

PHO Performance Management Programme

Summary Information for PHOs



Introduction

This document briefly outlines:

1. The purpose of the PHO Performance Management Programme
2. The background to the PHO Performance Management Programme
3. Pre-requisites to participation in the Programme
4. The funding available, both in terms of set-up funding and performance payments
5. The indicators against which PHOs will be measured
6. Reporting which will be provided to PHOs, DHBs and the Ministry.

Purpose

The PHO Performance Management Programme has been designed by primary care representatives, DHBs and the Ministry of Health to improve the health of enrolled populations and reduce inequalities in health outcomes. It seeks to do this through supporting clinical governance and rewarding quality improvement within PHOs. Improvements in performance against a range of nationally consistent indicators will result in incentive payments to PHOs.

Background

The PHO Performance Management Programme builds on the report of the Referred Services Group (RSAG) 2002.

The PHO performance indicators have been developed by:

- A PHO Clinical Performance (CPI) Advisory Group and,
- A joint DHB/Ministry project team with guidance from a Referred Services Management (RSM) Expert Steering Group

An operational framework for the PHO Performance Management Programme developed as a result of the work from both the CPI and RSM groups. Members of both groups now form part of the PHO Performance Management Advisory Group that provides advice to DHBs and the Ministry on the development and implementation of the Programme.

The framework for the PHO Performance Management Programme has been developed within the context of:

- *The New Zealand Health Strategy (2000)*
- *The Maori Health Strategy He Korowai Oranga (2002)*
- *The Primary Health Care Strategy (2001)*
- *Improving Quality (IQ): A systems approach for the New Zealand health and disability sector (2003).*

This Framework incorporates these key policies into its design priorities through the governing principles of equity, quality, affordability, sustainability and collaboration.

Engagement to date

In 2004 a national road show programme was provided to the sector to enable feedback on the Operational Framework for the PHO Performance Management Programme. In addition, the Programme team have presented at a number of health sector conferences.

Pre-requisites and Establishment Funding

In order to participate in the Programme and be eligible for the incentive payments, PHOs are expected to meet a number of pre-requisites demonstrating how they intend to implement the programme, including clinical governance structures. Establishment funding will be available in recognition of the work involved and change management required during the set up phase of a PHO entering the programme. This set up fee will comprise of a fixed amount of \$20,000 per PHO and a variable amount of 60 cents per enrolled person in the PHO. The set up fee will be paid in 2 stages as below.

The pre-requisites for the Programme are:

1. Recording of ethnicity for 85% of the patient register;
2. Complete reporting of practitioner information with sufficient data already supplied to enable baseline measurement of the performance indicators;
3. Completion of contractual requirements contained in the PHO contract e.g. annual report and Service Utilisation Reports including the Immunisation component with sufficient data for baseline measurement of the performance indicators. In addition, PHOs must be compliant with the fees agreement;
4. A signed contract of the current nationally agreed PHO Service Agreement with the DHB;

Once these 4 pre-requisites are met the PHO will complete an Establishment Plan identifying establishment timelines and the process for developing their PHO Performance Management Plan. Once a PHO has completed their establishment plan and the DHB approved it, they will receive 50% of the set up fee.

5. Completion of the PHO Performance Management Plan agreed with the DHB.

A template and guide to the requirements of the PHO Performance Management Plan will be provided to assist the completion of this pre-requisite. Once a PHO has completed their Performance Management Plan they will receive the remaining 50% of the set up fee.

Performance Indicators and Payment

PHOs will be eligible to receive payments as they improve their performance on indicators against targets. For the majority of indicators the closer the PHO moves towards its target the greater the proportion of the payment they will receive. Some indicators will be provided for information only.

There are three categories of indicators:

1. **Clinical indicators.** These focus on national priority initiatives and therapeutic areas to support best practice, population health initiatives and overcoming barriers to access for specific population groups. The phase 1 indicators for the programme are:
 - a. Children fully vaccinated by their 2nd birthday*
 - b. Influenza vaccinations in the elderly (over 65's)*
 - c. Cervical smears recorded in the last 3 years*
 - d. Breast screening recorded in the last 2 years*
 - e. Inhaled corticosteroids – average daily doses
 - f. Ratio of metformin to sulphonylurea prescriptions
 - g. Investigation of thyroid dysfunction (TSH vs T4)
 - h. Ratio of ESR to CRP test ordering

* These are high needs indicators relating to particular areas of health inequality. Performance will be measured for both total enrolled population and high needs enrolled population for these indicators. Performance payments will be weighted towards progress against targets for the high needs population.

