

# OCCUPATIONAL REHABILITATION AND ASSOCIATED MEDICAL SERVICES (ORAMS)

Pricing Evaluation Report

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## Executive Summary

The Pricing Evaluation Report is a key input in the Request for Tender for the ORAMS Panel. The output of the assessment of pricing is an indicative ranking of pricing for ORS and Medical Services (**Service Category**).

The ORAMS Project Team, with the support of Technical Advisers, assessed<sup>S</sup> Occupational Rehabilitation Service (**ORS**) pricing submissions and<sup>S</sup><sub>47E</sub> Medical Services pricing submissions.

This Pricing Evaluation Report includes for each Service Category:

- a ranking of Tenders based on their pricing submissions (including hourly rate, individual services and overall assessment); and
- analysis of any caveats and assumptions on the pricing.

The desired outcome was a single number, for each Tenderer, which allowed all Tenderers to be compared against each other, in a single ordering (the **Pricing Rank**). This Pricing Rank is intended to be used in conjunction with the Technical Evaluation Score to perform a Value for Money assessment.

There were two main challenges which needed to be overcome:

1. comparing ORS Tenderers is difficult because not all ORS Tenderers submitted a Tender for the same Service Regions; and
2. there is a high dimensionality of price points that needs to be reduced into a single number in a way that was consistent, fair, and understandable.

These two challenges were overcome by:

- a) creating two new intermediary groupings within each Service Category, being a **Pricing Region** (grouping the Service Regions based on ACT Only, Other Metro, Regional, and Remote) and a **Pricing Service Group** (grouping Services into Ergonomic, Rehabilitation and Other for ORS and Rehabilitation, Specialist Medical, and Other for Medical Services); and
- b) adopting a multi-step algorithm to derive the Pricing Rank, which enables the Pricing Rank to be decomposed into 12 sub-ranks (all the unique combinations of four Pricing Regions and three Pricing Service Groups for each Service Category) should the Evaluation Team need to interrogate how the Pricing Rank was derived.

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## Introduction

The Pricing Evaluation Report has been produced for the Evaluation Team to:

- a) understand how each of the Tenderer's Services pricing has been assessed and ranked; and
- b) apply the indicative rankings contained in the **Pricing Evaluation tool** in the Value for Money Assessment to support the selection of the Preferred Tenderers for the ORAMS Panel.

## Methodology

Tenderers submitted pricing spreadsheets as Attachment 6 in their submission which required Tenderers to submit a 'Ceiling Price', being the maximum amount that a Tenderer can charge for a service in a Service Region, as follows:

- **for ORS:**
  - 29 Service Regions
  - 2 Modes of Delivery (Virtual vs In-Person)
  - 15 mandatory service types
- **for Medical Services:**
  - 29 Service Regions
  - 2 Modes of Delivery (Virtual vs In-Person)
  - 10 service types (7 mandatory, 3 optional).

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An analysis has been conducted of all pricing submissions received from Tenderers to produce separate rankings for ORS and Medical Services on the basis of price. The pricing analysis process was broken down into the following steps:

1. Verifying the submitted data.
2. Normalizing prices.
3. For ORS, confirming the Service Regions a Tenderer will be considered for.
4. Importing data into visualization tool (Power BI) to enable comparative data analysis and data quality checking.
5. Creating service pricing rankings by applying weighting and aggregation.

It is important to note that this methodology, including the service price ranking, was applied consistently across all assessed Tenders, irrespective of, for ORS Tenderers, how many Service Regions were tendered for, and for Medical Services, irrespective of whether Specialist Services were tendered for.

Except for the final ranking step, all prior ranking, averaging, and weighting steps were completed by directly using the Tenderer's supplied pricing for a service in a Service Region and by comparing their pricing to other Tenderers who provided pricing in the same Service Region.

## Step 1: Data Verification

A summary of the number of Tenders received by Service Category is below:

Service Category	Number of Tenders		
	Initial Submission	After Shortlisting	After Verification
Occupational Rehabilitation Services (ORS)	s 47E(d)		
Medical Services	s 47E(d)		

All Tenderers' Attachment 6 pricing spreadsheets were collated into a Master Spreadsheet by Service Category to conduct Steps 2 and 3 of the pricing assessment, before being imported into the database and interactive data visualization tool as described in Step 4.

