Annex 5: Value Obtained From New Initiatives and Other Price and Volume Increases Since Budget 2005

1. This Annex describes the key components of the increases detailed in Annex 4 and the value obtained from the cumulative additional funding up to 2009/10 within the different service areas. These figures below do not reflect whole of baseline spend for each area – rather all new spending since Budget 2005 until 2009/10, ie the ongoing marginal increase in baselines as at 2009/10. Ongoing savings that have already been realised are also noted.

2. ***Aged Care*** has received additional funding of $233.06 million since Budget 2005. Funding was largely used to address price pressures in the sector, many of which were legislative minimum wage changes and to phase out asset testing. Funding to implement a needs assessment tool is expected to provide better targeting of services. Funding increases in this area were intended to ensure a sustainable sector that can cope with the increasing demand pressures from the ageing population.

3. ***Disability Support Services*** (DSS) has received additional funding of $127.46 million since Budget 2005. DSS funding has been applied to demand driven pressures due to an increasing number of clients (many with more complex bundles of care, eg recently deinstitutionalised clients from Kimberley and the Intellectual Disability – Compulsory Care and Rehabilitation Act court ordered care packages) and expanded services for under 65 year olds. A large proportion of the increased funding in DSS was to meet to price and wage pressures in the sector driven by legislative changes to the minimum wage. Value is expected from a focus on living in the community through increased levels of outcomes for clients.

4. ***Primary Healthcare*** has received additional funding of $416.81 million since Budget 2005. Ongoing savings of $7.5 million have already been realised in the PHO performance programme, through unallocated funds and within Men's Health. Opportunities for further savings are being considered, including through rationalisation of management fees.

5. Funding in this area has been targeted to increase low cost access and promote early intervention. Key initiatives have included extending the age groups for low cost access, the Care Plus priority patient initiative, primary mental health interventions, migrant health and to implement consistency of $3 co-payments charges for scripts issued by hospitals. Funding has also been applied to maintain the value of Very Low Cost Access and Under 6s, increase for maternity funding due to the spike in the birth rate, funding for GP/lead maternity carer optional visits, and to increase access to low cost after hours primary care.

6. The reduction in co-payment charges for primary care over this period resulted in a significant decrease in reported unmet need (fewer people saying they cannot access services, particularly due to cost) and increases in the number of consultations (particularly for older adults). Fees have fallen by a higher percentage for patients in practices serving high needs, and Maori, Pacific peoples and people from lower socio-economic areas have lower fees. There were also increases in the number of pharmaceuticals prescribed and lab tests ordered.

7. In terms of health outcomes, there has been a small reduction in ambulatory sensitive hospitalisations, especially for children. There have been improvements in cardiovascular risk management in men and significant increases in diabetes checks. A review of Care Plus in 2006 found that it was reaching patients with chronic high need, particularly those with diabetes and cardiovascular disease. Most of the patients surveyed felt their care had improved under Care Plus.

8. ***Elective Services*** has received additional funding of $132.03 million since Budget 2005. Funding was provided to increase the numbers of elective surgeries, to reduce waiting lists and meet price increases. Specific funding was initially targeted at cataract and orthopaedic surgery and later expanded more generally. These additional elective procedures reduced waiting times and numbers on waiting lists. Patients waiting longer than six months for their first specialist assessment have decreased from 4164 in October 2008 to 3165 in September 2009 – a decrease in waiting lists of 23%. During 2008/09 there has been an increase of 11,800 elective surgical discharges over 2007/08.

9. ***Mental Health*** has received additional funding of $116.46 million since Budget 2005. Of this funding, $88 million was allocated toward the Mental Health Commission's Blueprint. The Blueprint describes the service components and resources estimated to be needed to meet the needs of the 3% requiring specialist services. Ongoing savings of $4.2 million have already been realised from Blueprint funding in the February 2009 Line-by-Line review. Performance monitoring is primarily focused on progress towards 3% of the population accessing specialist services and the level of funding estimated is needed to meet this access target. Currently, funding for the mental health sector is at 81.6% of the funding target, up from 75.3% in 2004/05.

10. Several programmes have been funded including the depression initiatives, alcohol and drug treatments and suicide prevention. Promotion programmes in mental health are effective in providing information, early intervention and referral pathways for people with mild to severe mental health conditions, particularly depression, and helping them to seek help at an early stage. The effectiveness of the suicide prevention programme is demonstrated by a reduction in the overall suicide rate over the last decade of 19 percent and 31 percent for young people. In the Evaluation of Primary Mental Health Initiatives (PMHI) 2009, PMHIs were able to demonstrate significant clinical improvements, with up to 80% of service users benefiting from a variety of interventions offered to them

11. ***Public Health*** has received additional funding of $265.31 million since Budget 2005. Ongoing savings of $26.387 million have already been realised by reducing health promotion (including vaccination campaigns, Healthy Eating Healthy Action, mental health and well child), the Get Checked programme and smoking cessation programmes. In addition, a number of one-off savings have been made, eg delayed PHARMAC drug approval of Varenicline.

