



## Office of Hon Dr Jonathan Coleman

Minister of Health  
Minister for Sport and Recreation  
Member of Parliament for Northcote

Mr Geraint Martin  
Chief Executive  
Counties Manukau DHB  
Private Bag 94-052  
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Dear Geraint

### Value and high performance of the health system

When I last wrote to you (May 2015) about quality improvement and performance measurement for the health sector, I indicated an ambition to lift performance measurement from a transactional approach, to one based on outcomes. The refresh of the New Zealand Health Strategy that was then underway was an appropriate time to develop an aspirational outcomes-based approach that would guide the delivery of constantly improving health services.

One of the draft New Zealand Health Strategy's five themes is *value and high performance* which places an emphasis on measuring the performance of the whole system in order to determine the value the country receives from the system. As well as a system wide view of performance, we need the ability to measure outcomes for each of our system's component parts.

The Ministry of Health has been working closely with the sector to co-develop a suite of system level measures that provide this system-wide view of performance. Following my drive for strong clinical engagement and decision making, this work has been informed by strong clinical input. Achievement is reliant on the contributions of a variety of providers including district health boards (DHBs), primary care, pharmacy, aged care services and midwives. The need for different provider groups to work together reflects the *one team* and *closer to home* themes in the draft Strategy.

The system level measures and approach to financial incentives outlined below will be negotiated into the PHO Services Agreement.

### System level measures

The following system level measures are proposed for introduction in 2016/17:

- acute hospital bed days per capita
- ambulatory sensitive hospitalisation (ASH) rates for 0-4 year olds

- patient experience of care
- amenable mortality
- youth access to and utilisation of youth appropriate health services – a developmental measure
- number of babies who live in a smoke-free household at six weeks post-natal – a developmental measure.

### **Financial Incentives**

The first step in implementation of the proposed approach to financial incentives is through the PHO National Services Agreement in 2016/17.

The mixed approach to financial incentives, which sees 75 percent of PHO performance funding paid out for capability and capacity, acknowledges primary care's concern over the lack of quality improvement infrastructure in their sector. Placing some funding at risk is intended to drive quality improvement.

Acute hospital bed days, ASH rates and patient experience of care will be financially incentivised in 2016/17 along with the two primary care National Health Targets (Better help for smokers to quit and Increased immunisation).

### **Expectations of DHBs**

DHBs, PHOs and district alliances will drive implementation. In their 2016/17 Annual Plans DHBs must commit to provide an Improvement Plan (the Plan) to meet jointly agreed Improvement Milestones for each system level measure. With fifty percent of the PHO's incentive funding dependent on Ministry approval of this Plan, it is crucial that DHBs and PHOs work jointly to develop the Plan. DHBs must ensure that they work with the PHO(s) to develop a jointly agreed Plan. Local district plans must demonstrate the actions required by PHOs, emergency departments, outpatient clinics and medical wards to meet the system level measures. All stakeholders must sign the submitted Plan.

Ministry of Health officials will be in touch shortly with implementation details.

I encourage your DHB to take advantage of this opportunity to strengthen local relationships between primary and secondary clinicians and drive more patient-centred integrated health services.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'J. Coleman', with a long horizontal flourish extending to the right.

Hon Dr Jonathan Coleman  
**Minister of Health**