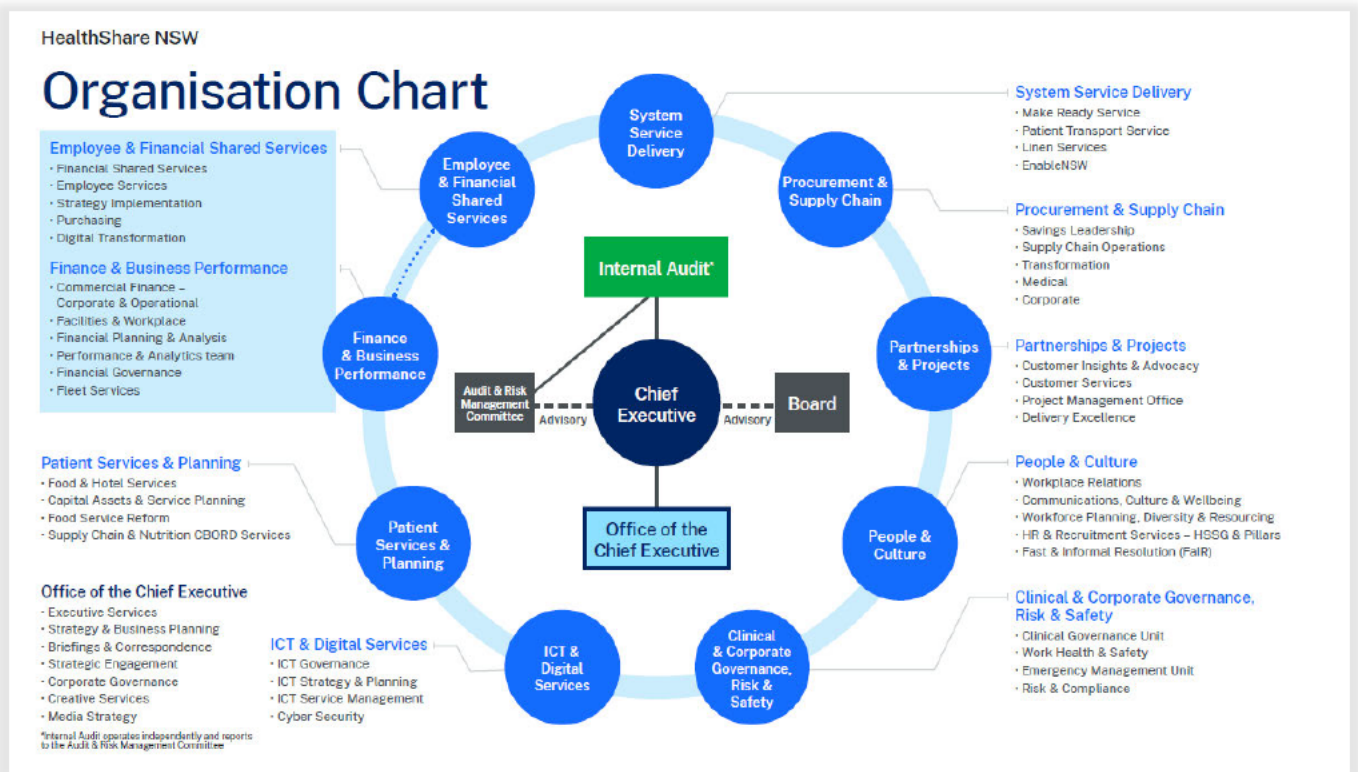
- Food
- Patient Transport
- EnableNSW
- Cleaning
- Make Ready Service



Services to hospitals

- Procurement
- Financial Services & Payroll
- Customer Service
- Linen
- Warehousing & Distribution

ORGANISATION STRUCTURE



HEALTHSHARE NSW GOVERNANCE ARRANGEMENTS

11. HealthShare NSW’s governance arrangements comprise principal bodies and other committees which are responsible for:
 - A. Providing advice on HealthShare NSW’s vision, goals and strategic priorities
 - B. Ensuring compliance with relevant legislation, NSW Health policy directives and the organisation’s mandate
 - C. Monitoring service delivery; and
 - D. Improving performance.

HEALTHSHARE NSW BOARD

12. The HealthShare NSW Board is an advisory board established to ensure greater transparency and accountability and includes senior representation from local health districts, the Ministry of Health, and independent members with commercial experience. It plays an important role in guiding the delivery of our shared services, and in doing so it helps to enhance the experience of patients and drive greater value for the NSW Health system.

AUDIT AND RISK MANAGEMENT COMMITTEE

13. The Audit and Risk Management Committee (ARMC) for HealthShare NSW is constituted and operates in accordance with the independence and governance requirements of the Ministry of Health’s policy directive PD2022_022 Internal Audit. The ARMC is made up of three

HealthShare NSW

independent members, with the HealthShare NSW Chief Executive, members of the Executive Leadership Team (ELT) and the Chief Audit Executive all attending meetings as Officers in Attendance.

