

Measuring and Managing Health System Performance in New Zealand

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Measuring and improving health system performance is a challenge facing many countries. In July 2016, New Zealand introduced a new approach to measuring and monitoring health system performance - the 'Systems Level Measure Framework' - designed to stimulate a 'whole of system' approach requiring inter-organisational collaboration for planning and achieving improved health outcomes. This approach demonstrates a policy commitment to effective integration of health services, but there will also be many significant challenges to be addressed if it is to be implemented successfully.

Background: New Zealand's health system

New Zealand has a predominantly (around 80%) publicly funded health system. Funding is devolved to 20 District Health Boards (DHBs) who purchase and/or provide health and disability services for their geographically defined populations. DHBs own and operate secondary and tertiary hospitals and purchase community services from private providers. DHBs also fund primary care through Primary Health Organisations (PHOs), which contract general practice and other non-government service providers. Since around 2009, DHBs and PHOs have begun to form district alliances (DAs) to improve system integration.

The System Level Framework

Under the new framework, DAs are required to collaboratively develop and implement plans to improve six headline health outcomes. Alliance Leadership Teams (ALTs) from the DAs will need to share information about the utilisation of health services, and select and monitor initiatives and programmes that will help to improve the specified outcomes. DAs are also required to select additional contributory measures that reflect local priorities.

An example of a contributory measure is the number of new-born children enrolled in a general practice. The key challenge of the SLM framework is for government and non-government health sector organisations to align their strategic priorities to achieve results collectively.



'This policy provides a significant opportunity for health sector organisations to learn how best to achieve desired health system outcomes, and to develop more effective processes for inter-organisational collaboration'

The SLM Framework:

- Ambulatory sensitive hospitalisation (ASH) rate for children under 5
- Amenable mortality rates
- Patient experience of care
- Acute hospital bed days per capita
- Proportion of babies living in smoke-free households
- A youth-focused measure (consisting of 5 indicators)

Prior approaches to health sector performance measurement and management

In New Zealand, performance measurement and management has been a notable part of the health system since the mid-1990s. Performance management has focussed primarily on quantified targets. In 2007, the Ministry of Health introduced a set of ten targets for DHBs. The incoming National-led government revised the list and content of targets, prioritising six process and output targets: child immunisation, access to elective surgery, cancer referral times, provision of smoking cessation advice, shorter stays in emergency departments and increased access to heart and diabetes checks in primary care.

A separate set of performance requirements had been applied to primary health care in the 2000s, in which PHOs received pay-for-performance (P4P) incentives for meeting a handful of performance measures.

In 2011, the DHB and PHO performance management regimes were aligned, in that P4P in primary care was applied to three of the national health targets: 1) immunisation, 2) smoking cessation, and 3) heart and diabetes checks.

Promise and Potential Pitfalls of the SLM Framework

The new system gives the framework a stronger 'whole of health system' approach to improving performance. The revised policy focuses on district level improvement planning, with an expectation that DAs will be the engine room for governing and leading improvements. Setting milestones, identifying specific activities to meet milestones, and applying investment logic are just some of the new requirements.

The SLM framework is noteworthy for two key reasons:

1) It focuses on health outcomes that, in theory, should be within the control of health sector organisations if they collaborate successfully. Performance regimes that focus on outputs (for example, number of surgical operations) and processes (for example, waiting times) create a very fragmented approach to health system improvement. Conversely, performance measures focused on broad population health outcomes are influenced by a wide range of social and economic determinants that are largely beyond the influence of health sector organisations. The SLM framework steers a middle course between these extremes.

2) The emphasis on inter-organisational collaboration, rather than sticks and carrots for individual organisations, represents an important 'new frontier' in health system performance management.

No other country, to our knowledge, has attempted to implement such an 'alliance-based' approach to performance improvement nationally. The System Level Measures Framework provides a significant opportunity for health sector organisations to focus more clearly on desired health system outcomes, and to develop more effective processes for inter-organisational collaboration.

Key Policy Strengths:

- A whole-of-system approach to health sector performance
- A shift in focus from outputs and processes to health outcomes
- An opportunity to foster and deepen collaborations between health sectors

Key Policy Challenges:

- How to attribute changes in outcomes to specific organisational and collaborative strategies
- Collaborative relationships between organisations vary considerably at the local level
- Relatively weak incentives for organisations and practices to change in the context of broader policy and funding settings

To find out more about this research, please see the full article at:

[http://www.healthpolicyjournal.com/article/S0168-8510\(17\)30150-1/fulltext](http://www.healthpolicyjournal.com/article/S0168-8510(17)30150-1/fulltext)

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