## Step 2: Price Normalization

The normalization step involved the following sub-steps for each Tenderer:

1. For ORS Tenders, determining which Service Regions a Tenderer tendered for.
2. Adding GST to any Tenderer that provided GST exclusive pricing to ensure pricing is consistent across all tenders and assessed reliably.
3. Swapping the headings in the spreadsheet where Virtual Prices were incorrectly placed in the In-Person column and vice versa – this was determined where the Virtual Price/s were higher than the In-Person Price/s, which is wholly inconsistent with the market's current pricing regime.
4. Imputing missing Virtual Prices for the In-Person price.

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The details of these Tenderers and the normalisation steps are located in Power BI.

## Step 3: Service Region (ORS)

While confirming the Service Regions a Tenderer for ORS will be considered for, it was noted that:

- NSW Metro had the highest number of Tenderers, s 47E(d)
- NT Central had the lowest number of Tenderers, s 47E(d)
- TAS, NT Metro, Regional SA, Remote SA, and WA South, VIC East, VIC North West, VIC West, QLD Central, and QLD Far North had a similar number of Tenderers, s 47E(d)



- The other 16 Service Regions<sup>s 47E(d)</sup>

## Step 4: Data Visualization and Data Quality Checking

A key output of the Pricing Evaluation is an ORAMS Pricing Evaluation interactive data visualization tool (*Pricing Evaluation Tool*) in **Power BI** which facilitates comparative analysis and data quality checking.

*The ORAMS Project Team recommends that the Evaluation Team use the **Pricing Evaluation tool** when completing its Preliminary Value for Money assessment.*

The **Pricing Evaluation tool** was created by defining a Star Schema and collating all Tenderers' Pricing Data by Service Category into a single Pricing Database (24,326 "Price Points" were loaded into Power BI). The Star Schema has the following tables and attributes enabling analysis:

- **Tenderers:** Tenderer ID, Tenderer Name, Service Category, Existing Supplier (Y/N), and other attributes from the *Tenderer Registration Sheet*
- **Service Regions:** ORAMS Service Region, ORAMS Service Region State, Remoteness (Metro, Regional, and Remote) and Pricing Region which grouped the 29 Service Regions into four distinct regions based on Market Demand (ACT, Other Metro, Regional, and Remote).

A screenshot of the Service Regions and Pricing Regions is provided below.

ORAMS Service Region State	ORAMS Service Region	Remoteness	Pricing Region
ACT	ACT	Metro	ACT
NSW	NSW Metro	Metro	Other Metro
	NSW Mid North	Regional	Regional
	NSW North	Regional	Regional
	NSW North West	Remote	Remote
	NSW South	Regional	Regional
	NSW South West	Regional	Regional
	NSW West	Remote	Remote
VIC	VIC Metro	Metro	Other Metro
	VIC East	Regional	Regional
	VIC North	Regional	Regional
	VIC North West	Remote	Remote
QLD	VIC West	Remote	Remote
	QLD South East	Metro	Other Metro
	QLD Sunshine Coast	Metro	Other Metro
	QLD North	Regional	Regional
	QLD Far North	Remote	Remote
SA	QLD West	Remote	Remote
	QLD Central	Remote	Remote
	SA Metro	Metro	Other Metro
WA	SA South East	Regional	Regional
	SA North	Remote	Remote
	WA Metro	Metro	Other Metro
TAS	WA South	Regional	Regional
	WA South West	Regional	Regional
	TAS Metro	Metro	Other Metro
NT	TAS Regional	Regional	Regional
	NT Metro	Metro	Other Metro
	NT Central	Remote	Remote

- **Service Region TopoJSON File:** which links a Geospatial representation of the ORAMS Service Regions to the rest of the Star Schema, enabling the creation of Filled Maps in Power BI
- **Service:** Service Category, Service Major Type (Ergonomic, Rehabilitation, Specialist Medical, and Other), Service Sub-Major Type (Evaluation, Services, Assessment, Program, Combined, Examination, Neuropsychological, Health Advisory, Audiometry), Service Minor Type (Comprehensive, Brief follow up, General, WFH, Physical, Psychological, Combined, RTW, etc.), Service Name, Compensable (Y/N), and many other attributes

A screen shot of the Services is provided below.

