ELECTIVES

Funding Policy

Process:	Policy governing use of Electives funding
Date:	January 2015
Status:	Final
Review date:	February 2016
Revisions:	Pages 4, 5, 7, 8, 10, 11

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1. Purpose

1.1 The purpose of this policy is to outline the guidelines for accessing Electives funding under the following initiatives:

- Electives Initiative (EI)
- Ambulatory Initiative (AI).

2. Principles

2.1 The principles applying to the use of Electives funding under the initiatives are to:

2.1.1 Provide Electives to patients where access has not kept pace with need:

- Need may be defined by low intervention rates, long waiting patients, persistently non-compliant services, or high access thresholds.

2.1.2 Manage patient flow processes effectively, in line with the principles of clarity, timeliness and fairness.

2.1.3 Treat patients in order of need and ability to benefit.

2.1.4 Maximise Electives delivery and meet agreed national targets each financial year.

2.1.5 Funding is for additional activity that is able to be counted through national collections.

2.1.6 Maximise utilisation of available revenue within each financial year.

2.2 Service requirements, volumes and funding under the initiatives will be confirmed in a Crown Funding Agreement (CFA) variation.

3. Exclusions

3.1 Excluded from this policy is any activity funded under either the EI or AI that is not able to be counted through national collections, e.g. excludes Quality Improvement funding.

4. Background

4.1 The government is making a significant investment in additional levels of Electives. Targets for each of the initiatives are agreed between District Health Boards (DHBs) and the National Health Board (NHB) each year as part of the Annual Plan (AP).

4.2 Funding under each of the initiatives is generally made available to DHBs according to their Population Based Funding Formula (PBFF) share, so that allocation is based on population rather than previous performance.

4.3 Overall the following national targets must be achieved:

4.3.1 4000 additional elective surgical discharges per annum, including delivery of an agreed number of major joint replacement, cataract and cardiac surgery discharges.

4.4 Payment is for volumes that are delivered over and above the DHB’s agreed base volume in each initiative.

5. Services able to be funded under the Electives initiatives

5.1 Electives Initiative: The EI will fund elective inpatient case weighted discharges (CWD) only in surgical, dental and cardiology specialties under the purchase units in Appendix One.

5.1.1 The requirements for accessing funding are that DHBs submit information to the National Minimum Data Set (NMDS) and to the National Booking and Reporting System (NBRS); and meet the service requirements outlined in sections 6 to 9 and 12 to 13.

5.2 Ambulatory Initiative: the AI will fund FSAs and non-admitted procedures in an agreed range of purchase units, as detailed in Appendix One. This activity includes all FSAs, and a range of non-admitted procedures, including endoscopy, outpatient dental and community referred tests. Funding can be transferred from the EI to the AI to fund non admitted activity, with the agreement of the Manager, Electives and National Services, NHB.

5.2.1 The requirements and criteria for accessing funding for all activity under the AI are that DHBs submit information to either the National Non-admitted Patient Collection (NNPAC) or the National Minimum Data Set (NMDS), and meet the service requirements outlined in sections 6 to 9 and 12 to 13.

6. Setting of base volumes

6.1 Base volumes for the initiatives are set for the DHB's domiciled population.

6.2 EI - an agreed base in CWD is set for each inpatient purchase unit for all Elective surgical services, dental, and cardiology; and for the DHB of domicile in total.

6.2.1 Base increases will continue to be applied annually to DHBs with low base intervention rates to improve regional equity.

- Base increases are adjusted on the basis of intervention rate relative to national average, population growth, demographic funding.

6.3 AI – an agreed base in FSAs will be set for each FSA purchase unit, and for the DHB of domicile in total:

6.3.1 Medical and Surgical FSAs – base increases may be applied annually to DHBs with low base intervention rates to improve regional equity.

6.3.2 Procedures and community referred tests – an agreed base is set in line with DHB funded previous delivery.

6.3.3 Further base adjustments may be continued on an annual basis.

6.4 Base volumes are identified within the DHB's Electives Funding Schedule (EFS).

6.5 Variations to the agreed base volume of individual services within the DHB of domicile total will be agreed by the Manager, Electives and National Services, NHB. Unless there are exceptional circumstances, changes to base volumes will only be agreed at the commencement of each financial year.

