



# Health System Reforms in New Zealand

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# Outline

- ▶ Background
- ▶ Emphases since 2008
- ▶ The NZ health system in 2014
- ▶ What do we know about the impact of changes since 2008?
- ▶ Current major issues, including Key health status concerns
- ▶ Integrated performance and incentive framework
- ▶ Reflections

# Background – NZ Health System to 2008 (1)

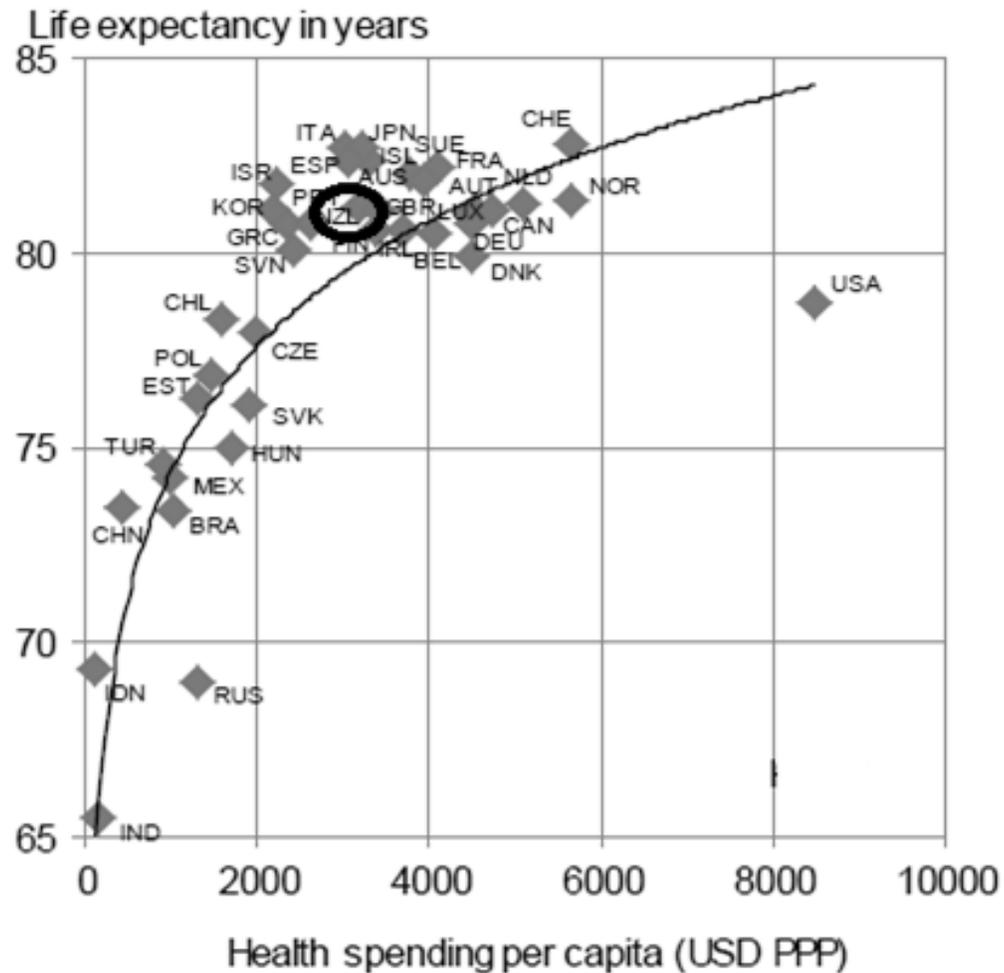
- ▶ Predominantly publicly funded – 80.3% in 2008
- ▶ Single, national Ministry of Health (MoH)
- ▶ 20 geographically based District Health Boards (DHBs)
  - ▶ Majority elected members; some government appointees; Accountable to Minister of Health
  - ▶ Plan and fund services for their district; Deliver hospital, community, public health services
  - ▶ Fund/contract preventive services, primary health care, and community services