- 14. The ARMC understands and exercises oversight responsibility related to financial reporting, applicable laws and regulations, operating effectiveness and efficiency, and related internal controls.

STATEMENT OF SERVICE

- 15. HealthShare NSW has an annual agreement with the Secretary of NSW Health called its Statement of Service, which sets out the service and performance expectations associated with the annual funding it receives. In addition to ensuring the provision of equitable, safe, high-quality and human-centred services, the Statement of Service provides a mechanism through which HealthShare NSW’s performance can be monitored by the NSW Ministry of Health.

STRATEGIC PLAN

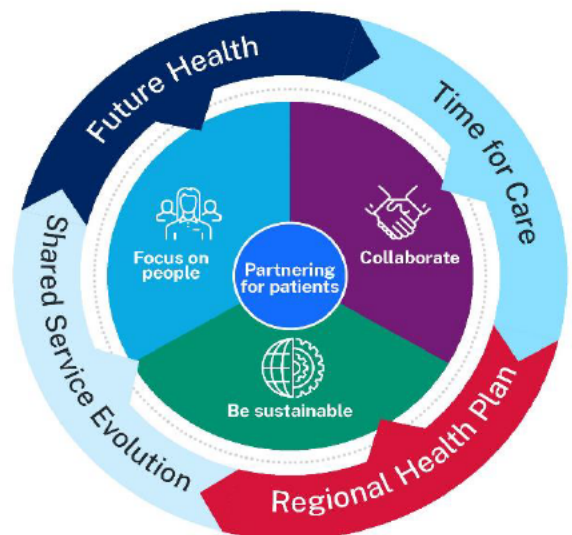
- 16. The HealthShare NSW Strategic Plan 2020-2024 guides the organisation’s vision and direction, with defined objectives and close alignment to broader system and government strategic frameworks. Most notably, our strategic directions support achievement of the outcomes outlined in the NSW Health *Future Health Strategic Framework 2022-2032*.

Our Strategic Plan ensures we successfully deliver:

- A safe and constructive organisation that delivers excellent experiences for our people, patients and partners based on shared human needs
- An adaptable and resilient organisation that supports the health system to deliver better value care, reduce its environmental impact and deliver services in times of need; and
- A trusted, transparent and data driven organisation that supports the health system to deliver care in a timely and innovative way and drives system benefits and change.

We achieve this by:

- Focusing on people
- Being sustainable
- Collaborating with our partners.



ALIGNMENT WITH FUTURE HEALTH STRATEGIC FRAMEWORK

17. Our current strategy and deliverables are mapped, shown below, against strategic outcomes in the *Future Health Strategic Framework*, specifically Horizon 1 deliverables. HealthShare NSW delivers system benefits across all strategic outcomes, however our strength is in supporting the health system to be managed sustainably.

			Patients and carers have positive experiences and outcomes that matter	Safe care is delivered across all settings	People are healthy and well	Our staff are engaged and well supported	Research and innovation, and digital advances inform service delivery	The health system is managed sustainably
HealthShare NSW Strategic Plan 2020-2024	<p>Focus on people We will be a safe and constructive organisation that delivers excellent experiences for our people, patients and partners based on shared human needs</p>	Support and care for patients	p	p				p
		Nurture a safe and constructive culture for our people to thrive				p		
		Provide seamless support for NSW Health staff				p		p
	<p>Be sustainable We will be an adaptable and resilient organisation that supports the health system to deliver better value care, reduce its environmental impact, and deliver services in times of need</p>	Provide value for money health services					p	p
		Reduce NSW Health’s environmental footprint						p
		Future proof the organisation to be adaptable and resilient			p	p	p	p
	<p>Collaborate We will be a trusted, transparent, and data driven organisation that supports the health system to deliver care in a timely and innovative way and drives system benefits and change</p>	Support the timely delivery of care	p	p				
		Use data insights to connect and innovate					p	
		Drive system-wide improvements and change	p	p				p

