

# Chapter 1: What is the Health and Disability Support System and How Does It Work?

This chapter provides an overview of the strategic framework, the sector structures, and approaches to assessing the performance of the health and disability support system. It specifically examines:

- the key overarching strategies of the sector, the New Zealand Health Strategy and the New Zealand Disability Strategy, and related strategies
- the structures of the health and disability sector, including District Health Boards, Primary Health Organisations and other service funders and providers
- activities of the Ministry of Health that provide insights into the performance of the health and disability system.

## The strategic framework

The New Zealand Public Health and Disability Act 2000 (the Act) requires the New Zealand Health Strategy and the New Zealand Disability Strategy to be in place to provide the framework for the overall direction for the sector. These strategies take a population approach to identify the areas where intervention will make a real contribution to the goals of healthy and independent New Zealanders. The Act also requires the Minister of Health and the Minister for Disability Issues to report annually to the public and the House of Representatives on progress in implementing the New Zealand Health Strategy and the New Zealand Disability Strategy respectively.

These two strategies sit alongside each other and guide the development and implementation of more detailed service, health issue and population-group specific strategies and/or action plans. These strategies and action plans identify how specific objectives identified in the New Zealand Health Strategy and the New Zealand Disability Strategy will be addressed.

Action in the health and disability sector is also influenced by a number of intersectoral strategies.

## The New Zealand Health Strategy

The first New Zealand Health Strategy was launched in December 2000. It places particular emphasis on improving population health outcomes and reducing disparities in health between all New Zealanders, including Māori and Pacific peoples (Minister of Health 2000).

The New Zealand Health Strategy identifies seven fundamental principles that should be reflected across the health and disability sector. Any new strategies for development should relate to these principles.

The seven principles of the New Zealand Health Strategy are:

- acknowledging the special relationship between Māori and the Crown under the Treaty of Waitangi
- good health and wellbeing for all New Zealanders throughout their lives
- an improvement in health status of those currently disadvantaged
- collaborative health promotion and disease and injury prevention by all sectors
- timely and equitable access for all New Zealanders to a comprehensive range of health and disability services, regardless of ability to pay
- a high-performing system in which people have confidence
- active involvement of consumers and communities at all levels.

The New Zealand Health Strategy also highlights 13 population health objectives that were chosen for the contribution they can make to improving the health status of the population, and their potential for reducing health inequalities.

The 13 population health objectives are to:

- reduce smoking
- improve nutrition
- reduce obesity
- increase the level of physical activity
- reduce the rate of suicides and suicide attempts
- minimise harm caused by alcohol and illicit and other drug use to both individuals and the community
- reduce the incidence and impact of cancer
- reduce the incidence and impact of cardiovascular disease
- reduce the incidence and impact of diabetes
- improve oral health
- reduce violence in interpersonal relationships, families, schools and communities
- improve the health status of people with severe mental illness
- ensure access to appropriate child health care services including well child and family health care and immunisation.

## **The New Zealand Disability Strategy**

The New Zealand Disability Strategy was launched in April 2001. It is an intersectoral document with relevance across the whole of the public sector in New Zealand (Minister for Disability Issues 2001).

The Ministry of Health was initially responsible for leading the development of the New Zealand Disability Strategy and overseeing its implementation. On 1 July 2002 this role shifted to the Ministry of Social Development's Office for Disability Issues.

The Ministry of Health funds a range of disability support services for people with long-term/lifelong disabilities (mostly aged under 65 years),<sup>1</sup> while funding for disability support services for people aged 65 years and over was devolved to District Health Boards (DHBs) on 1 October 2003.<sup>2</sup> Disability support services comprise a range of services to increase independence and participation, from home-based support to residential support services.

The New Zealand Disability Strategy identifies 15 objectives, underpinned by detailed actions to advance New Zealand towards being a fully inclusive society.

The 15 objectives of the New Zealand Disability Strategy are to:

- encourage and educate for a non-disabling society
- ensure rights for disabled people
- provide the best education for disabled people
- provide opportunities in employment and economic development for disabled people
- foster leadership by disabled people
- foster an aware and responsive public service
- create long-term support systems centred on the individual
- support quality living in the community for disabled people
- support lifestyle choices, recreation and culture for disabled people
- collect and use relevant information about disabled people and disability issues
- promote participation of disabled Māori
- promote participation of disabled Pacific people
- enable disabled children and youth to lead full and active lives
- promote participation of disabled women in order to improve their quality of life
- value families, whānau and people providing ongoing support.

