AD25-02-0-6

# CABINET

**CAB (00) M 32/2A(2)**



Minister of Health

COPIES TO:

Prime Minister
Deputy Prime Minister
Minister of Finance
Minister of Social Services and Employment (MSP)
Associate Minister of Maori Affairs (Hon Sandra Lee)
Minister of State Services
Minister of Maori Affairs
Minister of Pacific Island Affairs
Minister of Women's Affairs
Minister of Youth Affairs
Associate Minister of Health (Hon Ruth Dyson) (Hon Tariana Turia)
Hon Phillida Bunkle
Controller and Auditor-General
Secretary, SPH

## District Health Boards and the Non-Government Health Sector

Reference: CAB (00) 627; SPH (00) M 25/7; CAB (00) M 32/2A(1)

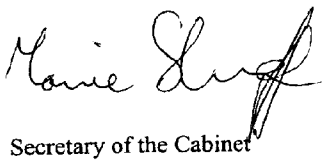
***This minute amends and replaces SPH (00) M 25/7***

At the meeting on 2 October 2000, following reference from the Cabinet Social Policy and Health Committee, Cabinet:

a **agreed** to the Provider Selection Protocols set out in Annex 1 (attached), to guide District Health Boards (DHBs) in making arrangements for the funding and delivery of publicly-funded health and disability support services;

b **agreed** to the Private Involvement Protocols set out in Annex 2 (attached), to guide DHBs' involvement in the delivery of privately-funded health and disability support services;

c **agreed** that, in the period up until DHBs are established, the protocols set out in the Annexes referred to above will apply to the Health Funding Authority and to Hospital and Health Services in respect of any new service arrangements.



Secretary of the Cabinet

## ANNEX 1 Provider Selection Protocols

The choice of providers/facilities for publicly-funded services should:

a) first and foremost, be the most effective option to achieve gains in health and independence for New Zealanders and close gaps within available funding

b) in respect of services for Maori, continue to build Maori capacity for providing for Maori needs and, in respect of services for Pacific people, continue to build Pacific capacity for providing for Pacific peoples' needs

c) in respect of hospital-based services, publicly provided services are preferred, all other things being equal.

d) be consistent with any specific requirements set out in other Government policies (eg those for primary care organisations which are currently under discussion)

e) where a DHB has a significant proposal to out-source services, or to start providing services previously provided by a non-government provider, this should be included in the strategic and annual plans for approval by Ministers

f) where a service is shifting from a DHB provider or facility[1], the shift should result in benefits to patients that outweigh any costs (in terms of deterioration in financial performance or reduced viability of existing DHB services or facilities)

g) be listed in the DHB's annual report[2]

h) be required to provide the same set of information to the DHB (eg on numbers of patients seen, details of services provided etc) regardless of whether the provider is publicly-owned or not

i) where a DHB employee or contractor has a financial interest in a non-government provider (eg as an owner, director, or employee) and has influence over a decision to enter a service agreement with that provider:

   ⇒ the Board must be advised of the potential conflict

   ⇒ the Board (rather than a committee or individual/group acting under delegation from the Board) must explicitly approve the arrangement, together with any measures that may be required to manage the conflict

   ⇒ if the arrangement is approved by the Board, details must be disclosed in the DHB's annual report.

---

[1] Including a service run by a number of DHBs together.

[2] Where large numbers are involved, such as in the case of GPs or pharmacies, providers could be described in a generic way rather than listing each one.

## ANNEX 2 Private Involvement Protocols[3]

Proposals for involvement in privately-funded service provision will need to be included in the DHB's strategic and annual plans for approval by Ministers. Use of a public provider or public facility for privately-funded services is only likely to be acceptable if all of the following conditions are met:

a) first and foremost, there is a direct benefit to publicly-funded patients or people with disabilities, ie the private involvement leads to an improvement in the clinical quality or the efficiency of a service for public patients

b) there must be spare capacity beyond that required for services to public patients, that is:

   ⇒ the level of publicly-funded service already meets or exceeds any service guidelines set out in the Funding Agreement with the Minister

   ⇒ the private involvement must not interfere with service provision for publicly-funded patients and must not compromise the drive to reduce waiting times for elective surgery

c) patients must be advised of publicly-funded options before choosing to pay for treatment in public facilities, and be offered the opportunity of independent vetting of any referral by a DHB specialist to themselves in a private capacity

d) if DHB staff will be directly involved in the delivery of privately-funded services (as opposed to the DHB simply making spare facilities or land available), the services must be part of the range and standard of services (clinical and non-clinical) that are publicly-funded

e) there is public disclosure of the arrangement in the DHB's annual report

f) where a DHB employee or contractor has influence over a decision for a DHB to be involved in privately-funded care, and has a financial interest in the arrangement (including through the potential for patients to be referred to the privately-funded service from a DHB-funded service):

   ⇒ the Board must be advised of the potential conflict

   ⇒ the Board (rather than a committee or individual/group acting under delegation from the Board) must explicitly approve the arrangement, together with any measures that may be required to manage the conflict

   ⇒ if the arrangement is approved by the Board, details must be disclosed in the DHB's annual report.

---

[3] These protocols do not apply to:
- services funded by the ACC and other accident insurers
- the treatment of ineligible patients from overseas who require urgent care but have not come to New Zealand seeking that care.