Service Category	Compensable	Service Major Type	Service Sub-Major Type	Service Minor Type	Optional in TE	Pricing Basis	Service
Occupational Rehabilitation Services	Non-Compensable	Ergonomic	Evaluation	Comprehensive	Mandatory	Fixed Fee	Ergonomic Evaluation - Comprehensive
				Brief follow up			Ergonomic Evaluation - Brief follow up assessment
			Services	General		Hourly Rate	Ergonomic Services - General
		Rehabilitation	Assessment	WFH		Fixed Fee	Offsite Assessment
				Physical			Rehabilitation Assessment (non-compensable), Physical
				Psychological			Rehabilitation Assessment (non-compensable), Psychological
	Compensable	Rehabilitation	Program	Combined		Hourly Rate	Rehabilitation Assessment (non-compensable), Combined (physical and psychological)
				RTW		Rehabilitation Program (non-compensable)	
				Physical		Rehabilitation Assessment (compensable) - section 36, Physical	
		Other	Assessment	Psychological		Fixed Fee	Rehabilitation Assessment (compensable) - section 36, Psychological
				Combined		Rehabilitation Assessment (compensable) - section 36, Combined (physical and psychological)	
				RTW		Hourly Rate	Rehabilitation Program (compensable)
Non-Compensable	Other	Evaluation	FCE		Hourly Rate	Rehabilitation Program (compensable)	
			Workplace Capacity		Fixed Fee	Functional Capacity Evaluation	
		Assessment	Vocational		Fixed Fee	Vocational Assessment	
			Workplace Capacity		Fixed Fee	Workplace Capacity Assessment	
Medical Services	Compensable	Rehabilitation	Assessment	Physical	Mandatory	Fixed Fee	Rehabilitation Assessment (Medical) - section 36, Physical
				Psychological			Rehabilitation Assessment (Medical) - section 36, Psychological
				Combined			Rehabilitation Assessment (Medical) - section 36, Combined (physical and psychological)
		RTW	Combined Rehabilitation Assessment and Fitness for Duty Examination				
		Examination	Fitness for Duty Examination				
	Non-Compensable	Other	Examination	Pre-employment		Pre-employment Fitness Examination	
				Pre-deployment		Overseas or Remote Area Pre-deployment Medical Fitness Examination	
				Assessment		Neuropsychological Assessment	
		Specialist Medical	Health Advisory	Services	Optional	Hourly Rate	Health Advisory Services
				Audiometry	Testing	Fixed Fee	Specialist Audiometry Testing

- **Service Delivery:** contains one attribute, Mode of Delivery (Virtual or In-Person)
- **Pricing Database:** contains a row for every cell (row and column) in Attachment 6 – Pricing Template. An ORS Tenderer will have between 30 (1 Service Region by 15 Services by 2 Modes of Delivery) and 870 rows (29 Service Regions by 15 Services by 2 Modes of Delivery). A Medical Services Tenderer will have between 406 rows (29 Service Regions by 7 Mandatory Services by 2 Modes of Delivery) and 580 rows (29 Service Regions by 7 Mandatory and 3 Optional Services by 2 Modes of Delivery). Each of the rows will have two main columns representing:
  - Price (including GST)
  - Rank Percentile – representing the percentile a Tenderer’s Price for a given Service + Service Region belongs to. The value of which ranges between 0.00 (the Tenderer is the “Cheapest”, i.e., there are zero Tenderers who have a cheaper price) and 1.00 (the Tenderer is the “Most Expensive”, i.e. there are 100% of Tenderers who have a cheaper price).
- **Pricing (Pivot):** enabling analysis of Incidentals / Virtual vs In-Person pricing.
- **Pricing (Rehab by NOI):** enabling analysis of Physical vs Psychological vs Combined pricing.

## Data Visualization Examples

The following screenshots are taken from the **Pricing Evaluation Tool** and serve to demonstrate the types of visualisations and comparisons possible within the tool.

For example, as part of forming the list of preferred Tenderers of the Preliminary Value for Money Assessment process the tool can ensure adequate coverage of all Service Regions, including remote and regional geographical areas.