12. The largest funding increases in the public health area included:
    - funding for additional immunisation coverage (introduction of the HPV, meningococcal and pneumococcal vaccines) to reduce the incidence of cervical cancer, meningitis and whooping cough
    - extending the age-range for eligibility for breast cancer screening to increase early detection and intervention
    - advertising around safe sex/sexual health promotion to reduce the incidence of sexually transmitted infections
    - smoking cessation, including the drug Varenicline to support the continued downward trend over the last 25 years, and a reduction in the uptake in youth
    - the Healthy Eating, Healthy Action programme to reduce the incidence of obesity and related chronic diseases. Although it is too early to see significant changes in behaviour, research indicates that it is cost effective and early evidence suggests that Body Mass Indexes may be decreasing.

13. ***Workforce*** has received additional funding of $262.26 million since Budget 2005. Ongoing savings of $0.03 million have already been realised within the Maori Nursing Workforce Development programme.

14. Workforce funding has predominantly been applied to wage pressures for pay parity for nurses with police and teachers ($149 million), industrial settlements and legislative change relating to the Holidays Act ($44 million). The value from this funding is a stable workforce and an increased ability of the New Zealand health sector to compete within a scarce global labour market. Workforce has also received a funding injection in 2009 for an additional 800 health professionals to staff extra elective surgeries, up-skilling in primary maternity care, as well as funding boost to GP training. The intended value to be gained from these initiatives includes reducing waiting times, and improving the current skilled workforce shortages in the health sector.

15. ***Performance Improvement*** has received additional funding of $60.54 million since Budget 2005. Performance improvement funding sponsored innovation, awards, collaboration, and research, as well as created infrastructure for performance improvement actions and research.

16. Funding was provided for financial incentives to improve DHB efficiency and service quality – DHBs received some funding after demonstrating in their DAPS how they would progress priority quality improvements developed by the Quality Improvement Committee. DHBs received more funding by partially achieving a procurement efficiency target by December 2007. Some funding was for better DHB prioritisation through SPNIA. These initiatives were from Budget 2008 and have yet to be evaluated.

17. ***Pharmaceuticals*** have received additional funding of $41.70 million since Budget 2005. Ongoing savings of $0.2 million have already been made within this area. This funding was provided to fund Pharmac to increase the range of subsidised medicines, for initiatives to increase the accuracy (dose verification) of medicine supply and for coordination between General Practitioners (GPs) and Pharmac. These initiatives increased the range of medicines available to patients, increased patient safety and supported decision making by Pharmac and better prescribing from GPs.

18. ***Oral Health*** has received additional funding of $30.01 million since Budget 2005. This funding was to support the update/rebuild of dental facilities and to increase the numbers of dentists/dental therapists to address declining levels of child and adolescent oral health. This initiative is being rolled out following the development of DHB business cases for implementation. Outcomes expected from this initiative are increased oral health status among children and adolescents and increased equality of oral health outcomes nationally. Increasing numbers of adolescents are accessing oral health services.

19. ***Cancer Services*** have received additional funding of $27.15 million since Budget 2005. Funding increases were for the creation of a Cancer Strategy and implementation of this through the Cancer Action Plan to ensure more effective cancer prevention, detection, surveillance, diagnosis, treatment and service delivery for cancer patients and their families. The cost effectiveness of individual interventions is currently being modelled by the Ministry in the Aotearoa Burden of Cancer and Comparative Benefit Assessment study. Five year relative survival rates for the five most common cancers (Colorectum, Lung, Female breast, Cervix, Prostate) are increasing.

20. ***Chronic Disease*** has received additional funding of $26.0 million through an Interim Funding Pool (IFP) million since Budget 2005. The IFP provides long-term support services for people with chronic health conditions who do not meet the eligibility criteria for DSS, DHB or ACC support. Eligibility has been tightened in recent years to ensure the right applicants are selected.

21. ***FFT/Demo***. $1,865 million for DHBs and $406 million for Ministry NDE.]

22. ***Other Funding.*** Other additional funding since Budget 2005 totals around $352.10 million (where identifiable, some of the risk management funding has also been included in the relevant service areas above). The largest residual funding areas include:
    - Risk Reserve funding ($263.62 million). This included an increase to the capital charge funding for DHBs resulting from a change to the International Financial Reporting Standard 3 (IFRS3) accounting method.
    - demand driven/volume funding for the treatment of extreme/complex burns in conjunction with ACC
    - Hepatitis C funding for improved treatment services, extending the no-faults package to those with the disease who were not contaminated with untested blood ($4 million per annum).