Office of Hon Pete Hodgson
MP for Dunedin North
Minister of Health
Minister for Land Information

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BY:

Mr Richard Waddel
Chair
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Dear Mr Waddel

LETTER OF EXPECTATIONS FOR 2007/08

The past year has seen significant progress and maturation amongst health and disability sector Crown entities providing services nationally as well as within and between district health boards. My expectation is, simply, that during the forthcoming year progress and maturation will quicken.

District health boards are taking a more strategic approach across a range of initiatives: workforce planning, pandemic planning, central purchasing, the development of clinical networks, attention to information technology, new models of care, and many others. I expect the Crown entities operating on a national basis across particular aspects of the health and disability sector similarly to be taking a more strategic approach to their role and functions.

Primary health care fees and funding are now on a more robust and secure footing, creating an opportunity to quicken the pace of implementation in other aspects of primary health care strategy and to further cement a population based approach. Many health gains and efficiencies at the primary–secondary interface await exploration, for the benefit of our populations.

Elective services are, at last, being run according to longstanding government policy of providing fairness, timeliness and transparency, and the opportunity now exists both to increase volumes and address a range of disparities. Similarly, the opportunity exists for each of the national Crown entities to focus on strengthening fairness, timeliness and transparency in the provision of their respective services.

Significant improvements in structural deficits amongst district health boards have been achieved – their elimination is now within sight – and another year of successful capital investment has been posted. For some of the central Crown

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entities, the focus is more on progressively reducing higher than necessary levels of accumulated equity through running planned deficits.

The forthcoming year will see the introduction of a range of targets, aligned with strategic priorities, which will form part of District Annual Plans. They will also bind the Ministry of Health, who is charged with assisting in their achievement. These targets will be refined in consultation with district health boards and individually customised to some extent. They will offer a benchmark against which district health boards can measure themselves, and are both a planning tool and a focus for action.

The performance of the central Crown entities is more particular for each entity with fewer opportunities for directly benchmarking performance. Nonetheless, I encourage the central Crown entities to work to identify useful performance comparisons across themselves or between themselves and district health boards wherever they exist.

It is also my intention to see the many small and large aspects of the sector's accountability and reporting framework revised this year. It is time to refine and to simplify. I am asking the national Crown entities to work with the Ministry to review and strengthen the clarity of accountability documents, as well as any aspects of the wider monitoring framework that can be clarified or simplified.

These changes, measurable targets and a simpler accountability framework are straightforwardly the product of growing maturity.

More is needed. The *Priorities* for district health boards, which are attached as Appendix A, are very similar to last year's but are re-worded to reflect a year's progress. The section entitled *A Common Purpose* is however, substantially new language, and it places a fresh emphasis on innovation, quality and on the advantages of a more collaborative approach or a shared learning environment. I have prepared the overall *Strategic Context* with national health and disability sector Crown entities in mind, alongside the Ministry of Health and district health boards.

In essence we can learn from one another more than we do. Best practice must be able to travel quickly. Population health initiatives or models of hospital care that deliver health gains need to be taken up more rapidly, and barriers identified and addressed. This in turn will require the continued and enhanced use of shared decision-making, with considerable clinician leadership or involvement.

There are many disparities in health outcomes among New Zealanders, and we can all point with pleasure to examples of their being successfully addressed. It is obvious however, that there is much more to be done and district health board and national Crown entity planning should proactively reflect that. The ever-increasing emphasis on a population health approach and on prevention is one of the keys to this. I am specifically looking to each of the national Crown entities in the sector to develop strategies and deliver their services in ways that provide optimal support for population health outcomes.

In your role in meeting the statutory functions and wider responsibilities of PHARMAC, I also expect that you will respond to the following specific priorities and areas of focus for your organisation:

- ***Demand-side activities*** – continue to lead programmes aimed at the optimal use of medicines, such as One Heart Many Lives, and increase opportunities to work collaboratively with stakeholders, other entities and across sectors to increase wise use of pharmaceuticals and improve health outcomes with regard to non-communicable diseases such as diabetes and cardio-vascular disease.

- ***Procurement*** – continue to assist district health boards with procurement, encouraging an increased utilisation of PHARMAC's comparative advantage and capability in analysis, assessment, and market relationships. Investigate other procurement options where PHARMAC is best positioned to take a lead role, whilst maintaining focus on core business.

- ***Relationships and profile*** – continue to review and improve relationships with stakeholders, including district health boards and other Crown entities, and alignment with strategic priorities.

- ***Organisational capability*** – continue managing organisational capacity and capability in order to successfully manage its increased demand-side, research, international collaboration, and analysis and assessment activities.