Figure 1 below illustrates the ability to compare the Median Price, Interquartile Price Range (IQR), and Range of Prices (Range) for a given Service, Mode of Delivery, and Service Region within a Service Category. The two tables in the centre allow a comparison between 'All Tenderers' within a Service Region and the 'Top N' Tenderers as ranked by the Weighted Ranking methodology. The Weighted Ranking methodology is described at Step 5a and 5b below.

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Figure 2 below demonstrates the ability to quickly look up a Service within a Service Category and look across ALL Service Regions to determine the Interquartile Range of Prices. The ***Pricing Evaluation Tool*** allows a user to select Tenderers by Weighted Ranking or to individually select Tenderers to form a theoretical panel. This section in the tool will allow users to determine the impact, on the Interquartile Range of Prices, for any given composition of ORAMS Panel.

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## Step 5a: ORS Pricing Ranking

The ORS pricing ranking step involved the following sub-steps for each Tenderer:

1. Creating an initial **Rank** and **Rank Percentile** for each Tenderer within a Service Region and Service:
  - a. A **Rank** was assigned for each of the up to 870 possible *Region x Service x Delivery combinations*. Where, 1 = Cheapest, 2 = 2<sup>nd</sup> Cheapest, etc.
  - b. A **Rank Percentile** was then created. Where, 10% = Cheaper than 90% of other Tenderers, 20% = Cheaper than 80% of other Tenderers, 100% = Most Expensive
2. Combining Ranks across **Pricing Regions** (ACT, Other Metro, Regional, Remote) and **Pricing Service Groups** (Ergonomic, Rehabilitation, and Other) by averaging, to create 12 Rank Percentiles per Tenderer – which is the 12 unique combinations of the 4 Pricing Regions by 3 Pricing Service Groups; and
3. Weighting and aggregating the 12 Rank Percentiles to produce final indicative ranks.

### Weighting and aggregating

In producing final indicative ranks, a weighted ranking has been applied to Tenderers' pricing submissions, based on the following criteria:

- The response to the RFT to provide Ergonomic, Rehabilitation, and Other Services across the Pricing Regions; and
- Market Demand for the Services (as set out in Appendix 1). The Market Demand is based on analysis of the Q1 2022 referrals via the ORAMS Portal, and is used to ensure that the pricing evaluation reflects the anticipated volume of Services procured via the new ORAMS panel (and therefore costs to Agencies) while still recognising that the Commonwealth workforce is geographically spread across all of Australia, including in Regional and Remote Regions. This mitigates the risk that a tenderer that offers a cheap price for an infrequently used Service Group/Pricing Region is not inappropriately advantaged. To ensure that the evaluation of pricing reflected the anticipated demand placed on the new ORAMS panel, weightings were applied on a Service Group and Pricing Region basis as set out below.

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The final ranking was calculated as the **Weighted Sum**. That is, the **Rank Percentile** for each of the 12 unique combinations was multiplied by the **Final Weight** above and then aggregated by summing the 12 numbers together. There are two challenges with this methodology:

1. modification of the approach where a Tender only submitted pricing for some of the Service Regions, e.g., a Tender submitted to service only the ACT; and
2. Rank Percentiles do not capture the different average prices for certain services. For example, a Rank Percentile of 20% for Ergonomic Services versus a Rank Percentile of 20% for ACT - Other Services will not reflect the same underlying dollar difference between a Tender's price versus the cheapest Tender.

To address the first challenge, the methodology was modified to replace any missing Rank Percentiles for a Pricing Region with the average of the non-missing Pricing Regions for that Tenderer. For example, if an ACT only Tender was submitted, then pricing would not be available for all Service Regions falling within Other Metro, Regional, and Remote Pricing Regions. Accordingly, the Rank Percentile for Other Metro, Regional, and Remote Pricing Regions was replaced with the Rank Percentile for ACT, such that a Tenderer who had cheap pricing in the ACT was assumed to also have cheap pricing in other Pricing Regions. This is fair because the Tenderer in this case could only ever be appointed to deliver Services in the ACT.

The second challenge is for noting by the Evaluation Panel only, and reflects the overall difficulty in expressing the multitude of price points<sup>s 47E(d)</sup>

received per Tenderer into a single number. Alternative methodologies were not considered for how to rank the Tenderers based on the supplied pricing because of the robust and consistent application of the weighting and aggregation applied to all Tenderers.