2. **Process/capacity indicators.** These focus on developing PHOs' capacity to operate effective activities to improve performance, and ensuring information is there to support population health and quality interventions. The phase 1 indicators for the programme are:
 - a. Progress against the performance plan
 - b. Percentage of valid NHI numbers on PHO Patient Registers
 - c. Access for high needs enrolees. At this stage both general practitioner consults and nursing consults will be reported although only the results based on general practitioner consults will be performance measure until the nursing consult data improves.
3. **Financial indicators.** The fundamental purpose of these indicators is to measure PHO laboratory and pharmaceutical expenditures against a population based budget adjusted for need. The phase 1 indicators are:
 - a. Pharmaceutical expenditure relative to benchmark*
 - b. Laboratory expenditure relative to benchmark*

*the benchmark formulae for these indicators includes three components:

- Estimated historical laboratory and pharmaceutical expenditure and utilisation based on age and gender;
- Adjustments for expected policy changes during implementation of the Primary Health Care Strategy including improving access;
- An unmet needs adjustment to accommodate for low historical utilisation rates by high needs groups.

The sum of the clinical indicators attracts more points than the financial and process indicators combined. For phase 1 60% of the performance payments will be available for the clinical indicators, 10% for the process indicators and 30% for the financial indicators.

A national target-setting document has been developed which will provide a consistent approach to target setting for all PHOs.

Should they wish to do so DHBs have the flexibility to reinforce local needs through additional funding to either:

- Support more indicators; or
- Reinforce national indicators by applying additional funds to either all or particular indicators (providing this doesn't exacerbate existing health inequalities).

Focus on health disparities

The PHO Performance Management Programme has a strong focus on reducing health disparities. This is achieved through:

- Measuring performance separately for high needs populations where appropriate;
- Weighting payments towards progress against targets for the high needs populations for those indicators relating to an area of health disparity;
- A weighting for high needs population in the RSM formulae. This adjustment will be further refined over time in line with government policy.

Data Analysis and Reporting

A national database has been designed to enable the analysis and reporting of performance against targets. This database also calculates the performance payments for PHOs. For the majority of indicators quarterly progress reports will be provided to PHOs, DHBs and the Ministry with payments made six monthly to PHOs who make progress towards their targets. Over time this database will be further developed and web enabled.

Performance Payments

Payments will be made every 6 months for most indicators (flu vaccination and achievement of PHO performance plan objectives are annual). Payments for the majority of indicators will be made on the basis of percentage attainment of the target. The maximum available payment is \$6 (GST inclusive) per enrolled member, if all targets are achieved.

Future indicator direction

Indicator development over time will be guided through an Advisory group with a focus on the evolution of the Primary Health Strategy and governing principles identified above. It is envisaged that the Phase 2 & 3 clinical indicators will contain more emphasis on the prevention and treatment of chronic conditions particularly diabetes, cardiovascular disease and cancer which are priorities within the Primary Health Care Strategy. It is also envisaged that a further access indicator will be added.

Role of PHOs

This performance management programme is focussed around PHOs. It is the PHO that will decide to enter the programme and will be responsible for meeting the pre-requisites. This will include setting up clinical governance structures and processes in their organisation such that clinicians are engaged and improvements in performance can be achieved.

Once targets have been set for each indicator PHOs will monitor progress against targets for the indicators and coordinate the ongoing clinical change management process with general practices to improve performance. They will be supported in this by national providers of pharmaceutical and laboratory utilisation reviews and education resources for their clinicians. The PHO will also be responsible for the ongoing quality improvement of initiatives through clinical governance.

Payments for improvement in performance on indicators against targets will be paid to the PHO. PHOs will decide how these payments are to be used as part of their performance plan with the DHB.

Role of General Practices

General Practices will be the ones that change and improve clinical practice to achieve against performance indicators. They will be supported in this by their PHO. General Practitioners will receive individualised feedback reports on their pharmaceutical and laboratory utilisation compared to peers. They will also receive nationally consistent educational materials tailored to their local needs. A suite of other services produced by PHOs will also be available to General Practices which may include clinical facilitators who can discuss utilisation patterns.

General Practices will receive ongoing feedback on their individual progress against performance indicators via their PHO. Payments for improvement in performance on indicators against benchmarks will be utilised across the PHO to enhance the health services that General Practices deliver to their patients.

Role of DHBs

Individual DHBs will be responsible for the oversight of PHOs participation in the performance management programme. The DHB will ensure that a PHO meets the pre-requisites for participation in the programme and will agree the PHO's performance plan.

The DHB will have the option of applying additional funding to either reinforce national indicators or to support more indicators in line with local needs.

The DHB will receive ongoing reporting of a PHO's performance against indicators and will assess a PHO's progress against its performance plan. DHBs will agree with PHOs how performance payments will be used.

Role of Shared Service Agencies

A Technical network is required to support the data and reporting requirements for the performance indicators, and calculate and administer the performance payments in a nationally consistent manner. Shared Service Agencies form part of this network. The Shared Service Agencies are participating in the development, design

and testing of the PHO Performance Management database and reporting facility, will provide local analysis and interpretation of reports and data on an ongoing basis, and participate in future development work.

Role of DHBNZ

The PHO Performance Management Programme is a joint initiative between DHBs and the Ministry. DHBNZ is the Industry Association body for the DHBs and has been contracted to lead the development and implementation of the PHO Performance Management Programme.

Role of Ministry of Health

The Ministry of Health is responsible for ensuring that PHO development occurs in a manner that is consistent with government policy. The Ministry of Health jointly funds the operational component of the PHO Performance Management Programme.