## Population-, disease- and service-based strategies

Although the New Zealand Health Strategy and the New Zealand Disability Strategy provide the overarching framework for action in the health and disability sector, they do not identify how specific priority objectives or services will be addressed. Population-, service- and disease-based strategies sit underneath the umbrella of the New Zealand Health Strategy and the New Zealand Disability Strategy and provide more detailed guidance for the health and disability sector, especially DHBs, on how to achieve the goals of the New Zealand Health Strategy and the New Zealand Disability Strategy. These strategies include He Korowai Oranga: The Māori Health Strategy, the Primary Health Care Strategy, and the Pacific Health and Disability Action Plan.

<sup>1</sup> Along with people with long-term disabilities aged 65 years and over until they require aged residential care.

<sup>2</sup> People with disabilities aged 50–64 whose health support needs are assessed as 'close in interest' to older people are also funded by District Health Boards.

Population-, disease- and service-based strategies often overlap in their scope, and they inform and are informed by other health and disability strategies and action plans. For example, the Health of Older People Strategy is guided by the New Zealand Health Strategy, the New Zealand Disability Strategy and He Korowai Oranga, and draws on other health strategies, in particular the Primary Health Care, Palliative Care and Mental Health Strategies and the Pacific Health and Disability Action Plan.

Strategies released in 2003 were:

- *Healthy Eating – Healthy Action, Oranga Kai – Oranga Pumau: A strategic framework* sets out a framework for combating increasing rates of preventable health conditions related to poor nutrition and sedentary lifestyles, and the rising obesity epidemic.
- The Child Health Information Strategy is an overarching plan to guide the development, collection and use of information about the health of children and young people.
- *Improving Quality (IQ): A systems approach for the New Zealand health and disability sector* was released in September 2003. It provides a shared approach and shared language to enable enhanced quality improvement in the New Zealand health and disability system.
- The New Zealand Cancer Control Strategy is the first phase in the development and implementation of a comprehensive and co-ordinated programme to control cancer in New Zealand. This strategy includes purposes, principles and goals to guide existing and future actions to control cancer.

## Action plans, toolkits and guidelines

The various population-, disease- and service-based strategies provide the basis for other policy initiatives that the Ministry of Health develops. These initiatives include action plans which guide the sector on how to achieve the goals and objectives of strategies, such as the *Improving Quality Action Plan: Supporting the Improving Quality Approach* (Minister of Health 2003c) that accompanies *Improving Quality: A Systems Approach for the New Zealand Health and Disability Sector* (Minister of Health 2003b).

Toolkits have also been developed to assist DHBs in addressing the population health objectives of the New Zealand Health Strategy. These web-based resources provide background on the various objectives, as well as policy developments and guidance on recommended interventions. In 2003 DHBs were surveyed regarding toolkit usage and development. The survey found that all respondents<sup>3</sup> have used the toolkits and intend to use them for planning purposes in 2004. Respondents provided useful directions for the development of the toolkits to meet further needs of DHBs.

Guidelines have been established for the provision of a number of services, ranging from the support and management of people with dementia, to opioid substitution

<sup>3</sup> Fourteen DHBs responded to the survey. These DHBs were generally larger ones, representing approximately 78 percent of New Zealand's population.

treatment. These guidelines provide frameworks for effective and appropriate service delivery.

## **Intersectoral strategies**

Just as a number of strategies developed within the health and disability sector include an intersectoral component, a number of intersectoral strategies developed for, or in conjunction with, other sectors influence action within the health and disability sector. These include:

- the Injury Prevention Strategy which was developed by ACC, in consultation with stakeholders, experts, the Ministry of Health and other government agencies. It is an expression of the Government's commitment to working with organisations and groups in the wider community to improve the country's injury prevention performance
- the High and Complex Needs Strategy which promotes a way of working intersectorally and has been developed jointly by the Ministries of Social Development, Health and Education, and the Department of Child, Youth and Family Services. It aims to improve outcomes for children and young people with high and complex needs across more than one sector, through effective intersectoral service collaboration. Priority is given to those with mental health and/or behavioural problems with the highest and most complex unmet needs who require services in addition to those provided through mainstream services
- the Youth Offending Strategy which aims to reduce youth offending and reoffending by children and young people through a range of interventions including more effective intersectoral collaboration among the key agencies. The strategy is being led by the Ministry of Justice in conjunction with the Ministries of Education, Health and Social Development, the New Zealand Police, the Department of Child, Youth and Family Services (CYFS), and the Department for Courts.