6.5.1 Requests to vary agreed base volumes will need to be supported by evidence that a reasonable level of need is being met in the services where the base is reducing.

7. Agreeing additional services

7.1 EI and AI – additional volumes for each financial year will be agreed with DHBs as part of the AP, as identified within the DHB's EFS.

7.1.1 Additional volumes should be planned in services with constrained access. Constrained access may be identified by:

- A low Standardised Intervention Rate (SIR)
- A low rate of FSA relative to other similar DHBs
- Local knowledge of demand or unmet need
- Analysis of extended waiting times.

7.1.2 If additional volumes are planned in services where it is not obvious that access is constrained (relative to other services provided by the DHB), the DHB will be asked to clarify:

- Why investment is planned in this service and not others

- What is planned to develop capacity to enable investment in areas where access to services is constrained.

8. Revising the agreed additional services

8.1 DHBs may request that the services in which additional electives volumes are planned be revised or amended. To do this, the DHB should make the request in writing (either by letter or email) stating the reason for the proposed change.

8.1.1 Requests to vary or revise the agreed additional volumes will generally be approved, provided the new services meet other eligibility requirements. Variations may be declined if the reallocation is from a service with constrained access to a service with good access.

8.2 If a variation to the additional services is agreed, the DHB will be required to submit, or confirm, a revised EFS and production plan.

8.3 Once finalised, the NHB will update the monitoring reports and confirm the revision in a letter of variation to the CFA.

9. Monthly monitoring of volumes

9.1 Monthly monitoring reports will be established for both initiatives, with performance in each initiative monitored separately.

9.2 The NHB will develop a production plan using "standard" phasing, derived from historical delivery patterns, and send this to the DHB. DHBs will be required to approve or amend the production plan, which will form the basis for monthly monitoring. The standard phasing production plan will be the default plan for monitoring until or unless the DHB provides an amended plan.

9.3 Monitoring in both of the initiatives will be against the DHB of domicile, planned base, and total volumes for the year to date. Additional activity will be activity that is delivered over and above the planned year to date base as outlined below.

9.3.1 The EI will monitor by elective CWD and discharges. Monitoring will be against the total DHB base, and within the funded services. Additional activity will be elective CWD provided within the funded services, over and above the total DHB base for the period.

9.3.2 The AI will monitor FSAs and non admitted procedures separately.

- Monitoring of FSAs will be by attendance against the total FSA base, and within the funded services/agreed purchase units. Additional activity will be FSAs provided within the funded services, over and above the total DHB base for the period.
- Monitoring of procedures or community referred tests will be by attendance against the identified service purchase unit base only. Additional activity will be procedures provided above the service base.

9.3.3 A monthly reconciliation of actual delivery against the phased production plan will occur when the NMDS and NNPAC databases are refreshed at the beginning of each month. This will determine the total activity delivered the planned base for the year to date, and the actual additional volumes delivered each month.

10. Year-end reconciliation / wash up

10.1 At the end of the financial year a review of each DHB's performance against plan in each of the initiatives will occur. The year-end process will determine if the DHB has delivered its planned base and total agreed additional volumes.

10.1.1 For activity to be considered as part of the 2015/16 year end reconciliation it will need to be coded within NMDS or NNPAC by Friday, 29 July 2016. Reconciliation reports will be run on Monday, 1 August 2016.

10.2 Access to funding under the initiatives is dependent upon meeting the agreed base (as specified for that initiative).

- Total DHB level CWD base
- Total DHB level FSA base
- Individual non admitted procedures or community referred test base.

10.3 Under the initiatives, where the DHB has delivered its total planned base and its total planned additional volumes, these services will be funded up to the maximum agreed amount.

10.4 If there is under delivery in either of the initiatives, funding will only be for the actual additional volumes delivered over and above the agreed DHB level base.

10.5 If there is over delivery in either of the initiatives, additional volumes will be funded only if further funding becomes available (usually because of under delivery at another DHB or funding suspension). A DHB that has had funding suspended at a DHB level during the financial year will not be eligible for additional funding.

10.6 Under the EI or AI, additional volumes may be washed up across services and initiatives.

11. Payment

11.1 Electives funding for both initiatives will be paid through Schedule B Cash Profiles directly to DHBs quarterly. Prior to payment, actual additional volumes delivered during the period under that initiative will be verified (the process for determining the actual additional volume delivered is described in clause 9.3.3). Payment will be for actual additional volumes, up to the volume of additional activity planned in the period.