# Background – NZ Health System to 2008 (2)

- ▶ 80+ Primary Health Organisations (PHOs)
  - ▶ Funded through DHBs, on a weighted capitation basis
  - ▶ Supported by range of Management Services Organisations
  - ▶ Plan, co-ordinate and deliver primary health care services for enrolled population
- ▶ Range of other providers
  - ▶ Some funded by the Ministry of Health, e.g. for disability services for those aged under 65 years of age; midwives; Plunket child health services; Māori and Pacific providers
  - ▶ Some funded by DHBs, e.g. laboratory services, pharmacists, Māori and Pacific providers

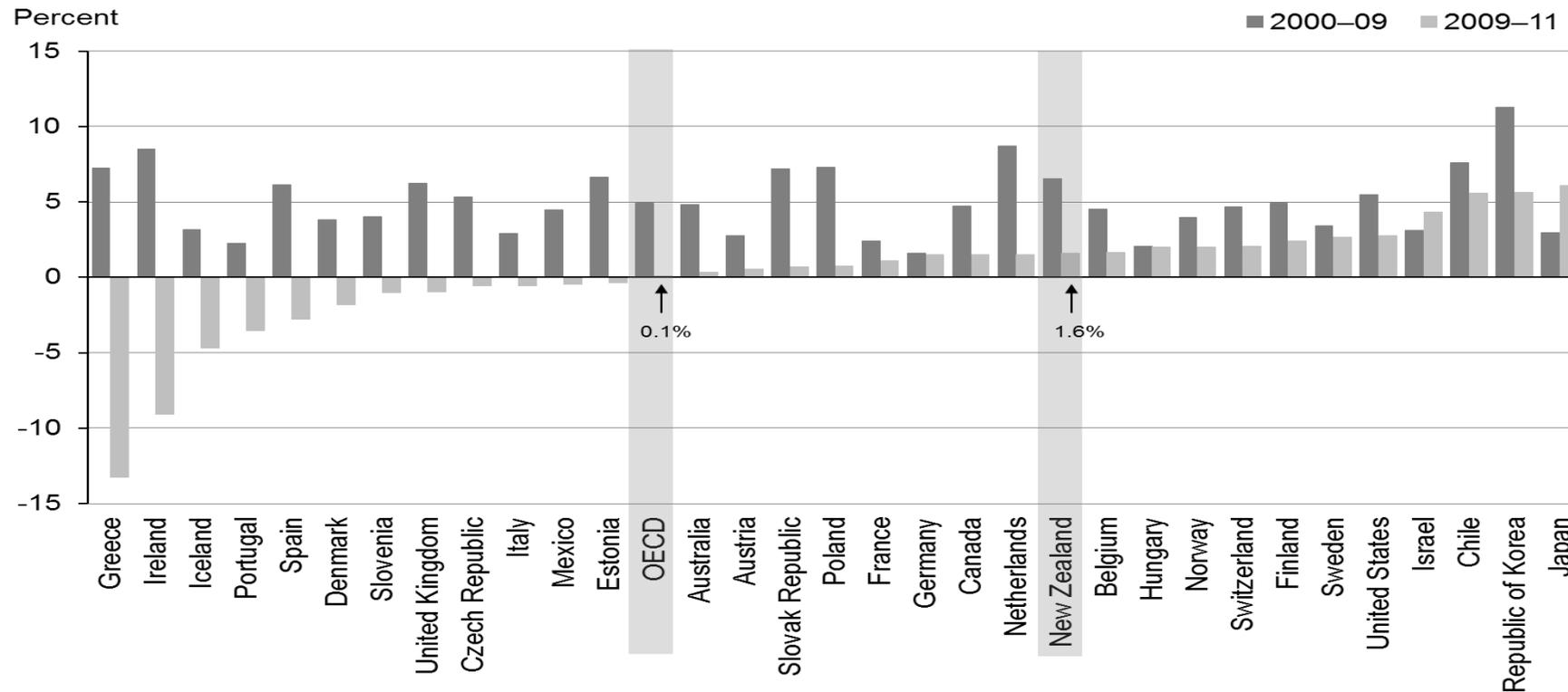
# Life expectancy vs Health Spending

Source: Ministry of Health Annual Report (2013)



# Average annual growth in health expenditure across OECD countries

Source: Ministry of Health Annual Report (2013)