## **Sector structures**

Figure 1.1 shows the structure of the New Zealand health and disability sector in 2003 under the New Zealand Public Health and Disability Act 2000.

### **Minister of Health**

The Minister of Health has overall responsibility for the health and disability support system. The Minister determines the content of the New Zealand Health Strategy, works through the Ministry of Health to enter into accountability arrangements with DHBs, and agrees with government colleagues how much public money will be spent on the public delivery of services.

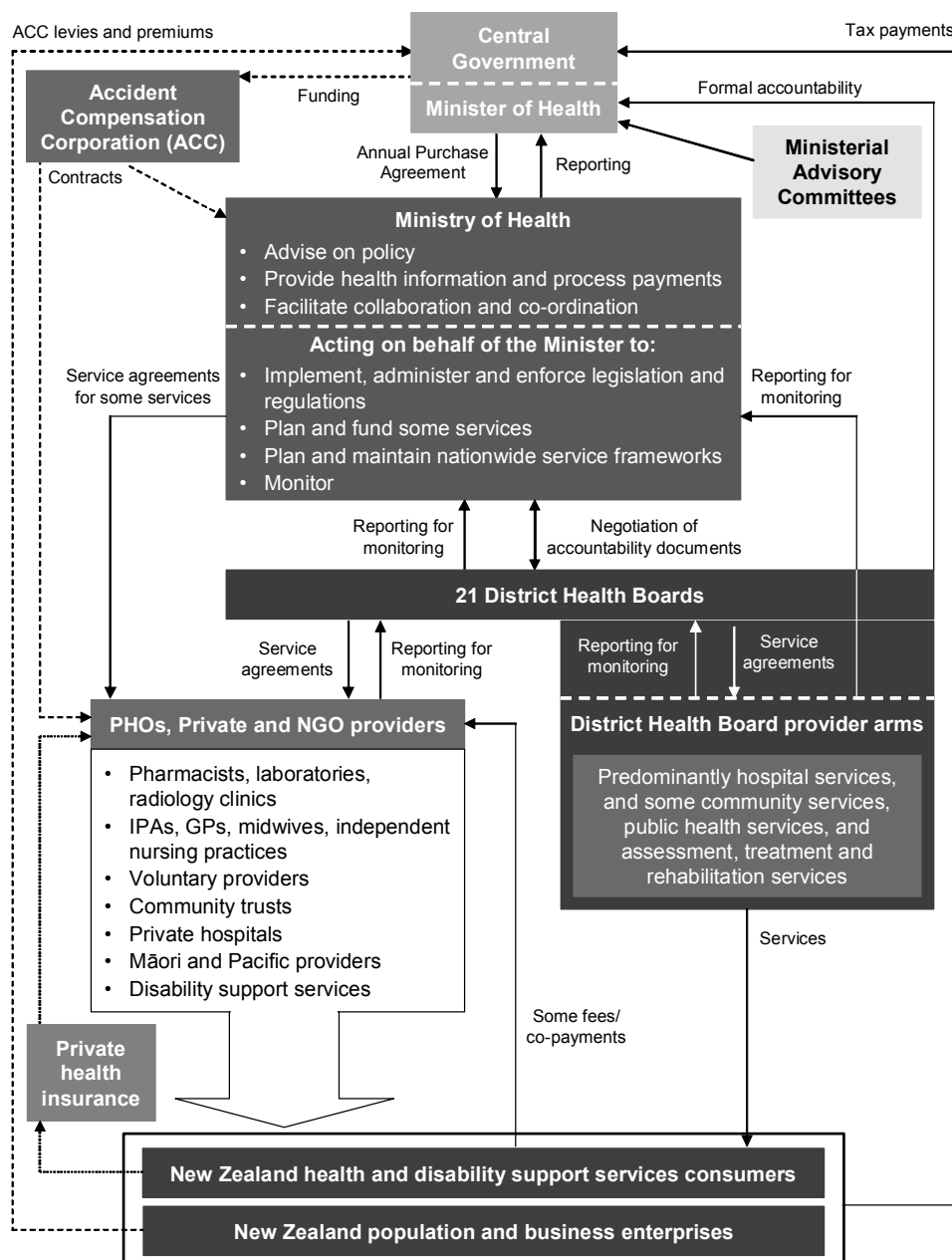
### **Ministry of Health**

The Ministry of Health aims to ensure that the health and disability support system works for New Zealanders. It is the Government's primary advisor on health policy and disability support services. The Ministry:

- provides policy advice on improving health outcomes, reducing inequalities and increasing participation
- acts as the Minister's agent (as shown in Figure 1.1)
- monitors the performance of District Health Boards and other health sector Crown entities
- implements, administers and enforces relevant legislation and regulations
- provides health information and processes payments
- facilitates collaboration and co-ordination within and across sectors
- provides nationwide planning and maintenance of service frameworks
- plans and funds public health, disability support services<sup>4</sup> and other service areas that are retained centrally.