11.1.1 The first payment of the financial year will be made the first week of December, based on quarter one delivery.

11.1.2 The last payment of the year will be made in October of the following financial year based on full year volumes delivered, following the final reconciliation (as described in section 10).

11.2 Monthly monitoring reports will be provided to DHBs via the Electives Quickr site. A summary of volumes paid will be loaded on the Quickr site at the end of each quarter when the Cash Profile payment is made.

11.3 An adjustment will be made in the next quarter/payment period for volumes paid but not delivered, or in the last quarter/payment period for volumes no longer included within the Initiative.

11.4 Details of funding, rules for confirming the year-end review and adjustments are specified in more detail in the CFA variation.

12. Compliance with patient flow management

12.1 Underpinning Electives policy for the EI and AI there is a requirement that DHBs manage patient flow processes effectively, in line with the principles of clarity, timeliness and fairness. This includes the requirement to demonstrate effective management of clinical prioritisation, i.e. reliable priority assignment and subsequent treatment in accordance with this priority. There is a direct link between access to funding for additional volumes and DHB level Elective Services Patient Flow Indicator (ESPI) compliance.

12.1.1 An ESPI is compliant when the indicator is green.

12.1.2 An ESPI is non-compliant when the indicator is yellow or red, or if the DHB has failed to submit data to NBRS (or National Patient Flow collection when this replaces the NBRS monthly outpatient return)[1].

- A non-compliant ESPI that is yellow will not attract a financial penalty
- A non-compliant ESPI that is red will mean that the DHB is at risk of financial penalty (as described in clause 14.1)

12.2 Decisions on funding risk as a result of ESPI non-compliance will be made on the Wednesday following the NBRS (or National Patient Flow collection) warehouse refresh that occurs on the first Monday of each month.

12.2.1 Refreshed ESPI results may change as new information is submitted to NBRS (or National Patient Flow collection). Refreshed results may improve or deteriorate to result in a changed ESPI status.

12.2.2 Decisions on funding risk will be made using the most recent results/information, and will take into account refreshed ESPI results.

- If a previously red ESPI is now yellow or green the ESPI will not attract a financial risk / penalty.
- If a previously green or yellow ESPI becomes red, the penalties associated with red ESPIs (as described in section 14) will be applied.
- In the case of a data refresh resulting in an ESPI becoming red, some DHBs will not receive advance notification of risk to funding. In this circumstance, consideration will be given to the underlying causes of non-compliance.

12.2.3 If a DHB has a red ESPI because of data quality issues that are caused by implementation of a new patient management system, or implementation of new system requirements, a temporary dispensation from reporting may be requested. Any request for a dispensation from ESPI reporting must be made in writing prior to the results becoming available, and must be from either the Chief Executive Officer (CEO), Chief Operating Officer (COO) (or equivalent) or General Manager, Planning and Funding (GM P&F) (or equivalent)

- Any dispensation from reporting will be time bound, and results will be confirmed once data is being submitted correctly.

13. Suspension of access to EI or AI funding

13.1 Access to EI and AI funding will be suspended in a DHB in the following circumstances:

13.1.1 If a DHB has a red ESPI for a period of four consecutive months in the same ESPI (in accordance with the requirements outlined in clause 12.1), access to EI and AI funding will be suspended until the ESPI is green or yellow for two consecutive months.

13.2 Funding will be suspended from the first day of the month in which the results are available showing the ESPI as red for the fourth consecutive month.

13.3 Funding will be re-established from the first day of the month in which the results are available showing the ESPI has been green or yellow for the second consecutive month.

13.4 DHBs will be advised in writing when access to funding is suspended and re-established.

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[1] The National Patient Flow is a new national data collection that is being developed and implemented through a multi-year programme. The planned activity will, over time, provide comprehensive information on patient events spanning medical, surgical and diagnostic services. Once introduced, this collection will replace the National Booking Reporting System. Initially, the new collection will replace the monthly outpatient return template. DHBs will be advised if this occurs during 2015/16.

13.5 A DHB that has funding suspended at the beginning of a financial year will need to have green or yellow ESPIs for two consecutive months to commence access to funding in the new financial year. The DHB's total share of Electives funding in the new financial year will be determined by the period of the suspension, as per clause 14.1.

