

System Level Measures Framework Update April 2016

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Value and High Performance

One of the five themes of the New Zealand Health Strategy (the Strategy) is *value and high performance* which places an emphasis on measuring the performance of the whole system as well as its component parts. The Strategy recommends the development of an outcomes-based approach to performance measurement that will guide the delivery of constantly improving health services.

The Integrated Performance and Incentive Framework (IPIF) began in 2012 through the establishment of the Expert Advisory Group. The aim of IPIF was to drive stronger integration across the health system, improve quality and ensure long term system sustainability. IPIF was implemented in 2014 with primary care financial incentives directly linked to performance against the primary care National Health Targets (Better help for smokers to quit, Immunisation and More Heart and Diabetes Checks) and the cervical screening coverage.

The development of the overall IPIF framework was paused during the refresh of the Strategy. In May 2015 the Minister of Health decided not to introduce new performance measures in 2015/16 as he wanted more aspirational measures developed that looked at the performance of the system rather than just primary care. The Minister also wanted to change the focus from looking at outputs and processes to outcomes. The refresh of the Strategy provided the opportunity for this work and has built the case to extend and evolve the IPIF concept of System Level Measures.

About System Level Measures

The Ministry of Health (the Ministry) has been working closely with the sector to co-develop a suite of System Level Measures that provide a system wide view of performance. These measures have evolved from an initial list of over 100. The new measures engage the health sector more broadly (professions, settings and health conditions) than the previous measures.

The performance of individual clinicians and/or provider organisations, through health activities and processes, are measured by contributory measures. These individual groups must work as *one team* to improve system level performance. The System Level Measures for introduction in 2016/17 also resonate with the *care closer to home, people powered and smart system* themes of the Strategy.

The System Level Measures to be introduced rely on the contribution of a wider group of

providers. In 2016/17, the focus is on the contributions and performance of DHBs and PHOs. The contribution of the wider groups will be seen over the next 18 months as the Ministry and the DHBs include System Level Measures in a wider range of contracts.

System Level Measures for 2016/17

The four new System Level Measures to be implemented from 1 July 2016 are:

1. Ambulatory Sensitive Hospitalisation (ASH) rates per 100,000 for 0 – 4 year olds (ie Keeping children out of the hospital)
2. Acute hospital bed days per capita (ie Using health resources effectively)
3. Patient experience of care (ie Person centred care)
4. Amenable Mortality rates (ie Prevention and early detection)

The following two System Level Measures will be developed during 2016/17 including definitions and identification of data sets:

5. Number of babies who live in a smoke-free household at six weeks post natal (ie Healthy start)
6. Youth access to and utilisation of youth appropriate health services (ie Teens make good choices about their health and wellbeing).

System Level Measures have nationally consistent definitions and will be reported nationally. Contributory measures will have nationally consistent definitions and data sets but will be selected locally and will not need to be reported nationally.

More information about system level and contributory measures will be available from the Health Quality Measures Library by 30 May 2016 (www.hqmz.org.nz). A measures guidance document explaining the concept of system level and contributory measures and how they can be selected and used will also be available on this site.

Proposed Approach to Financial Incentives for 2016/17

The proposed approach to financial incentives was shared with the PHO Services Agreement Amendment Protocol Group (PSAAP) in April 2016. A working group of PHO and DHB representatives will work with the Ministry to draft the new schedule of the PHO Services Agreement that will be discussed at the May PSAAP meeting.

The proposed approach to financial incentives acknowledges the sector's preference for capacity and capability funding to ensure the appropriate improvement infrastructure is in place.

The proposed approach includes:

- Two capacity and capability payments and one 'at risk' performance payment to be paid to Primary Health Organisations (PHOs):
 - 25 percent capacity and capability payment up front in quarter one
 - 50 percent capacity and capability payment in quarter two once the Ministry approves the district alliance's Improvement Plan
 - 25 percent performance payment in quarter one 2017/18 based on quarter four 2016/17 performance.

For the 25 percent performance payment, PHOs will be incentivised for the following three System Level Measures and the two primary care National Health Targets:

- ASH rates for zero to four year olds
- Acute hospital bed days per capita
- Patient experience of care
- National Health Target Better help for smokers to quit
- National Health Target Increased immunisation for eight-month olds.

The incentives for PHOs and General Practices are paid out of the \$23 Million PHO performance funding pool. The incentives payments will be made to the PHOs through their contracted DHB as per current processes.

Proposed Implementation

PHOs, District Health Boards (DHBs) and district alliance leadership teams will drive implementation of the new measures.

In their 2016/17 Annual Plans, DHBs are expected to commit to providing an Improvement Plan. The plan will be developed with and agreed by their PHOs and district alliance(s). It will be provided to the Ministry at the end of quarter one 2016/17 through the DHB Annual Plan quarterly reporting database.

The Improvement Plan will include:

- Improvement milestones for the four system level measures (total acute hospital bed days, ASH rates for 0 – 4 year olds, patient experience of care and amenable mortality)
- Contributory measures for each of the four system level measures
- District alliance stakeholder agreement of the Improvement Plan. All stakeholders responsible for activities in the plan (DHB and PHOs at a minimum) must sign the submitted plan. This indicates stakeholder agreement with the plan, the improvement milestones and the contributory measures.

The Ministry will assess Improvement Plans by 30 November 2016. The 50 percent capacity and capability payment will be paid out to PHOs on approval of the plan.

All alliances are expected to have a more detailed local improvement plan which articulates how the districts will achieve their improvement milestones. The local improvement plan does not have to be submitted nationally but will be made available to the Ministry on request. It is expected to include:

- Specific activities, including those by the DHB (for example emergency department, outpatient clinic and medical ward service reconfiguration) and the PHO, to meet both the improvement milestones for the System Level Measures and the quantitative end-of-year goals for the selected contributory measures
- An investment logic that includes the activities described above
- A local reporting and accountability framework for all participants.

Further information on the development of the plans will be available in the DHB Annual Planning Guidance on the National Service Framework Library by 2 May 2016 (<http://nsfl.health.govt.nz/>).

National Health Targets

The National Health Targets will continue in their current form. In the 2016/17 financial year, (quarter four performance payment) PHOs will be incentivised for the two primary care National Health Targets, Better help for smokers to quit and Increased immunisation for eight-month olds.

For more information

Further information about System Level Measures and the proposed incentives approach including Frequently Asked Questions is available on the Ministry website at <http://www.health.govt.nz/systemlevelmeasures>.

If you have any queries, please contact the IPIF Programme Manager, Kanchan Sharma on (04) 8163415 or at IPIF@moh.govt.nz.