## Step 5b: Medical Services Pricing Ranking

The Medical Services Pricing ranking step involved the sub-steps set out below for each Tenderer:

1. Creating an initial **Rank** and **Rank Percentile** for each Tenderer within a Service Region and Service:
  - a. A **Rank** was assigned for each of the between 406 and 580 price points possible *Region x Service x Delivery combinations*. Where, 1 = Cheapest, 2 = 2<sup>nd</sup> Cheapest, etc.
  - b. A **Rank Percentile** was then created. Where, 10% = Cheaper than 90% of other Tenderers, 20% = Cheaper than 80% of other Tenderers, ..., 100% = Most Expensive.
2. Combining Ranks across **Pricing Regions** (ACT, Other Metro, Regional, Remote) and **Pricing Service Groups** (Rehabilitation, Specialist Medical Services, and Other) by averaging, to create 12 Rank Percentiles per Tenderer – which is the 12 unique combinations of the 4 Pricing Regions by 3 Pricing Service Groups; and
3. Weighting and aggregating the 12 Rank Percentiles to produce final indicative ranks.

## Weighting and aggregating

In producing final indicative ranks, a weighted ranking has been applied to Tenderers' pricing submissions, based on the following criteria:

- The response to the RFT to provide Rehabilitation, Specialist Medical Services, and Other Medical Services across the Pricing Regions; and
- Market Demand for the Services. Market Demand is based on analysis of the Q1 2022 referrals via the ORAMS Portal, and is used to ensure that pricing evaluation reflects the anticipated volume of Services procured (and therefore cost to Agencies) while still recognising that the Commonwealth workforce is geographically spread across all of Australia, including in Regional and Remote Regions. This mitigates the risk that a tenderer that offers a cheap price for an infrequently used Service Group/Pricing Region is not inappropriately advantaged. To ensure that the evaluation of pricing reflected the anticipated demand placed on the new ORAMS panel, weightings were applied on a Service Group and Pricing Region basis as set out below.

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## Optional services

In terms of the optional specialist services, two Tenderers provided pricing for all optional Specialist Services and two Tenderers did not provide pricing for one of the optional Specialist Services. Further detail can be seen below:

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All optional Specialist Services prices were combined into a single group, called “Specialist Medical”, and the Rank Percentiles for the services Tenderers provided pricing for were averaged. This would not have materially disadvantaged or advantaged a Tenderer that did not provide pricing for all optional Specialist Services.

## Results

Following the application of the methodology as set out in the previous section, an indicative ranking of pricing for each Service Category has been established.

### ORS Pricing Ranking, caveats and discussion

The full listing of ORS Tenderers, their Rank Percentile and weighted ranking can be found at Appendix 4a.

#### Caveats

The Ranking Table at Appendix 4a includes information which encodes certain caveats which a reader of this report needs to consider when using the ranking to form any decisions. <sup>s 47E(d)</sup>

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The Ranking table above includes information which encodes certain caveats which a reader of this report needs to consider when using the ranking to form any decisions.

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## Discussion

Tenderers appeared to have a very different interpretation of an Overseas or Remote Area Redeployment Medical Examination. Prices varied between s 47E(d) and a potential explanation is the understanding that the examination is done locally, for a person to be deployed; not the examiner travelling to the location. The diverse pricing for this Service Category was considered and it was determined that the differences in tendered prices for this Service Category did not impact the overall rankings or rank percentiles of Tenderers.

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## Appendix 2: Assumptions and Caveats

As part of the RFT, Comcare requested that Tenderers provide any assumptions or caveats associated with the Pricing provided in their Attachment 6 submissions.

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## Appendix 3: Tenderer Profile

The below tables show a Profile for each Tenderer which summarises key information, such as:

- a) For ORS Tenderers, the number of Service Regions and States tendered for;
- b) For Medical Services Tenderers, the number of Optional Specialist Medical Services tendered for;
- c) A categorisation of the Tenderer's pricing basis for charging Incidentals and Travel – either Cost + Dollar or Cost + Percentage. This categorisation was calculated by analysing the difference in price between In-Person and Virtual modes of service. This analysis allowed for the identification of tenderers where the In-Person price was more than <sup>s</sup><sub>47E(d)</sub> than the Virtual price as set out in the caveats column of the ranking.

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