<sup>4</sup> From 1 October 2003, only for people with long-term disabilities, largely under the age of 65.

**Figure 1.1:** Structure of the New Zealand health and disability sector, 2003



## District Health Boards

### The role of DHBs

DHBs were established in 2001 under section 19 of the New Zealand Public Health and Disability Act 2000. The 21 DHBs are Crown entities responsible to the Minister of Health (administration is through the Ministry of Health). Each Board has up to eleven members: seven elected by the community and four appointed by the Minister of Health to ensure an appropriate mix of skills and representation. In recognition of the Crown's partnership with Māori, each Board must have at least two Māori members, and preferably a greater number if Māori make up a higher proportion of a DHB's population.

DHBs plan, fund and ensure the provision of health and disability services to a geographically defined population. DHBs are responsible for improving, promoting and protecting the health and independence of their populations. They are required to assess the health and disability support needs of the people in their regions, and manage their resources appropriately in addressing those needs. Funding is allocated to DHBs using a weighted population-based funding formula.

Central government provides broad guidelines on what services DHBs must provide through the Nationwide Service Framework. This framework is a collection of definitions, methodologies and processes that allow the sector to take a consistent approach to analysing, funding and monitoring services. The framework ensures national equity in core service delivery and enables effective Ministry monitoring of DHB performance. The Nationwide Service Framework includes, among other things, tools and processes for allocation decisions, service specifications, demographic and volume information, and monitoring processes. Services can be purchased from a range of providers, including public hospitals, non-profit health agencies, iwi groups and private organisations.

### **DHB planning activities**

The New Zealand Public Health and Disability Act 2000 requires DHBs to produce a District Strategic Plan and a District Annual Plan. These documents respectively set out the strategic direction each DHB expects to take over the next 5–10 years, and how the strategic direction will be implemented on an annual basis. The preparation of these documents is guided by the New Zealand Health Strategy, the New Zealand Disability Strategy, the Minister of Health's Letter of Expectation, and the DHBs' health needs assessments (discussed below). DHBs are also required to consult their community as a part of the planning process.

As part of its planning, each DHB is required to perform a Health Needs Assessment. This involves assessing the health status of its population (including existing health inequalities), factors that may affect the health status of the population, the services the population needs, and the contribution those services are intended to make to the health status of the population. These assessments must be undertaken before a DHB establishes, or makes significant amendments to, its District Strategic Plan.

### **Devolution of responsibilities to DHBs**

Since the passing of the Act in late 2000, greater responsibilities have been progressively devolved to DHBs, and in October 2003 they took on responsibility for disability services for older people. This means that DHBs are responsible for all services except public health, disability support services for people with long-term disabilities (largely under the age of 65) and some national contracts; these remain the responsibility of the Ministry of Health.

## **Public health units**

Public health units are owned by DHBs (although public health services are centrally funded by the Ministry). There are 12 public health units throughout New Zealand which provide more than half of the country's public health services, the remaining services being provided by more than 200 non-government organisations. These services include environmental health, communicable disease control, tobacco control and health promotion programmes.

Many of these services include a regulatory component performed by statutory officers appointed under the Health Act 1956. These officers are employed by DHBs but are personally accountable to, and subject to direction from, the Director-General of Health.

## **Other service providers**

Acute hospitals, some services such as assessment, treatment and rehabilitation services, and more than half of public health services come under the wing of DHBs. General practitioners, Primary Health Organisations (PHOs), rest homes and midwives are independent and/or contracted to supply services by DHBs or the Ministry of Health. Overall there are approximately 80 public hospital facilities in New Zealand and a large number of privately operated aged-care facilities.

## **Ensuring quality in service delivery**

The Health and Disability Services (Safety) Act 2001 replaces the traditional focus on inputs and licensing of premises and facilities with a more modern regime focusing on standards of inpatient services delivered and outcomes for consumers. Currently, the Ministry is in the middle of the two-year transition period for providers to move from licensing to certification. The transition period ends on 30 September 2004.

