

GUIDELINE

Subject: **Tendering for Pathology Services**
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Pathology is fundamentally a clinical service, not a support service. When Tendering for pathology services is being considered, the focus must be on health outcomes, so that quality is not compromised for patients. Achieving the best value for money, rather than minimising cost, must be the goal.

Poorly designed tendering creates excessive pressures on the margins of business, which inevitably results in cost cutting and pressure to reduce staffing establishments, increased workloads and the curbing of quality and research activities which may impact on clinical services. It also creates disincentives to investment and innovation because of the risk of dismantlement at the end of the contract period.

However, potential benefits of a well-designed tender can lead to improvements in quality, cost effectiveness and accountability and can allow improved focus on strategic priorities and improved health services design, such as the balance between hospital based and community care.

Key elements that must be taken into account include:

1. **Maintenance of patient safety and quality of services** – Any reduction in quality of pathology services may result in patient harm. Requirements of all relevant standards and accreditation authorities must be observed in designing and submitting to Tender specifications.
2. **Role of referring doctors** – Treating doctors will wish to exercise professional judgment regarding pathologists to whom they refer. This capacity should be included in Tender considerations.
3. **Role of Pathologists** – A pathologist's involvement in laboratory management is often a combination of professional and commercial elements. All pathologists should be aware of any conflicts of interest and principles of safe health service planning when participating in tendering processes.
4. **Training of Pathologists** – In the midst of an international workforce crisis, it is imperative that training positions are not sacrificed in order to cut costs in the short term in response to Tender processes. Likewise, research must not be compromised.
5. **Capacity for Emergency Response** – Many health services must have disaster plans in place for dealing with major emergencies including pandemics and bioterrorism events. Pathology services are integral to managing these events, so capacity to escalate activity for these purposes must be maintained.

With these elements in mind, the following principles are considered to apply:

- Laboratories must be accredited by the appropriate organisation (NATA/RCPA in Australia, IANZ in New Zealand); however, this alone does not guarantee the most appropriate service for a community's needs. The body calling for tenders should evaluate the pertinent pathology service requirements and build the appropriate support and governance issues into the request for tender specifications.
- It is crucial that the tender process includes clear and detailed specifications and establishes appropriate systems for monitoring the successful tenderer's performance.
 - Diminution in quality frequently results from inadequate specifications in the tender process, and such inadequacies can also make it more difficult to instigate and maintain effective monitoring.
 - All tenderers for pathology services need to have sophisticated quality systems in place, and the contracting entity must include quality indicators in its performance management system.
- Consultation before and during the tender process is essential. This must include pathologists, senior scientists and other laboratory workers, referring clinicians, patients and the broader community. Inclusion of a referring practitioner on the decision panel should be considered. Inclusion of a consumer representative may also be appropriate where significant changes to service specifications are likely to occur.
- Allowing for commercial confidentiality, there should also be transparency wherever possible to enable relevant stakeholders to assess contracting decisions, for example:
 - the specifications of the service,
 - the criteria for tender evaluation,
 - the criteria for performance measurement and the performance of the contractor against those criteria.
- If a pathology provider is to change as the result of a Tender process, transition arrangements are vital to ensure continuity of service to maintain optimal patient care. Evidence of appropriate quality of service of the new provider must be established during this transition period before the final handover is approved.
- Particular roles for the involved pathologists must be taken into account, including:
 - Supervision/Clinical Governance
 - Responsibility for clinical pathology reporting
 - Interaction with clinicians e.g. participation in ward rounds, consultations and second opinions, frozen sections
 - Direct clinical services for patients e.g. performance of bone marrows and Fine Needle Aspiration
 - Hospital/Coronial Post mortems
 - Organ and tissue auditing
 - Essential Committees/ Meetings e.g. Infection control, Transfusion, Multi-disciplinary Teams.
 - Responsibility for accreditation compliance for pathology service (ACHS and NATA/RCPA in Australia, IANZ in New Zealand)
 - Teaching Requirements – pathology trainees, medical students, junior doctors, scientists and nurses
 - Research activities