ROLE IN THE NSW HEALTH SYSTEM

18. HealthShare NSW is a state-wide organisation that provides high-quality shared services to support the delivery of patient care within the NSW Health system. Through the provision of these services, HealthShare NSW returns time to busy frontline health workers, enhances the experiences of patients receiving care and drives efficiency and value for the wider NSW Health system.
19. **Accounts Payable** processes invoices on behalf of health entities and makes them available for payment in the NSW Health Financial Management Information System (Oracle). Health entities work with Accounts Payable by reviewing and authorising payments before they are made. Approximately 10,000 invoices per day are received by Accounts Payable for processing.
20. **Employee and Financial Shared Services** provides financial services to all local health districts, employee and payroll services for more than 170,000 NSW Health employees, and state-wide services for employment screening.
21. **Procurement Services** provides a central hub for procurement activity and helps to lower purchasing costs. This includes management of NSW Government contracts used in the health system, catalogue management, supply management of state-wide standardised uniforms, fleet management, supply chain information systems and procurement of clinical equipment in consultation with local health district clinicians.
22. **Provision of Warehousing and Distribution Services**, which includes oversight of the NSW Health warehouse and the Whole of Government Warehouse that stores the NSW Government's supplies of personal protective equipment (PPE) and other health-related consumable products.
23. **Food and Patient Support Services** provide quality meals to patients in nearly all NSW Health public hospitals and cleaning services in a small number of local health districts. Food Services provides around 24 million patient meals each year, with menus that comply with state-wide nutrition standards, and accommodate a range of dietary requirements and patient preferences.
24. **Linen Services** provides clinically safe linen to hospitals to support the care and experience of patients. The service processes more than 40,000 tonnes of general and sterile theatre linen each year, working closely with nursing staff and hospital management to ensure there is no interruption to supply.
25. **EnableNSW** provides assistive technology and related services to people with specific short-term or ongoing health needs. EnableNSW programs support safe discharge from hospital and hospital avoidance by assisting people to live safely at home. EnableNSW also provides financial assistance towards travel and accommodation for eligible patients who need to travel long distances for specialist treatment through the Isolated Patients Travel and Accommodation Assistance Scheme (IPTAAS).
26. **The Patient Transport Service (PTS)** is provided for eligible people who require transport to, or from, a health facility, but do not need a time-critical emergency ambulance. PTS improves patient flow within the NSW Health system and increases the capacity of emergency ambulances for lifesaving and time critical incidents. PTS operates within the Sydney metropolitan area and the Hunter New England and Illawarra Shoalhaven Local Health Districts.
27. **Make Ready Service** works in partnership with NSW Ambulance in the Sydney metropolitan area to clean and restock ambulances, replace medical consumables and organise minor repairs. Paramedics are supported to get their vehicles back on the road faster to focus on emergency cases and clinical care.

Australia's Largest Government Shared Services Organisation



Each year HealthShare NSW...

- Serves **24 million meals** to NSW public hospital patients
- Transports **240,000** public hospital, private and community patients
- Manages **3 million** different medical and surgical products, worth **\$220 million**
- Provides over **80,000 cleaning and restocking services** to NSW ambulances
- Supplies **38,000 tonnes** of **general and sterile theatre linen** to public hospitals
- Generates **4.6 million payslips** for 170,000 NSW Health employees
- Supports **more than 17,000 people** with their equipment needs
- Processes **2.6 million supplier invoices** for NSW Health, worth **\$10.5 billion**

HealthShare NSW

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OUR CULTURE

28. Culture is important at HealthShare NSW. Our culture sets out how we do things and is centred on constructive behaviour. There is a focus on humanism, connection, collaboration, achievement, and self-awareness, with an emphasis on leaders setting the example and everyone being aware of our cultural expectations.
29. We are keen to ensure everyone has a connection to purpose, is clear about their role and that they work constructively and safely to achieve for the NSW Health system. Our key measure of culture performance is the annual NSW public sector People Matter survey. The headline measures are your engagement score – which for 2023 is at 66; and the culture index – which for 2023 is 67 (generally 70+ is considered the best practice benchmark).
30. Our highest rating survey areas are ethics and values, role clarity and support, safety, customer service, innovation and risk, grievance handling and job satisfaction (all scoring in the 70s).

LEADERSHIP IN SUSTAINABILITY

31. As a state-wide service provider with a presence at over 180 NSW Health sites, HealthShare NSW is well positioned to help reduce NSW Health's environmental footprint and steward its efforts to become a low carbon economy. Areas of focus for HealthShare NSW include waste management, purchasing and procurement behaviours and reducing emissions.
32. Key deliverables for HealthShare NSW this year have included:

HealthShare NSW

- A. Develop a comprehensive baseline and reduction roadmap for HealthShare NSW's emissions footprint for scope 1, 2 and 3 (scope 1 covers greenhouse gas emissions that HealthShare NSW makes directly, scope 2 emissions are emissions that HealthShare NSW makes indirectly, and scope 3 covers emissions that HealthShare NSW is indirectly responsible for through its entire value chain).
 - B. Develop our baseline for food and linen waste by weight and cost, identifying opportunities to partner with health entities to reduce waste; and
 - C. Reduce reliance on chemicals for cleaning and sanitisation in our Food Services business.
33. In recognition of our many sustainability initiatives, HealthShare NSW has been awarded silver status by the Office of Energy and Climate Change's Sustainability Advantage Recognition Program – the first NSW Health entity to achieve this status.