Of course, these priorities are in addition to our shared expectation of ongoing strength and improvement in the provision of the full range of functions for which your organisation is responsible.

I feel privileged to be your Minister and commit myself to "going harder" in the same vein as I ask it of you. My thanks to all who work in or govern the sector, or who are variously contracted to it. I am sure the 2007/08 year will be a fruitful and rewarding one for all.

Yours sincerely

Hon Pete Hodgson
MINISTER OF HEALTH

cc: Mathew Brougham
Acting Chief Executive

APPENDIX 1

STRATEGIC CONTEXT, A COMMON PURPOSE AND PRIORITIES FOR 2007/2008

Strategic Context

Over the past seven years both the organisational form of the New Zealand health system and its strategic direction have become settled, ending about fifteen years of continuous restructuring. So the opportunity exists, not merely to embed or consolidate, but to make substantial and measurable progress on the sector's various strategic documents, with emphasis on quality, innovation and safety, and with emphasis on further reducing inequalities. I acknowledge considerable advancement over the past twelve months, and my expectation is that that can be improved upon still further over the next twelve months.

A Common Purpose

The one reason for a public health system is to improve the health status of the people of New Zealand. Societal determinants of health, public health, population health and personal health all contribute to that outcome. This in turn demands a high level of mature interactivity within the health system, and between the health system and wider society, to promote that common purpose. Relationships within and around the health system are already rich and informed, a benefit bestowed on us by our small size and a common sense culture.

We are all bound by our legal, ethical and financial frameworks, which hold us accountable to our organisations, to patients and clients, to communities, and to the public in general. Within those frameworks there is ample opportunity to deepen collaboration around strategies, priorities or projects. Importantly the Ministry will actively evolve its role toward a collaborative and supportive relationship with national health and disability sector Crown entities as well as DHBs. It will similarly intensify its relationships with the rest of the state sector, as well as with NGOs, and with local government.

DHBs have progressed their own interrelationships significantly, and need to now work them harder. Relationships between DHBs, PHOs, and others who work in primary health care or other community settings need to deepen further and faster.

A common purpose is not a wistful nor genteel idea. It is a framework, which I believe is a prerequisite to making substantial and measurable progress on the sector's objectives in various strategic documents. It is how our many innovations will be better disseminated more widely, and will be reliably embedded more quickly. It is how a shared learning environment can flourish. It is how initiatives that improve quality and that deliver better value for money can be formulated and effected without delay or institutional friction.

Collaboration around a common purpose is, in the jargon, an enabler. It is how to better develop a long-term industrial strategy, to progress workforce planning, to embed a clinical guideline, to advance clinician-led service re-configuration, or to establish inter-sectoral networks. It is how to better deliver to the public in the form

of a continuum of care, integrated service delivery, timely prevention and intervention, and a generally improved experience for a patient or service user.

Priorities

I have defined a priority as a service or activity needing concerted action this year, other than already signalled requirements such as improved elective services. These priorities are the same as the current year, but have all advanced somewhat.

- *Chronic disease.* The *Healthy Eating Healthy Action Strategy* and *Cancer Control Strategy* are now gaining momentum and with the *Tobacco Control Strategy* are the underpinning documents for prevention of much chronic disease. All need to be implemented further and faster this year, as do programmes which help with early diagnosis and management of conditions such as diabetes or depression.

- *Child and youth services* are a priority for this term. The well child review will inform many future refinements, but we must make progress on oral health services, child and youth mental health services and adolescent sexual health services. We must conclude development, and implement the 'ready for school' health and wellness check, free primary health care for under sixes, newborn hearing screening and early intervention.

- *Primary health.* The low fees (and very low fees) roll out will be concluded by the beginning of the year. The focus will and must shift to the maturation of PHOs, the development of new models of service, the involvement of a broader range of professionals, an improved primary/secondary interface, all viewed through a population health lens.

- *Older people.* The health of older people remains a priority and another year's change in service delivery is both needed and inevitable as we implement a new assessment tool, new models of supportive care for those choosing to live longer at home, and as we place renewed attention on training those in the sector.

- *Infrastructure.* We are now investing much faster improvements to the health information system, and that requires cooperation and coordination across the sector. Various reports on workforce issues are now all to hand and a raft of decisions will need to be taken and implemented.

- *Value for money.* Whilst the New Zealand health system is one of the western world's most cost-effective health systems, and while good gains continue to be made, it is also true that opportunities to improve further are abundant. They are often associated with a direct improvement in quality of health care. Poor value for money means denying New Zealanders better health care, avoidably.