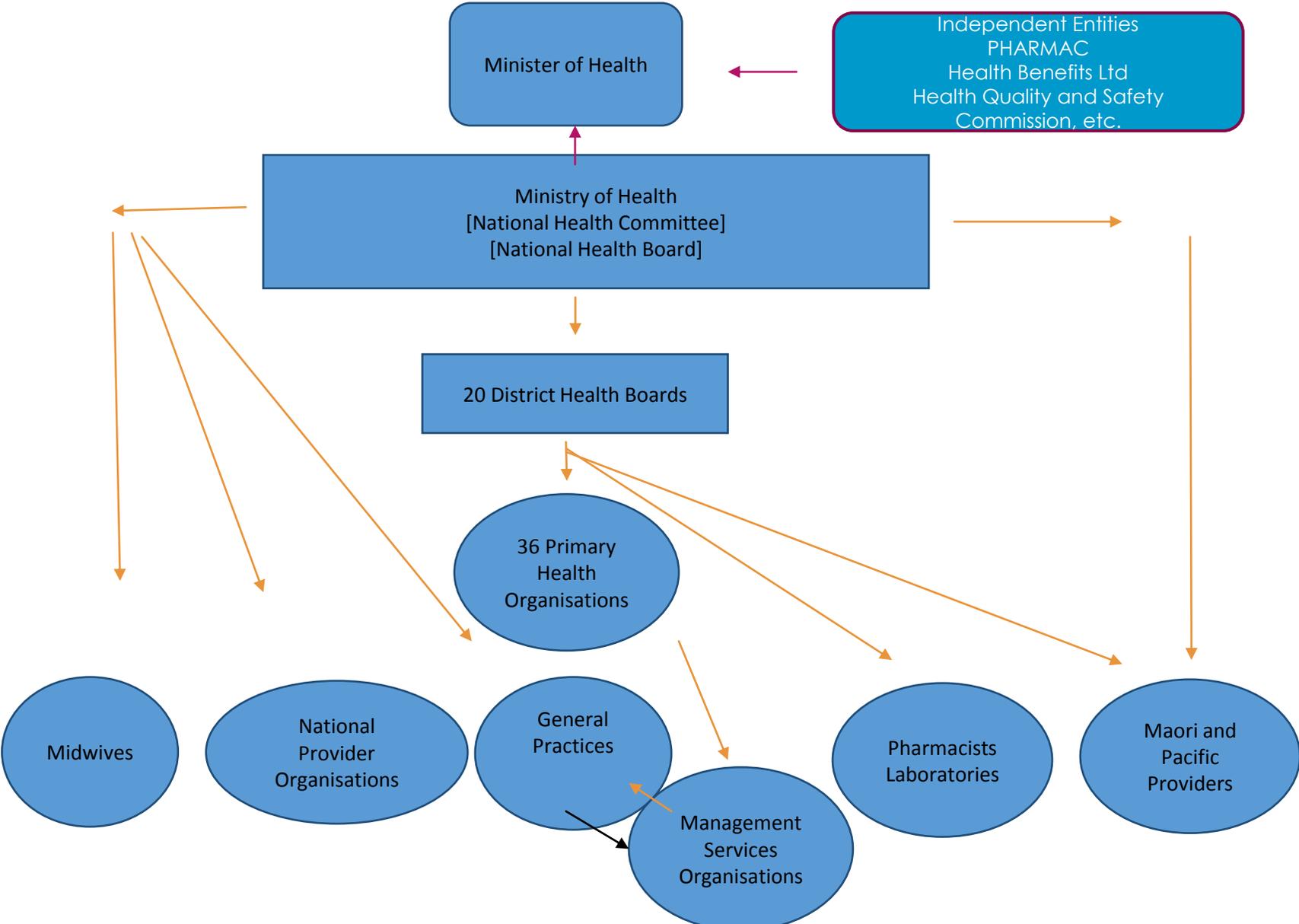
# Emphases since 2008 (1)

- ▶ Strengthen national and regional planning; Streamline accountability of DHBs
  - ▶ Through establishing a National Health Board within the MoH
  - ▶ Reports directly to the Minister of Health
- ▶ Reduce back-room service expenditure; resources to 'front-line'
  - ▶ Through establishing Health Benefits Ltd agency as a national procurement agency
- ▶ Strengthen emphasis on quality of care
  - ▶ Through establishing a new Health Quality and Safety Commission