Under certification, hospitals, rest homes and homes for people with disabilities (as defined by the Act) must be audited against set standards. There are currently three standards that are mandatory for all providers covered by the Act (Health and Disability Sector Standards, Infection Control Standard and Restraint Minimization and Safe Practice Standard) and one standard that is mandatory for those providers offering mental health services (National Mental Health Sector Standard).

By November 2003, 121 providers had been issued with a certificate under the Health and Disability Services (Safety) Act 2001, and another 321 had applied for certification and were planning their certification and audit programme.

## **Primary health care**

Primary health care includes a broad range of first-level services, although not all of these are Government-funded. It includes:

- health improvement and preventive services such as screening
- general practice services, mobile nursing services, community health services and pharmacy services

- first-level services for certain conditions, such as maternity, family planning and sexual health services, or those using particular therapies, such as physiotherapy, chiropractic and osteopathy services, and alternative healers.

### **Primary Health Organisations**

In February 2001 the Minister of Health released the New Zealand Primary Health Care Strategy. This document expresses a new vision and new directions for primary health care. Primary Health Organisations (PHOs) are the local structures that will achieve the objectives of the Primary Health Care Strategy. The first PHOs were established in July 2002. As of 1 October 2003, 53 PHOs had been established and approximately 2.1 million New Zealanders were enrolled with a PHO. DHBs are responsible for establishing, funding and monitoring PHOs.

PHOs provide a set of essential primary health care services to a defined population, including at least first-level general practice services, some health promotion services, services specifically to improve access for groups known to be in most need, and management of prescribing and laboratory test use. People will be encouraged to join a PHO by enrolling with a provider of primary health care services such as a general practice or local health clinic.

Further discussion of PHOs and the Primary Health Care Strategy can be found in Chapter 4.

### **Non-Government and voluntary organisations**

Non-Government and voluntary organisations are an important part of the health sector. Not-for-profit services are provided by more than 200 national organisations and local providers. This group of providers includes some large organisations such as the IHC, the Plunket Society, the Family Planning Association of New Zealand and the National Heart Foundation.

Community trusts and iwi-based bodies have also expanded in number and scope of activities. Several communities, especially in rural areas, have established community trusts to develop health services for people in their area, and iwi-based organisations are providing an increasing range of health and social services.

### **Accident Compensation Corporation**

The Accident Compensation Corporation (ACC) is a Crown entity. Its responsibilities are:

- preventing injury
- collecting accident insurance premiums
- determining whether claims for injury are covered by the scheme and providing entitlements to those who are eligible
- paying compensation

- buying health and disability support services to treat, care for and rehabilitate injured people
- advising the government.

ACC provides universal accident insurance cover, injury prevention services, care management, and medical and other care and rehabilitation services.

The accident compensation scheme provides accident insurance for all New Zealand citizens, residents and temporary visitors to New Zealand, no matter who is at fault. In return people do not have the right to sue for personal injury, other than for exemplary damages.

## Statutory Advisory Committees

A number of advisory committees have been established under various statutes to provide independent advice to the Minister of Health on specialist issues.

- The National Advisory Committee on Health and Disability (also known as the National Health Committee) advises the Minister of Health on the type and relative priorities of public health services, personal health services and disability services that it believes should be publicly funded. The committee is also required to advise on personal health and regulatory matters relating to public health. The committee formulates its advice in consultation with the public and health service providers.
- The Public Health Advisory Committee is a sub-committee of the National Health Committee. Its role is to provide independent advice to the Minister of Health on public health issues including:
  - factors influencing the health of people and communities
  - the promotion of public health
  - the monitoring of public health.
- The Health Workforce Advisory Committee provides advice on health workforce issues that the Minister specifies by notice to the Committee.
- The National Advisory Committee on Health and Disability Support Services Ethics (also known as the National Ethics Advisory Committee) provides advice to the Minister on ethical issues of national significance regarding health and disability research and services, determines nationally consistent ethical standards, and provides scrutiny for research and services.
- The National Ethics Committee on Assisted Human Reproduction reviews all research and innovative treatment proposals involving assisted human reproduction, and advises the Minister of Health on ethical issues relating to assisted human reproduction.
- The Ministerial Advisory Committee on Complementary and Alternative Health advises on issues to do with complementary and alternative health and specifically provides advice in areas such as regulation, consumer information needs, research and integration.

- The National Health Epidemiology and Quality Assurance Advisory Committee is responsible for providing the Minister with advice on any matter of health epidemiology and quality assurance, and specifically examines perinatal, child and adolescent morbidity and mortality.