EMERGENCY SUPPORT

34. As the NSW Health system's shared service provider for many essential services including food, linen, non-emergency patient transport, and the supply and distribution of essential medical products, equipment and medicines, disaster support is a key component of our role. Successful delivery of many of our services is even more essential during times of disaster, when communities are most in need.
35. The HealthShare NSW Emergency Management Unit is responsible for ensuring we're prepared to respond effectively to adverse incidents – including major health emergencies and disasters. This function is responsible for emergency policies and undertakes planning activities to help prepare all business units to meet the challenges of emergency events. The relationship with the Ministry of Health (Office of the Chief Health Officer and State Preparedness and Response Branch) and LHD Emergency Management Units are key to appropriate preparation, response and alignment for times of disaster.
36. Since 2019, our capabilities have been well tested with extensive disaster support provided for bushfires, floods and the COVID-19 pandemic. This role has included:
- A. Emergency procurement of essential products (from RAT kits, masks and other PPE, to vaccines, water, insect repellent, dry ice, refrigerators and cleaning products)
 - B. Sourcing and supplying additional medical supplies to NSW Health entities and other key agencies such as the State Emergency Service (SES) and Rural Fire Service (RFS)
 - C. Sourcing and coordinating logistics of supplying additional medications for NSW Health and community pharmacies in disaster affected areas
 - D. Product sourcing and coordination for essential emergency operations, such as field hospitals and vaccination centres
 - E. Storing and supplying a broad range of medical consumable products, including PPE, from pre-purchased stockpiles to Health and non-Health agencies
 - F. Working with or assisting emergency services to ensure delivery of products to impacted

locations – whether that be medical supplies, food or linen

- G. Pre-emptive product sourcing and distribution (for example, appropriate mask supplies for the impending bushfire season); and
- H. Evacuations of hospital patients and aged care residents during natural disasters, and emergency patient transportation within LHDs that do not use our Patient Transport Service in business as usual (BAU).

Evolving the Shared Service Model

- 37. While the devolved NSW Health governance model has supported a strong capacity to adapt care to local circumstances, there is an opportunity for central leadership to be expanded with hospital support services to maximise the value and benefits of the shared service model.
- 38. Value in this context is broadly defined, and includes savings, sustainability gains, efficiency improvements, consistency in process, reduced errors, enhanced patient flow and system performance, more patient-focused clinical time, and an improved employee and patient experience.
- 39. A more standardised approach to delivering these services, whilst recognising local perspectives where practicable, would realise significant savings for the NSW Health system while increasing the overall standard of services for all.
- 40. Just as variation in clinical practice can lead to poorer patient outcomes, variation in non-clinical support services can lead to waste, inefficiency, delay, added cost, errors and poorer experiences.



Summary: Supporting standardisation of non-clinical support services will improve efficiency and release more value.

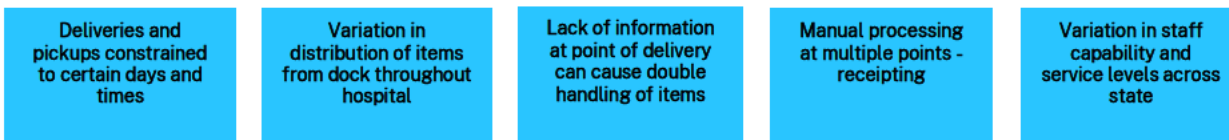
EVOLUTION PRINCIPLES

41. HealthShare NSW has established the Shared Service Evolution Program to bring together a range of reforms focused on improving efficiency and service standards through the standardisation of best practice models and processes.
42. While standardisation has occurred through the implementation of the shared service model, there is now an opportunity to mature this further so that the benefits may be fully realised.
43. A key enabler for this standardisation is the ability to provide true end-to-end shared service delivery. In most cases, HealthShare NSW is responsible for some but not all of the value chain for each of its services, limiting the potential for further efficiencies and improvements.
44. Importantly, the evolution of shared support services aligns closely with the *NSW Health Future Health Strategic Framework*, the *NSW Regional Health Strategic Plan*, and the Ministry's Time for Care project, focused on relieving the administrative burden on frontline clinicians.