# Emphases since 2008 (2)

- ▶ Enhance health technology assessment
  - ▶ Terms of reference changed for National Health Committee, reports directly to the Minister of Health
- ▶ Strengthen PHOs
  - ▶ Through encouraging PHOs to amalgamate; now 36 PHOs
- ▶ Some key priorities
  - ▶ Better public services – a more co-ordinated approach across government agencies
  - ▶ Reducing waiting times for elective surgery
  - ▶ Service delivery closer to home
  - ▶ Integrated care – horizontally within primary health care and vertically between primary health care and secondary health care services

# The Organisation of the Health Care System in New Zealand 2014



# What do we know about the impact of the changes since 2008? (1)

- ▶ National Health Board – impact not well understood
- ▶ Health Benefits Ltd – has made some savings from national procurement (e.g. banking services, gloves), but the processes have cost more than might have been expected; DHBs to take over the running of it soon
- ▶ Health Quality and Safety Commission – much greater emphasis on improving quality and safety, though a national patient safety campaign, reportable events, atlas of variation; includes increasing emphasis on measuring patient experiences
- ▶ National Health Committee –
  - ▶ advice on avoiding unnecessary interventions in key areas, when best to use certain technologies
  - ▶ loss of NZ Guidelines Group a concern
  - ▶ from past experience, implementation of recommendations will be a key challenge

# What do we know about the impact of the changes since 2008? (2)

- ▶ PHOs –
  - ▶ Impact of amalgamation not clear
  - ▶ Range in size from 8,700 to 828,000 enrollees
- ▶ Better public services –
  - ▶ Child immunisation rates continue to improve
  - ▶ Rheumatic fever admissions to hospital continue to rise
  - ▶ Not always clear how the better public services goals are being achieved
- ▶ Reducing waiting times for elective surgery –
  - ▶ Government is currently reducing the target waiting time from six to five to four months *for those who are accepted for treatment*
  - ▶ More elective services operations each year – at least 4,000 more p/a
  - ▶ How many miss out is not clear

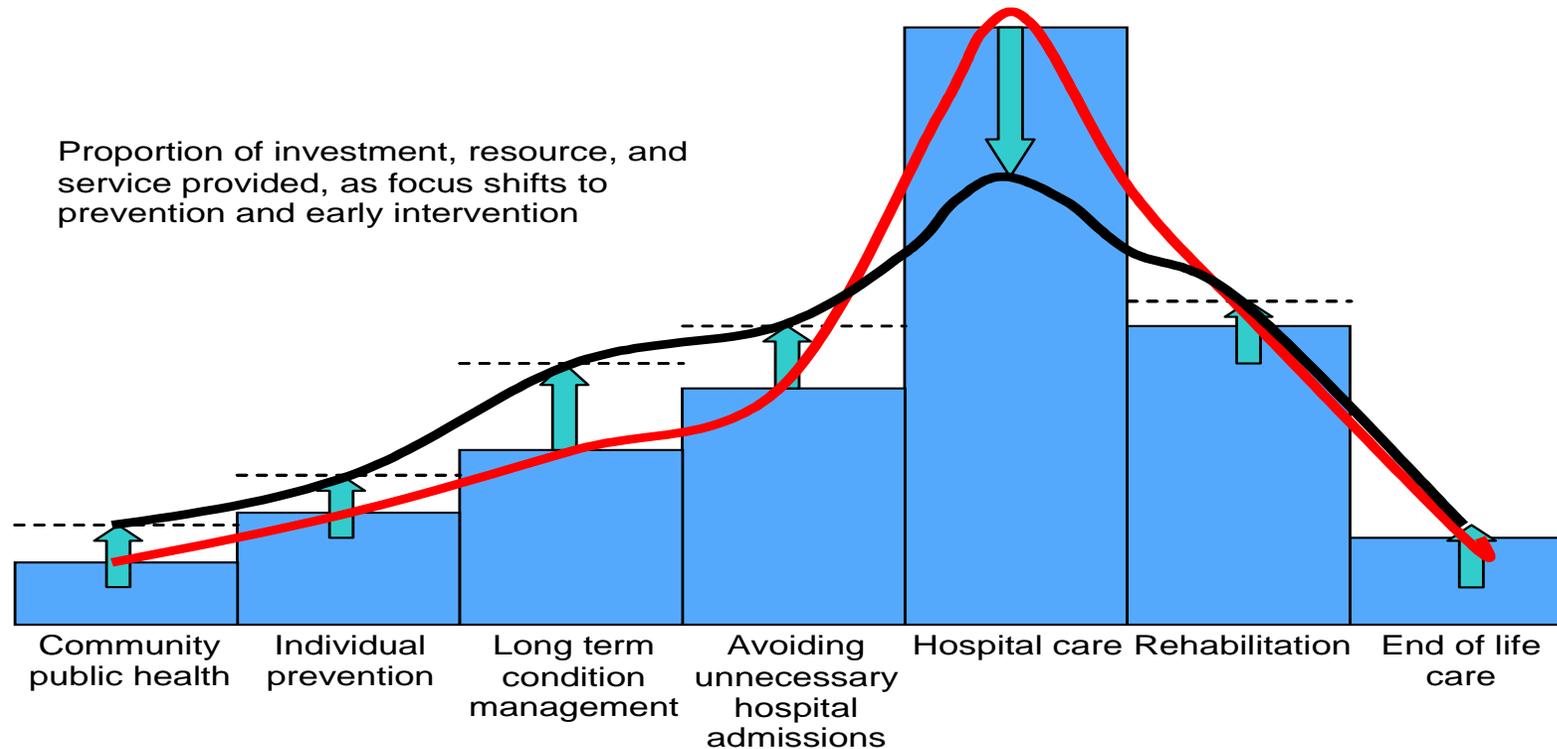
# What do we know about the impact of the changes since 2008? (3)

