

## **Draft Terms of Reference**

### **Review of New Zealand Health and Disability Sector**

#### **Purpose**

The Government has established a Review into the New Zealand Health and Disability Sector to identify changes that could improve the performance, structure, and fairness of the sector. The overall purpose of the review is to provide recommendations to the Government for an equitable, sustainable public health service that delivers the healthcare that New Zealanders expect and deserve. In particular, the review should examine the impact of demographic and inflationary pressures on the health service and the resources required, as a result of those pressures, to deliver services into the future.

#### **Background**

The New Zealand health and disability system has many strengths, particularly in the areas of acute illness and injury, and is generally well regarded, both domestically and by international comparisons. Overall, New Zealanders are living longer and healthier lives. However, it is also clear that our health service is not serving all people equitably. In reviewing the Health and Disability Sector there is opportunity to address the pervasive inequities that exist across our health system. More must be done to improve equity of access to services, and health outcomes across the population.

The system is also under increasing pressure. We have an ageing population and an increasing prevalence of chronic disease (i.e. diabetes and cancer) – both consistent with international trends for developed nations. This is leading to increased demand for health services. Addressing these trends and ensuring the ongoing sustainability of the health system requires a greater focus towards primary and community-based care, while also maintaining our world-class tertiary care services. Given the rapid pace of technological change in the health sector, there are also many exciting and potentially transformative opportunities to prevent, rather than wait to cure, illness in the future.

But for now, we are seeing demand, and resources directed to secondary services grow faster than primary services. Current incentives within the health system are causing many people, particularly those on low incomes, to wait until they are sick, instead of accessing the care they need to stay well. The rapidly changing global, societal and technological context within which New Zealand's health and disability system operates makes a review timely.

#### **Current system**

The Government has identified its priority as building a strong, effective and equitable public health service. Mental health and addictions, primary care, and the relationships between the Ministry of Health and broader sector have been identified as areas to be strengthened. However, as international evidence shows, increased expenditure alone does not equate to improved access and outcomes.

The current devolved health system has a complex mix of governance, ownership, business and accountability models and arrangements. This complexity can get in the way of ensuring public money is spent to invest in, and provide healthcare to the public in a coherent and smart way.

#### **Scope of review**

The Government's starting position is that the guiding principle for the New Zealand health system – namely, a public health service that delivers good health outcomes for all New Zealanders – is sound. We need the review to be very explicit and provide evidence around where the system is not achieving this core goal. This includes meeting with a diverse range of New Zealanders, identifying who is missing out, why and how we need to improve the health system.

The review would culminate in a report to Government, including recommendations, on:

- How the health system can improve accessibility and outcomes for all populations
- Whether the health system promotes the right balance between availability of services, (particularly tertiary services) population density and proximity
- Whether the current system is well-placed to deal with environmental challenges such as climate change, antibiotic resistance and technological advances
- Whether there are changes that can be made to the health system that would make it fairer, more equitable and effective
- How the technological and global healthcare context is evolving, what opportunities and risks this rapidly-evolving context presents, and whether there are changes that would support the health system to adapt effectively given the rapid changes underway.

In examining the points above, the review would consider the following:

- Demographic impacts – what the predicted population changes are, their potential impacts upon service demand, workforce availability and risks that may need to be managed
- The international landscape – what New Zealand might learn from examining where health systems are heading internationally and what the impacts are, including input from relevant international organisations such as the OECD, World Health Organisation and the Commonwealth Fund
- Decisions around distribution of healthcare resources, capacity of the health system to deliver care and clinical effectiveness (quality and safety) – e.g. how does the current geographic distribution of services help or hinder the system as a whole
- Funding – how financial resources applied to health funding could be altered to provide greater flexibility in allocation, better transparency of return on investment, better support innovation in service mix/design and investment in key enablers, and reduce inequities through targeting those in need
- Investment practices – providing a nation-wide view of how much infrastructure will be needed, over what timeframe and the balance to be struck across service provision and delivery
- Ways to support the increasing priority of the role primary care and prevention has within the wider health service
- Potential opportunities and risks associated with rapidly emerging technological advances and the implications for, including but not limited to, clinical tools and settings, communication and transport
- Institutional arrangements – roles and responsibilities, funding, accountability and delivery arrangements.

In considering the matters above, the review should consider the overall structure, governance of the health system and distribution of resources to ensure it is fair, better balanced towards primary prevention, equitable and effective, as well as simple for people to access and navigate. The scope of the review explicitly includes primary care, instead of having a separate review, as has been previously discussed publicly.

The Government has already established an Inquiry into Mental Health and Addictions and a Ministerial Advisory Group on Health. The Waitangi Tribunal also has the WAI 2575 Health Services and Outcomes Kaupapa Inquiry underway. The Government expects that the review would give due regard to the outcome and information generated through these inquiries and reviews when they become available.

The following areas are outside the scope of the review:

- the ACC scheme itself (although the relationship between the health sector and the ACC scheme is within scope)
- PHARMAC
- Private health insurance (although its interaction with demographic drivers of healthcare need is within scope)
- Disability System (noting the Enabling Good Lives prototype for transforming the disability system is underway).

### **Timing**

The expert review panel will be supported by a secretariat of officials from Treasury and the Ministry of Health, and it will be able to seek independent advice and analysis on any matter within the scope of its Terms of Reference. The expert review panel will be expected to engage with DHBs, primary care and health professionals as well as the public in developing its recommendations.

The expert review panel should have its first meeting no later than August 2018, issue an interim report to the Minister of Health no later than 26 July 2019, and a final report to the Minister of Health no later than 31 January 2020. These dates may be varied with the consent of the Minister of Health.