EVOLUTION CASE STUDIES

Case Study 1: Linen and Hospital Loading Docks

Current:

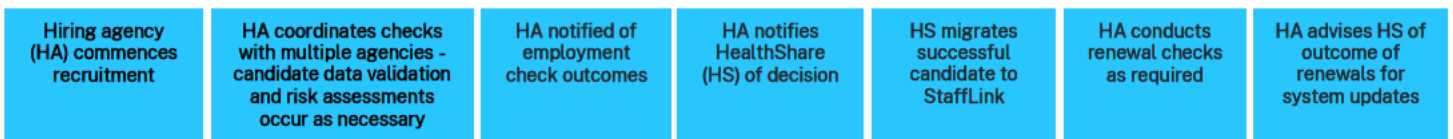


Future:



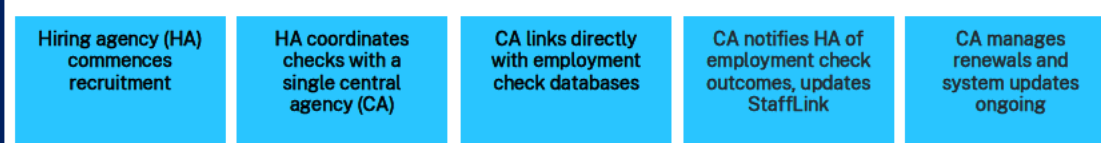
Case Study 2: Bulk Recruitment Employment Checks

Current:



**Indicative of numerous NSW Health administrative processes with potential to be centralised and streamlined.*

Future:



Ways to Achieve

SHARED SERVICE EVOLUTION PROGRAM OVERVIEW

Support Services

- Loading dock optimisation
- Task allocation IT system
- Transition of non-clinical support services to HealthShare NSW

EFSS Transactions

- Transition of transactional recruitment processing, recruitment campaign processing and workforce transactions
- Centralised rostering administration (regional LHDs)
- Automated roster approvals for corporate staff

Patient Transport Service (PTS) Operational Uplift

- PTS Reservations Model
- Rideshare Partnership
- Operational and administrative improvements

PTS Regional and Rural Expansion

- Rollout of existing service innovations, increased efficiency, improved access to care and careers, optimised NSW Ambulance capacity and utilisation

Linen Service Operational Uplift

- Centralised cleaning of microfibre mops, reduced over-ordering by LHDs, tracked lost linen, reduction in cleaning product costs, improved logistics, review of customer owned goods/private customers

Food Services Reform

- Food and dietary management software
- Commercial food inventory management
- Standardised food menu
- CHEF rollout
- Retail Strategy

Additional key initiatives

- Employee and Financial Shared Services Evolution
- Master Catalogue
- Procurement Reform – DeliverEASE and SmartChain
- DeliverEASE Pharma
- Waste Management
- Billing for private to private transports
- Outsource of sundry debtor management
- Fit for Purpose Medical Equipment Procurement
- Centralised Staff Specialist TESL admin
- Centralised Financial Accounting
- Aids and Equipment Program

SUMMARY OF OPPORTUNITIES

45. **The centralisation of all hospital non-clinical support services with HealthShare NSW** would create an end-to-end service that allows for more connected, efficient and sustainable delivery in hospital shared services including loading dock management, linen supply (from dock to ward), hospital food services, cleaning and bed making (currently undertaken by nursing staff). Such a model would create opportunities to establish more versatile multidisciplinary roles within the hospitals and enable more efficient use of loading dock spaces with flow on benefits to the wards, including returned time to frontline health workers.

Example: Blended roles, like those already established in parts of regional NSW, could be expanded into all areas and cover food services, cleaning, waste management and linen rooms.

46. **Designing an even more patient-centred food service model**, informed by patient and consumer feedback, would dramatically reduce food waste and related carbon emissions, while improving the experience and nutritional outcomes of patients who want to be able to order their meals when it suits them. Such a move would require an expanded focus beyond the current compliance-based approach and could include a review of funding for hospital food services (approximately 1% of NSW Health expenses for FY23).

Example: Patient feedback (from a piloted patient-centric model) tells us that the majority of patients want fewer than the six meals per day currently provided to NSW public hospital patients.

47. **Standardising the NSW Health patient menu**, while allowing flexibility at the local level to meet the needs of local communities and specific patient cohorts (i.e. long stay patients), would provide significant economies of scale while still offering patients a wide range of meals to choose from.

Example: With a standardised menu and product catalogue more efficient procurement processes could be introduced to realise savings while still offering patients choice.

48. **The centralisation and standardisation of a range of localised administrative processes** such as recruitment and patient billing would reduce the administrative burden on clinicians, allow for consistent processes to be introduced, create opportunity for automation to improve efficiency, and reduce errors resulting from manual handling.