Other technical committees provide advice on child and youth mortality, medicines safety and classification, new prescribers and other matters.

## System performance assessment

### Setting the framework for performance assessment

The performance of any health system can be considered at two levels. At a disaggregated level, performance of the individual funders and providers of health services is assessed. In the New Zealand case, this level would be that of District Health Boards, Primary Health Organisations and other primary health care providers, and other service providers.

At a systems level, key issues for consideration are:

- how and at what level services are being financed and delivered (the inputs and outputs of the sector)
- whether services are contributing to improving the health and independence of the populations (the outcomes of the sector)
- whether the design of the system is contributing in the best way to accomplishing goals (contribution to overarching strategies)
- whether the right services are being delivered to the right people, to a high level of quality and in the most appropriate manner (systems analysis).

This report will shed light on each of these issues throughout the remaining chapters. At a nationwide level, the Ministry aims to ensure the system works for New Zealanders. At a district level, each DHB is responsible for ensuring its local systems work for its population.

Overseas approaches to system performance assessment, including that taken by the World Health Organization, are discussed in Appendix 1 of this report.

### Contributors to health and independence

The New Zealand Health Strategy and the New Zealand Disability Strategy, established under the New Zealand Public Health and Disability Act 2000, provide the framework for the health and disability support sector to achieve improved health and independence of New Zealanders. The role of the sector in achieving improved health and independence outcomes is a major focus of this report.

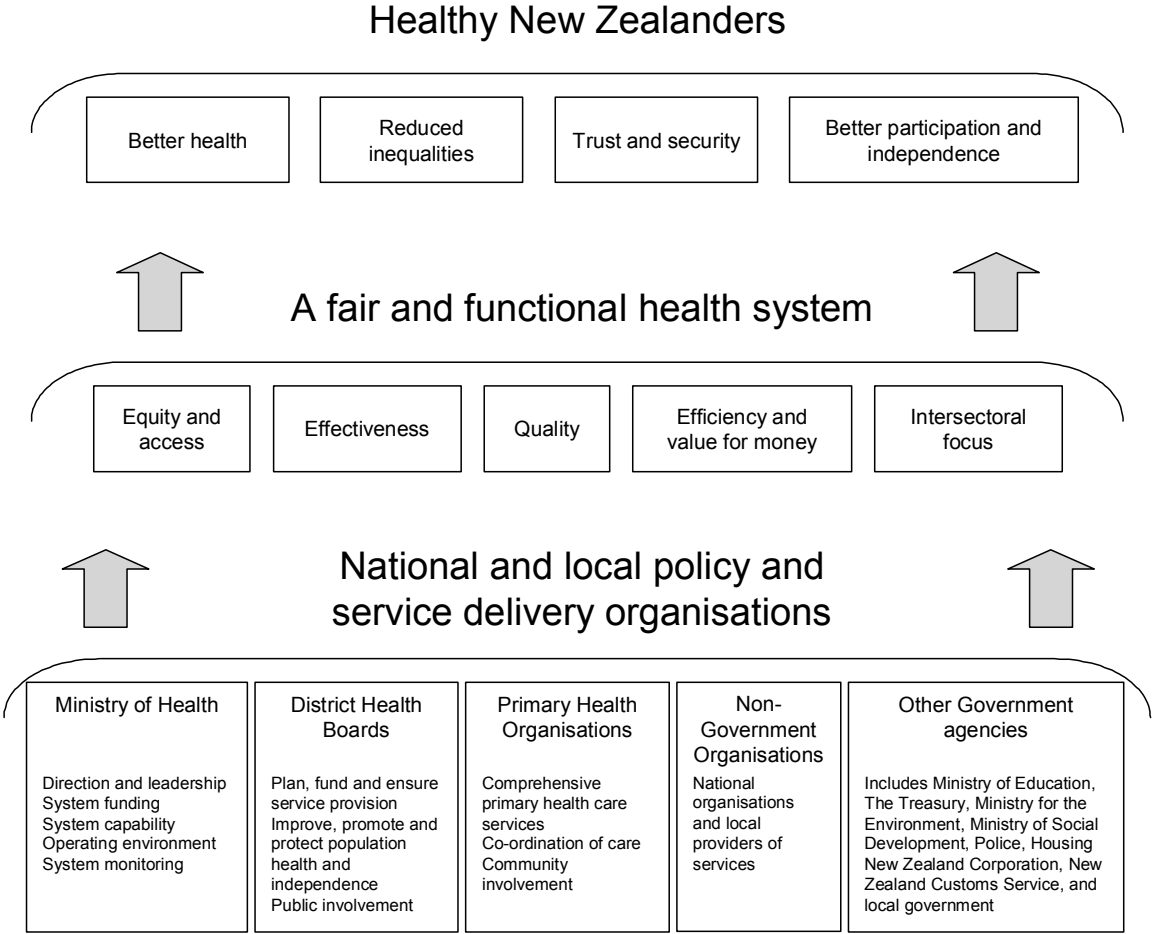
The Ministry of Health's *Statement of Intent* describes an outcomes framework to illustrate the influence the Ministry has on the health and disability support sector, and