- ▶ Service delivery closer to home; Integrated care –
  - ▶ Some new interesting approaches
  - ▶ But no systematic overview of
    - ▶ whether we are achieving care closer to home;
    - ▶ what the types of co-ordinating activities being undertaken by providers are;
    - ▶ whether care is now better integrated from a service user perspective

# Shifting the Health System

Source: Adapted from Helen Bevan, Chief Transformation Officer, NHS Institute for Innovation and Improvement *Delivering Cost Reduction through Quality Improvement: a one day master class for senior leaders 2011*.

## The shift to a future health and disability system



# Current Major Issues (1)

- ▶ 'Universal' health system
  - ▶ But there are growing numbers of 'new' New Zealanders
  - ▶ Some are entitled to some free services (but the rules are confusing)
  - ▶ But we know nothing about their insurance status or access to services
  
- ▶ 'Sustainable' health expenditure?
  - ▶ Emphasise service delivery closer to home and better integrated care – will it enable better value for money?

# Current Major Issues (2)

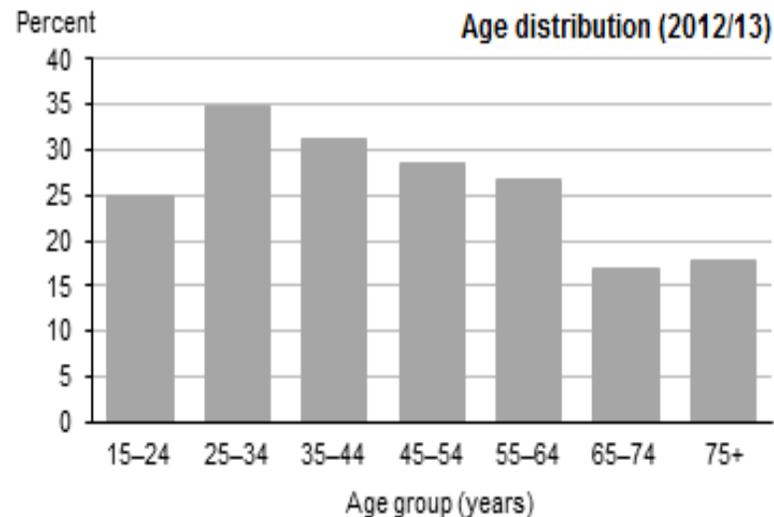
- ▶ Primary health care funding
  - ▶ No significant new funding since 2008
  - ▶ User fees consistently rise – impact on access to services and focus on delivering services closer to home
  - ▶ Concerns over limited weighting of funding formula – is the funding fair for those PHOs delivering services to populations with significantly poorer health status?