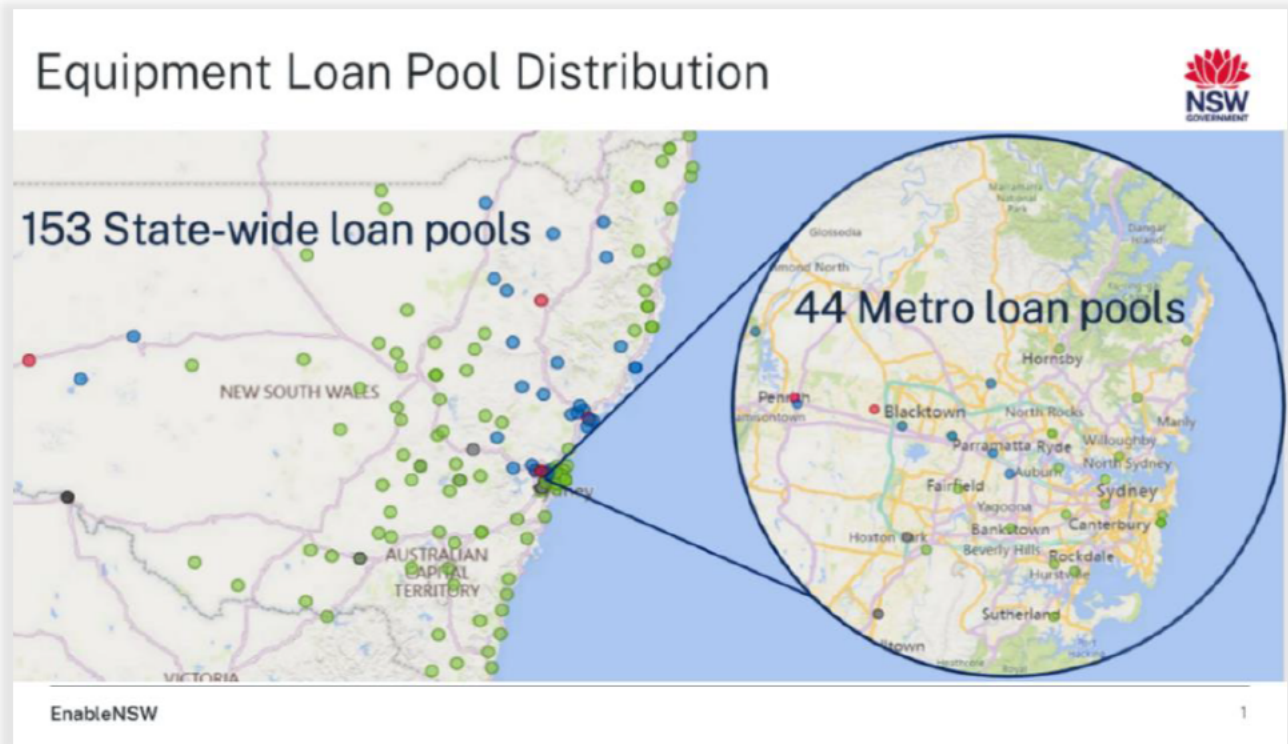
Example: Streamlining recruitment processes and specifically employment checks through a centralised service.

49. **Digitising health employee interactions with the corporate support systems managed by HealthShare NSW** will increase efficiency, save time and allow HealthShare NSW to focus its teams on the high-value activities that matter to the NSW Health workforce.

Example: Introduction of five digital workers within the Employee and Financial Shared Services (EFSS) directorate to deliver intelligent solutions to processes that were previously manual.

50. **The expansion of a connected, centrally managed Equipment Loan Pool for the state using a single IT system** would track aids and mobility equipment state-wide to manage these resources more efficiently, improve access to equipment, support system flow and discharge management, and allow patients to recover at home when appropriate.

Example: Pilot has demonstrated improved visibility of equipment history, condition and repairs, more efficient storage of equipment (more than 150 equipment storage areas have been identified across the state), more effective use and re-use of equipment, and avoided bed days.



Summary: A map of identified equipment loan pools with opportunity for central management and oversight to support patient flow.

51. **Central stewardship of the system in the area of sustainability, and particularly with regard to waste management,** could realise significant savings and help achieve the NSW Government’s net-zero targets.

Example: A range of measures are being considered, with the core areas of focus being waste avoidance, a reduced spend on waste, waste diversion and resource recovery.

52. **Further centralisation of contract management in areas such as patient air transport** would improve service standards and equity and reduce cost and duplication of effort across NSW Health entities. In May 2022 the Legislative Council Portfolio Committee No.2 – Health released its recommendations for improving health outcomes and access to rural health services which included a recommendation that NSW Health review the funding available for air transport.

Example: Contracts with private providers of patient air transport are currently held by multiple NSW Health entities in isolation.

53. **An expanded scope of service for the HealthShare NSW Patient Transport Service covering regional and rural parts of NSW** would create more equitable and accessible transport services for regional and rural patients and return capacity to NSW Ambulance. An implementation plan is currently in development, with a number of regional LHDs ready to engage.