ultimately on health outcomes. The *Statement of Intent* reflects the directions established by the two overarching strategies, and encompasses the Ministry's responsibilities with respect to the Treaty of Waitangi. The *Statement of Intent* includes three outcome levels that are logically connected and flow through to the actions of the Ministry.

- Societal outcomes: These are the health and disability support outcomes valued by governments and citizens, and which are necessary for healthy New Zealanders. These are influenced by both the health sector and the wider public sector, as well as actions by the private sector, individuals and social groupings.
- System outcomes: Outcomes that reflect the key components of a fair and functioning health and disability support system.
- Ministry outcomes: Outcomes that reflect the levers the Ministry has available to it to achieve a well functioning health and disability support system. These outcomes are largely determined by the functions the Ministry performs.

Figure 1.2 places the Ministry of Health's outcomes framework alongside the roles of other contributors to the health and independence of New Zealanders, recognising that other sectors of government and society exert considerable influence throughout the life course. These wider influences on health and independence are also discussed in different parts of the report.

Figure 1.2: Health and independence outcomes framework

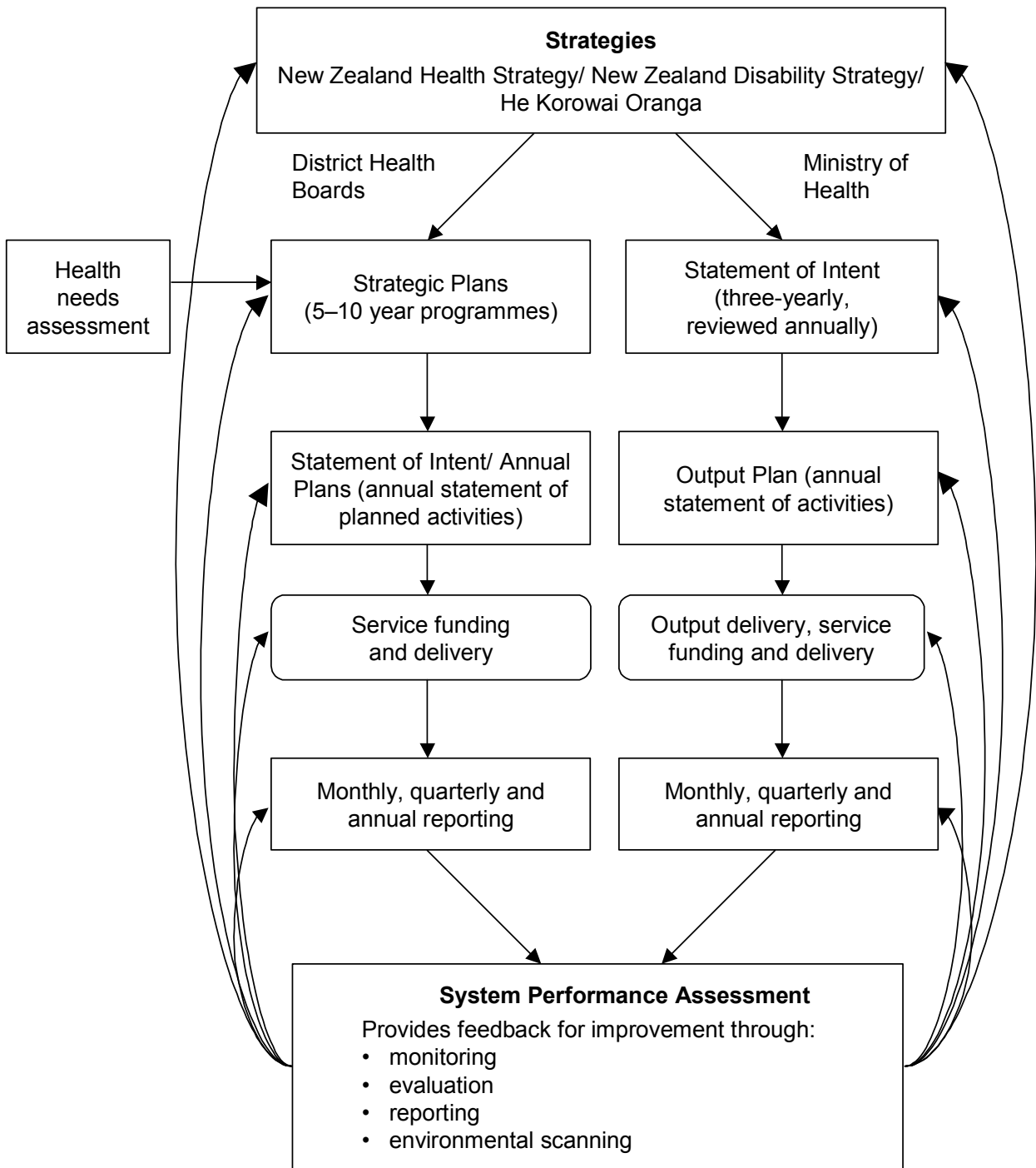


**Systems performance assessment activities**

Systems performance assessment is both an outcome and an input into strategy and systems development and service delivery. The multiple role of systems performance assessment provides accountability for the performance of the health and disability sector, and also provides evaluation to inform improvements in the sector. The cycle of strategic development, implementation and assessment is detailed in Figure 1.3.

Systems performance assessment has four key components: monitoring, evaluating, reporting and scanning the environment.

**Figure 1.3:** Cycle of systems performance assessment



## Monitoring

System monitoring is one of the activities of the Ministry highlighted in the Statement of Intent framework. A major component of system monitoring is DHBs reporting on their activities, which are set out in their District Strategic Plans, District Annual Plans and Statements of Intent. DHBs report regularly to the Ministry on Indicators of DHB Performance which focus on measuring DHB performance in the Government's priority areas, as identified in the New Zealand Health Strategy and the Minister's stated annual expectations.

The Ministry of Health also monitors delivery by other providers that receive Vote Health funding, including disability support services and public health services. In an international context, the Ministry monitors the performance of the health sector with a focus on international benchmarks, such as those reported by the World Health Organization and the Organisation for Economic Co-operation and Development.