# Adults who have experienced one of more types of unmet need for primary health care in the past 12 months – 2012/13 NZ Health Survey

	2012/13	2011/12	2006/07
Percent (%)	27.1	26.6	.

In 2012/13, this was an estimated 967,000 adults

Adjusted rate ratio (2012/13)	
Men vs women	0.7 *
Māori vs non-Māori	1.5 *
Pacific vs non-Pacific	1.1
Asian vs non-Asian	0.8 *
Most vs least deprived	1.4 *



\* There has been a statistically significant change since 2011/12.

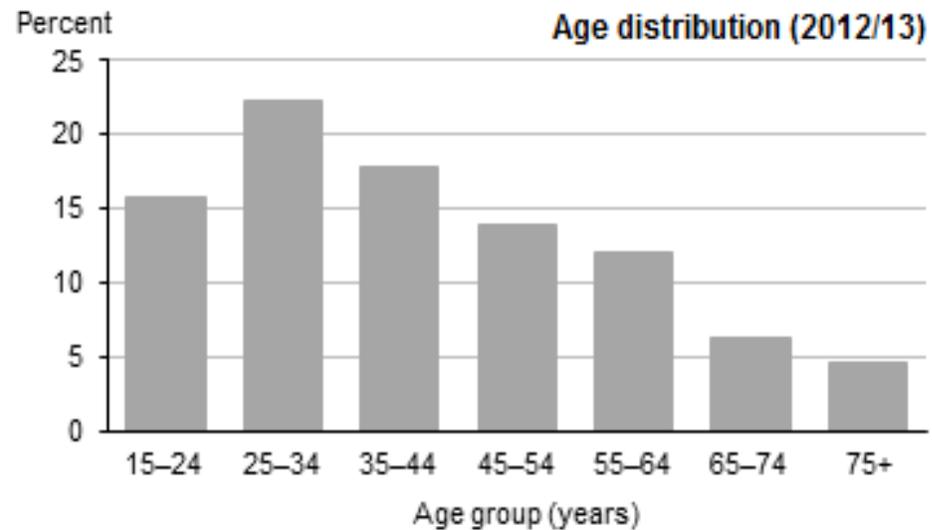
\* There is a statistically significant difference between the two groups.

# Adults who did not visit a GP because of cost, at any point in the last 12 months, 2012/13 NZ Health Survey

	2012/13	2011/12	2006/07
Percent (%)	14.5	13.8	.

In 2012/13, this was an estimated  
**518,000** adults

Adjusted rate ratio (2012/13)	
Men vs women	0.6 *
Māori vs non-Māori	1.7 *
Pacific vs non-Pacific	1.3 *
Asian vs non-Asian	0.8 *
Most vs least deprived	2.1 *



\* There has been a statistically significant change since 2011/12.

\* There is a statistically significant difference between the two groups.

# Current Major Issues (3)

- ▶ Integrated Care
  - ▶ We need to better understand what types of co-ordinating activities are occurring, their impacts, and in particular whether or not integrated care is improving for service users

# Key Health Status Concerns

- ▶ The effects of poverty, especially for children
- ▶ Alcohol abuse
- ▶ Domestic violence
- ▶ Obesity
- ▶ Youth mental health
- ▶ Significant inequities in access to services and in health status

# Integrated Performance and Incentive Framework

- ▶ Current performance frameworks and 'targets' are not well aligned
- ▶ A new system-wide framework
  - ▶ Has been widely consulted upon
  - ▶ Is under development, for introduction in mid-2015
- ▶ Aligns with performance incentives
- ▶ Examples of system measures
  - ▶ Amenable mortality, Healthy birth, ASH admissions, Smoking rate, Unplanned admissions, Average length of stay, Enrolment in a general practice in first four weeks' of life, Health care cost per capita, Access, Consumer experiences etc

# Reflections

- ▶ Most recent changes in organisational structure ‘under the radar’
  - ▶ Reaction against significant reforms in the 1980s, 1990s, and early 2000s
- ▶ Limited research and evaluation into key aspects of current changes and whether we are moving services closer to home, achieving more integrated care
- ▶ Essential we
  - ▶ Tackle financing of primary health care services, inequities in funding to PHOs, to ensure good access to services
  - ▶ Enhance our understanding of current changes in primary health care service delivery models, their effectiveness and system implications