Example: Patient Transport Service currently provides services in metropolitan Sydney, Hunter New England Local Health District and Illawarra Shoalhaven Local Health District. In other parts of regional and rural NSW, there is additional pressure on NSW Ambulance to handle low acuity cases in addition to critical care.

54. **The expansion of cleaning services** beyond the limited current service footprint would create opportunities for multidisciplinary roles, particularly at smaller regional sites where single roles could be designed to support a range of non-clinical support services run by HealthShare NSW.

Such a model would also offer more rewarding career opportunities in a challenging recruitment market.

Example: Consistent standards, processes, procurement and systems for managing cleaning at smaller sites would offer significant economies of scale while enhancing service standards.

55. **Continue the work to simplify the funding arrangements between the Australian and NSW Governments** to provide an aids and equipment service in hospitals that allows patients to be discharged sooner and recover comfortably at home when clinically appropriate.

Example: Funding pathways established in consultation with the Australian Government for National Disability Insurance Scheme participants (during the pandemic) and geriatric patients (experiencing Commonwealth Aged Care program delays) have resulted in benefits including improved patient outcomes, improved patient flow (through enabling hospital discharge), and a significant number of avoided bed days.

56. **The consolidation of customer product catalogues into one single state-wide master catalogue** with standardised pricing will provide economies of scale and support consistency of service and positive patient outcomes.

Example: There are currently 29 individual product catalogues being used across NSW Health entities.