13.6 A recovery plan will be required for any service that has a red ESPI or that is considered to be putting access to Electives funding at risk. Reporting against the plan will be required monthly.

14. Funding to be deducted

14.1 Electives funding that is deducted because a DHB has red ESPIs for four months or more will not be made available to the DHB at a later date within the financial year. This means that the DHB will not be eligible for additional funding for any over delivery as part of the year end wash up (see clause 10). The amount of funding deducted will be determined by the duration of the funding suspension, calculated as follows:

14.1.1 The amount of funding deducted will be as follows:

- 4 months red = 2 month deduction – 5% of total Electives funding per month
- 5 months red = 3 month deduction – 7% of total Electives funding per month
- 6 months red = 4 months deduction – 7% of total Electives funding per month
- 7 months (or more) red = 5 months (or more) deduction – 10% of total Electives funding per month

14.1.2 If a DHB's funding deduction crosses two financial years, the amount of funding deducted per month will be determined as a percentage of the total Electives funding in each financial year.

14.1.3 The following table shows the level of deduction based on a Financial Year 1 budget of $10 million, and a Financial Year 2 budget of $11 million.

Financial Year One - Budget $10,000,000									Financial Year Two - Budget $11,000,000				
Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Funding lost
						$ 500,000	$ 500,000						$ 1,000,000
						$ 700,000	$ 700,000	$ 700,000					$ 2,100,000
						$ 700,000	$ 700,000	$ 700,000	$ 770,000				$ 2,870,000
						$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,100,000	$ 1,100,000			$ 5,200,000
						$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,100,000	$ 1,100,000	$ 1,100,000		$ 6,300,000

14.1.4 DHBs will be advised in writing when access to funding is resumed, and will be advised of the maximum funding that will be available following the deduction.

15. Decision making and communication

15.1 At the first month of an ESPI being red at a DHB level, the Manager, Electives and National Services, NHB will contact the DHB's CEO to alert him/her to the risk that the DHB's access to funding could be suspended, and the minimum funding deduction. The Electives lead contact will email the DHB's Electives Manager to advise of the risk to funding, and to assist the DHB to develop and implement a recovery plan to regain compliance.

15.2 At the second month of having a red ESPI at a DHB level, if an improvement has not been made over the previous month's result, the Manager, Electives and National Services, NHB will contact the DHB's CEO again to reiterate the risk that the DHB's access to funding could be suspended, and the minimum funding deduction. The Board Chair may be contacted by the Director, DHB Performance.

15.3 Funding will be deducted after the fourth consecutive month of red ESPIs. Notification of the deduction and minimum level of funding to be deducted will be in writing from the Director, DHB Performance to the Board Chair, copied to the CEO, and requesting confirmation that patient flow processes within the DHB will be improved.

16. Allocation of funding additional to the DHB's PBFF share

16.1 During the financial year, there may be funding for Electives that was not allocated to DHBs as part of their PBFF share or that becomes available because of ESPI non-compliance or other reasons.

16.2 Should additional funding become available DHBs may be asked to submit proposals for access to this funding. The following factors will be considered when reviewing a DHB's proposal to access additional funding:

16.2.1 ESPI performance and commitment to Electives policy – DHBs that have lost access to funding within a financial year due to ESPI non-compliance will not be eligible to receive any re-allocated additional funding.

16.2.2 The level of need in the region and within the identified services where investment is planned, and any potential detrimental impact for other DHBs or regions.

16.2.3 The likelihood of delivery of the proposed additional volumes.

16.3 If a proposal for additional funding is approved a DHB will be required to submit or agree a revised production plan for the additional volumes.

Appendix One

Purchase Units that can be included in the Electives Initiative:

PUC	Purchase Unit Description
D01.01	Inpatient Dental treatment (DRGs)
M10.01	Cardiology – Inpatient Services (DRGs)
MS02016	Skin lesion Removal*
S00.01	General Surgery – Inpatient Services (DRGs)
S05.01	Anaesthesia Services (inpatient)
S15.01	Cardiothoracic – Inpatient Services (DRGs)
S25.01	Ear, Nose and Throat – Inpatient Services (DRGs)
S30.01	Gynaecology – Inpatient Services (DRGs)
S35.01	Neurosurgery – Inpatient Services (DRGs)
S40.01	Ophthalmology – Inpatient Services (DRGs)
S40007	Intraocular injections*
S45.01	Orthopaedics – Inpatient Services (DRGs)
S55.01	Paediatric Surgical Services (DRGs)
S60.01	Plastic & Burns – Inpatient Services (DRGs)
S70.01	Urology – Inpatient Services (DRGs)
S75.01	Vascular Surgery – Inpatient Services (DRGs)