Monitoring progress in implementing the New Zealand Disability Strategy is undertaken by the Office of Disability Issues, which informs an annual report to Parliament by the Minister for Disability Issues (Minister for Disability Issues 2002). The Office for Disability Issues will also undertake overarching reviews of progress against the strategy after five and 10 years.

## Evaluation

Evaluation is a process of asking questions of programmes, organisations and policies to identify design improvements, describe processes and assess outcomes. Evaluation can therefore occur throughout the cycle of programmes, organisations and policies. Evaluation has been undertaken widely within the health sector, including surveys of client satisfaction and analyses of projected versus actual performance, through to larger-scale evaluation of implementing policy and structural change. Two major evaluations currently under way in the Ministry are a three-year evaluation of health reforms implementation, and an evaluation of the implementation of the Primary Health Care Strategy. Examples of recent evaluation activity undertaken or funded by the Ministry are detailed in the final chapter of this report.

## Reporting

Dissemination of performance assessment activities is critical to ensuring the information gathered and analysed through monitoring and evaluation feeds into systems planning and service delivery. Reporting in the health sector is undertaken through a variety of methods. These include:

- statutory reporting by the Ministry, including this report and *Implementing the New Zealand Health Strategy 2003* (Minister of Health 2003a)
- annual publications of the Ministry, including *An Indication of New Zealanders' Health* (Ministry of Health 2003d) which details progress in the health and independence status of New Zealanders

- occasional Ministry publications, such as *Sharing Excellence in Health and Disability Information Management* (Ministry of Health 2003i), which highlights developments in information management across the health sector to improve health outcomes
- briefings to Ministers
- DHB performance indicator reporting to the Ministry of Health and between DHBs.

### **Environmental scanning**

Environmental scanning is a process of examining current conditions inside and outside the health sector, and anticipating future developments to inform strategy and systems development. Features of environmental scanning include examination of trends in health status, developments in health services and technologies, trends in social, demographic and economic conditions, and emerging cross-sectoral activities. Through a process of scenario-building, strategies and system planning can be refined to account for current circumstances and future opportunities.