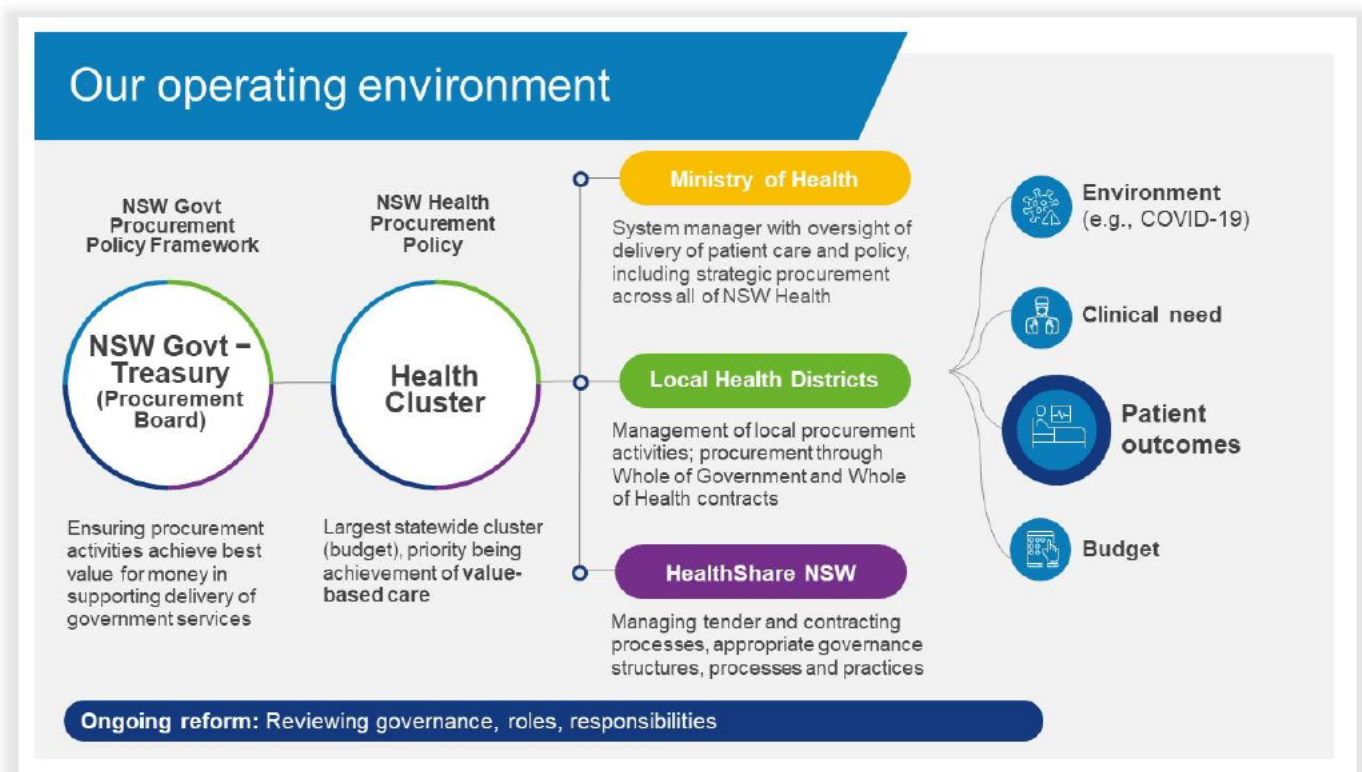
Procurement Reform

57. The NSW Health Procurement Reform program is a whole-of-health change initiative to transform the procurement and supply chain, driving greater efficiencies and savings while also supporting NSW Health employees to perform their jobs more effectively.
58. HealthShare NSW plays a significant role in the program, leading two of the four key workstreams in partnership with eHealth NSW:
- A. **DeliverEASE** – improving the visibility and availability of medical consumables in hospitals through embedding better ordering, supply, delivery and storage processes (from the dock to the ward). This award-winning initiative has benefitted more than 700 clinical areas across 35 hospitals state-wide, with implementation continuing.
 - B. **SmartChain** – development and implementation of a single integrated end-to-end procurement and supply chain system (2022-2025). The solution will improve how data is collected, used and managed by NSW Health facilities, ensuring decision-making is based on reliable and trusted information. Expected financial benefits include reduction in recurring costs, reduced cost to serve through greater automation, improved accuracy and visibility of billing, reduced spend on products, reduced freight charges, and improved contract negotiations.
59. HealthShare NSW Procurement has also supported the work of the NSW Medicines Formulary, a separate reform workstream, through the use of state-wide purchasing to obtain best value for the list of medicines approved for initiation in inpatients in NSW public hospitals and health services.
60. Beyond the key workstreams of the reform program, further transformation initiatives driving greater efficiencies and savings include:
- A. **Savings Leadership** – this initiative has resulted in over \$520 million in savings since 2017 across medical and corporate portfolios. The program increases value through the

identification of procurement savings opportunities, guides medium-to-long-term procurement strategies and opportunities, and mitigates price risk. It includes key category strategies covering the next three to five years and 75-80% of addressable spend with the highest savings opportunities.

- B. **HealthSupply** – over time, warehousing and logistics operations have scaled to meet demand. In 2015 HealthShare NSW warehousing (then five separate distribution centres state-wide) was outsourced following a market contestability study and extensive tender process. This successful partnership is contracted to 2025. HealthSupply will ensure our Warehousing and Distribution model meets the future demands of NSW Health from 2025 onward.

PROCUREMENT AND SUPPLY CHAIN OPERATIONS



Operational Challenges

INDUSTRIAL RELATIONS

61. HealthShare NSW operates in a complex industrial environment and works closely and constructively with relevant industrial associations to support its employees.
62. These close relationships will need to continue as HealthShare NSW implements its Shared Service Evolution Program over the coming years if the benefits of this program are to be realised.

DIGITAL UPLIFT AND DATA ACCESS

63. HealthShare NSW uses and leverages a range of digital and information technology (IT) systems that support our payroll and transactional services (financial management), cleaning services (task allocation), food services (diet management and patient flow), patient transport services (bookings, job allocation and patient flow), procurement and supply chain (inventory management) and linen logistics (ordering and distribution).
64. These systems are managed centrally by NSW Health's ICT service provider eHealth NSW, which is responsible for all NSW Health IT infrastructure and systems including its clinical and corporate platforms.
65. HealthShare NSW's relationship with eHealth NSW is a critical dependency for the successful implementation of the Shared Service Evolution Program, as the majority of the projects rely on ICT system implementation and integration as critical enablers. eHealth NSW are also the custodians of NSW Health's ICT frameworks and can provide access to important data that will drive our decision making and engagement with local health districts on operational improvements.
66. As the system manager for ICT and digital enablement, eHealth NSW stewards a significant amount of data with the potential to inform the design of effective shared service models for hospitals. However, it is often at the local (LHD) level where decisions are made concerning the access HealthShare NSW has to this health system information. Access to data at both the local and system level is necessary in order for HealthShare NSW to make systemic improvements.

SYSTEM CAPACITY

67. Many of the initiatives included in the Shared Service Evolution Program involve state-wide transformation, significant change and impact multiple stakeholder groups within the local health districts.
68. Local health districts will have different levels of capacity and change readiness to support this reform work, and this will need to be accommodated in HealthShare NSW's implementation schedule. This may impact the pace at which system benefits can be fully realised.

System Benefits

69. When successfully implemented, the Shared Service Evolution Program will realise significant benefits for the NSW Health system. These benefits include efficiency gains, but importantly will also help to achieve the broad range of desired outcomes set out in the *Future Health Strategic Framework* over the next 10 years.



Time returned to clinicians for clinical care



Improved patient experience through patient-centred service design



Enhanced system performance through better patient flow



Reduced carbon emissions through sustainable service delivery



Value delivered through economies of scale



More equitable and efficient services across the state