*If reported to NMDS

Purchase Units that can be included within the Ambulatory Initiative

PUC	PUD - Surgical FSAs
S00002	General Surgery (incl Vascular Surgery) - 1st attendance
S00006	General Surgery (excl vascular surgery) - 1st attendance
S00009	Breast Op Proc - 1st Attendance
S00011	Surgical non contact First Specialist Assessment - Any health specialty
S15002	Cardiothoracic - 1st attendance
S25002	Ear Nose and Throat - 1st attendance
S30002	Gynaecology - 1st attendance
S35002	Neurosurgery - 1st attendance
S40002	Ophthalmology - 1st attendance
S45002	Orthopaedics - 1st attendance
S50005	Spinal - 1st attendance
S55002	Paediatric Surgery Outpatient - 1st attendance
S60002	Plastics (incl Burns and Maxillofacial) - 1st attendance
S70002	Urology - 1st attendance
S75002	Vascular Surgery Outpatient - 1st attendance

PUC	PUD - Non Admitted Procedures
D01002	Outpatient Dental treatment
M25004	Gastroenterology - ERCP
M25005	Gastroenterology - Colonoscopy
M25006	Gastroenterology - Gastroscopy
M45004	Neurology - Botulinum toxin therapy
M65005	Respiratory - Bronchoscopy
MS02003	Bronchoscopy - Any health specialty
MS02004	Cystoscopy - Any health specialty
MS02005	Gastroscopy - Any health specialty
MS02006	ERCP - Any health specialty
MS02007	Colonoscopy - Any health specialty
MS02016	Skin Lesion Removal**
S00004	General Surgery - Colonoscopy
S00005	General Surgery - Gastroscopy
S00008	Minor Operations
S25006	ENT Minor operations
S30008	Gynaecology Minor Procedure - High Cost
S40005	Eye - Argon Laser
S40007	Intraocular injections**
S40008	Eye procedures
S70005	Urology - Cystoscopy
S70006	Urology - Lithotripsy
S70007	Urodynamics

PUC	PUD - Medical FSAs
M00002	General Medicine - 1st attendance
M00010	Medical non contact First Specialist Assessment - Any health specialty
M10002	Cardiology - 1st attendance
M10006	Specialist Paediatric Cardiac - 1st Attendance
M15002	Dermatology - 1st attendance
M20002	Endocrinology - 1st attendance
M20004	Diabetes - 1st attendance
M20008	Specialist Paediatric Endocrinology - 1st attendance
M25002	Gastroenterology - 1st attendance
M30002	Haematology - 1st attendance
M40002	Infectious Diseases (incl HIV/Aids) - 1st attendance
M45002	Neurology - 1st attendance
M45009	Metabolic Services- secondary health facility - 1st Attendance
M49002	Specialist Paediatric Neurology Outpatient 1st attendance
M50020	Medical Oncology 1st attendance
M50022	Radiation oncology 1st attendance
M54002	Specialist Paediatric Oncology - Outpatient 1st attendance
M55002	Paediatric Medical Outpatient - 1st attendance
M60002	Renal Medicine - 1st attendance
M65002	Respiratory - 1st attendance
M65008	Specialist Paediatric Respiratory 1st attendance
M70002	Rheumatology (incl immunology) - 1st attendance
M70005	Immunology (excludes rheumatology) - 1st attendance
MS02013	Non contact First Specialist Assessment - Any health specialty
PC0001	Pain Specialist assessment
PC0007	Pain comprehensive assessment (triple assessment)

PUC	PUD - Community Referred Test
CS01001	Community Radiology
CS04001	Community referred tests - cardiology
CS04002	Community referred tests - neurology
CS04003	Community referred tests - audiology
CS04004	Community referred tests - gastroenterology
CS04005	Community referred tests - endocrinology
CS04007	Community referred tests - urology
CS04008	Community referred tests - respiratory
CS04009	Community referred tests - Pacemaker physiology tests

**If reported to NNPAC