

# Aide-Mémoire

## Health system transformation

<b>Date due to MO:</b>	7 June 2024	<b>Action required by:</b>	N/A
<b>Security level:</b>	IN CONFIDENCE	<b>Health Report number:</b>	H2024040335
<b>To:</b>	Hon Dr Shane Reti, Minister of Health		
<b>Consulted:</b>	Health New Zealand: <input checked="" type="checkbox"/>		

## Contact for telephone discussion

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# Aide-Mémoire

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**Purpose of this advice:** This aide-mémoire describes the evolved approach to health system transformation, focusing on a small number of critical areas that each involve important areas of the health system, and collectively present a plan for transformation.

**Health system reform to transformation:** The structural reform of the health system will be largely completed by June 2024. However, significant work remains to embed and realise the opportunities envisaged from this reform, and to build the foundations for achieving the ten-year vision - *to achieve longer life expectancy and improved quality for all* (Government Policy Statement on Health 2024-2027 (GPS)).

The current challenges facing the health sector, particularly for Health New Zealand, mean that the system priorities for the next three years will be stabilising current services and meeting Government priorities. These priorities include addressing five non-communicable diseases, five modifiable risk factors, and the health targets through delivery of the GPS and the New Zealand Health Plan.

Initially developed in June 2023, the Health System Reform Roadmap was an aggregation of planned reform achievements. However, due to the focus on delivery of the priorities above, the Joint Leaders Group agreed that the Health System Reform Roadmap is no longer fit for purpose in demonstrating the progress of reform and transformation of the health system. The Health System Reform Roadmap has been retired and will be replaced by the approach to transformation outlined in this aide-mémoire.

To balance the dual stabilisation and transformation considerations within constrained resourcing, the Joint Leaders Group,<sup>1</sup> which I chair as Director-General of Health, agreed to change the approach to transformation. This new approach proposes that the system focuses on a set of five critical areas that collectively address system

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<sup>1</sup> The Joint Leaders Group was established to provide collective leadership of the progress and success of the overall reform programme and to identify and manage risks to ensure effective and timely delivery of reform outcomes. The Joint Leaders Group includes the Director-General Health and Chief Executives from Health New Zealand, Te Aka Whai Ora and Whaikaha.

transformation objectives and lay the foundations for achieving the ten-year vision.

The five transformation focus areas are:

1. Workforce engagement in the transformation and confidence in the system
2. Shifting care closer to home
3. Ensuring the healthcare system improves equity for Māori and broader high needs populations
4. Establishing a clear and stable system operating model
5. Broader health system elements (eg, other health entities) are integrated across the health system to enable leveraging of joint effort

The transformation focus areas align with the GPS and will ensure those developing actions for the GPS think beyond 2027 to consider what is needed in the ten-year horizon.

**Five transformation focus areas:**

**1. Workforce engagement in the transformation and confidence in the system**

- The GPS highlights the importance of a skilled and culturally safe workforce, within a supportive work environment where people feel valued and empowered.
- Increasing clinical involvement and leadership, with appropriate resources (that may include financial, time or effort), are required to develop the engaged workforce culture across the system to support delivering on the transformation promise.
- Broader workforce issues will be addressed through the health workforce policy programme of work between the Ministry of Health and Health New Zealand, which intends to deliver against the goals of the GPS [H2024036384 refers]. In addition, the establishment of the Health Workforce and System Efficiencies Committee and current development of Health New Zealand's Health Workforce Plan will lead to changes that support the development of workforce engagement and confidence in the system.

**2. Shifting care closer to home**

- Shifting care closer home is a central aspect of the GPS priority - Access. Ensuring that every person regardless of where they live in New Zealand has equitable access to the healthcare services they need. Shifting care closer to home removes barriers people face in accessing healthcare (eg, transport or accommodation). It is an important approach to alleviate pressures elsewhere in the system, through addressing the pressures that may lead to future hospital demand.

- Strategic policy work to improve outcomes from primary and community healthcare is underway. I anticipate that this work will lead to proposals that will contribute towards shifting care closer to home. For example, improvements in primary and community care, with virtual health services and digital innovation playing an important role.
- This transformation focus area will ensure that the system is reconfiguring and prioritising processes, systems and structures to support shifting care closer to home.

### **3. Ensuring the healthcare system improves equity for Māori and broader high needs populations**

- The GPS sets out a vision to improve health outcomes for populations with the highest need including the priority populations identified in the Pae Ora (Healthy Futures) Act 2022, with clear expectations for health entities to address the unfair differences in health needs and outcomes across these groups.
- Critical to achieving improved outcomes will be local communities having input into the design and delivery of local services and embracing new models and approaches to providing care to ensure services are responding to health needs.
- The work towards equitable health outcomes for Māori and high health needs populations is proposed to build on the existing policy work. The Government's vision for Māori health is outcomes-driven and will be achieved by shifting decision-making closer to homes and communities, enabling local leadership, collaboration, and innovation to meet needs.
- Iwi-Māori Partnership Boards (IMPBs) are an important structural response to ensure that the voice of Māori and Iwi are heard and ensure consumer voice plays an integral role in guiding the development of the system.
- This will be reinforced with a continued focus on monitoring of outcomes for Māori and for populations with high health needs at all levels of the system.
- The focus of this work will be on system transformation, with the existing, more detailed work and monitoring to remain within current structures.

### **4. Establishing a clear and stable system operating model**

- The Monitoring Report for Health New Zealand (Te Whatu Ora) Quarter 2 2023/24 comments on the need for work on operating models. In particular, the need for an operating model that delivers on regional, and community needs and incorporates the work to drive improved hauora Māori.
- Health system reforms established new structures and merged district health boards. The structural phase of reforms did not

provide an integrated operating model. Reviewing the system operating model is an essential foundational requirement for transformation.

**5. Broader health system elements (eg, other health entities) are integrated across the health system to enable leveraging of joint effort**

- Changes to the health system to date have largely focused on Health New Zealand. However, to achieve broader system transformation it is essential that other elements of the health system and health entities (eg, Te Tāhū Hauora, Health Quality & Safety Commission, the New Zealand Blood Service, ACC, Pharmac) are integrated and engaged in transformation to maximise the opportunities envisaged by the reform.

**Governance and monitoring:**

**Governance**

I will discuss the transformation focus areas with the Health New Zealand Board to agree expectations for this work.

I am in the process of redesigning governance for transformation and am proposing that the Health Leadership Forum is used for oversight from Q1 FY 2024/25.

**Monitoring and reporting**

Reporting for Q3 and Q4 2023/24 will be addressed in monitoring reports developed by the Ministry of Health.

From Q1 2024/25, reporting on transformation focus areas will be reflected in system monitoring reports, along with a set of progress markers, and identification of risks and opportunities.



Dr Diana Sarfati

**Director-General of Health**

**Te Tumu Whakarae mō te Hauora**

Date: 12/6/24