

# The Treasury

## Budget 2013 Information Release

### Release Document

July 2013

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Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [4] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [5] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
- [9] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [10] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [11] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [12] Not in scope
- [13] 7(b) - to prevent prejudice to relations between any of the Governments of New Zealand, the Cook Islands or Niue
- [14] 9(2)(ba)(i) - to prevent prejudice to the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

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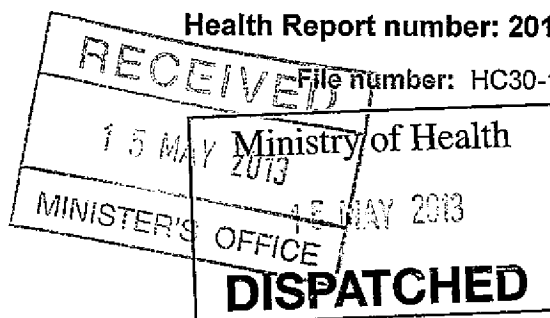
In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Action required by: 17 May 2013

File number: HC30-12-12-1

# Health report

To: Hon Tony Ryall (Minister of Health)



## Allocation of additional B4 School Check Funding for 2013/14

### Executive summary

- i. Additional funding of \$1.748 million per annum has been approved in Budget 2013 to fund an increase in coverage of the B4 School Check (B4SC) programme from 80 to 90 percent, including 90 percent of the eligible high deprivation population. This paper outlines the Ministry's intended method of allocating this funding to DHBs.
- ii. Assuming a 90 percent target using the current per check price, there will be \$0.59 million for target funding increases in the 2013/14 year. We propose targeting this funding to better align funding with the realities of delivering B4SC services to high deprivation populations and to incentivise performance.

### The Ministry recommends that you:

- |   |          |
|---|----------|
| a) <b>Note</b> the B4SC target will be increased from 80 to 90 percent (including the high deprivation target) from 1 July 2013.  | Yes / No |
| b) <b>Note</b> extending the target to 90 percent using the current price per check will cost \$1.15m, which will leave \$0.59m for targeted funding increases.   | Yes / No |
| c) <b>Agree</b> to targeting \$0.59m funding to better align funding with delivering B4SC to high deprivation populations and to incentivise performance, including: <ul style="list-style-type: none"> <li>• one percent increase on price per check to recognise cost inflation</li> <li>• increase funding per check by 10 percent for all checks once 80 percent coverage achieved to recognise the difficulty of completing the next 10 percent (hard to reach families)</li> <li>• provide additional funding to DHBs proportional to their high deprivation population size</li> <li>• increase the per check price funding to recognise additional requirements on Vision and Hearing Technicians.</li> </ul> | Yes / No |
| d) <b>Agree</b> to a reduction in per check price (to a rate of 20 percent of total check price) for declined checks.   | Yes / No |
| e) <b>Agree</b> to anticipated savings from reducing the per check price for declined checks to be used for training and audit purposes.  | Yes / No |

Cathy O'Malley  
Deputy Director-General  
Sector Capability and Implementation

Minister's signature  
Date

**Ministry of Health contacts**

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**Minister's feedback on quality of report**

Very poor (1)	Poor (2)	Neutral (3)	<del>Good (4)</del>	Very good (5)
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## Background

1. The B4 School Check programme (B4SC) is currently delivered by all 20 DHBs and funded through Crown Funding Agreement Variations (CFAs). The total funding for delivery of B4SC for the current year (2012/13) is \$9.2 million. This funds B4SC for up to 80 percent of the eligible population. Ten percent of the maximum funding available to each DHB is held back conditional on a DHB achieving its high deprivation B4SC coverage target of 80 percent.
2. DHBs are paid for each B4SC (including where a parent/caregiver declines the B4SC), based on an individual rate that has been calculated for each DHB. The rate is weighted by a number of variables, including deprivation, ethnicity and rurality.
3. To estimate rurality, the original 2009 funding model plotted the location of all four year olds and their distance from hospital. This assumed a certain model of care (hospital based services), and estimated percentages of home visits and follow up visits. The funding model was revised in 2012 to better recognise costs associated with providing services to harder to reach families by according greater weighting to the proportion of families living in high deprivation areas.
4. The main challenges to service delivery are in reaching high deprivation populations. These families are likely to make up a significant proportion of the next 10 percent (from 80 to 90 percent of the eligible population). Families living in these areas tend to require additional effort and individualised service delivery to ensure children receive their B4SC. Targeting additional funding to checks in these areas will further recognise the resource required to reach these families.

## Advice

### *Proposed Distribution of Funding*

5. Additional funding of \$1.748 million per annum has been approved in Budget 2013 to fund an increase in coverage of the B4SC programme from 80 to 90 percent, including 90 percent of the eligible high deprivation population. Extending coverage from 80 to 90 percent will cost \$1.15 million in additional payments for checks. This leaves \$0.59 million for targeted funding increases.
6. We intend to distribute this to DHBs in a way that recognises inflation and further builds on the 2012 funding model changes. This will better align funding with the realities of delivering B4SC services to high deprivation populations.
7. The proposed allocation of the \$0.59 million in targeted funding increases is summarised below.

Proposed allocation	Comment	Funding
One percent increase on price per check modelled on the CPI Dec 2011 to Dec 2012	Recognises cost inflation	\$103,985
Increase funding per check by 10 percent for all checks once 80 percent coverage achieved	Recognises the difficulty of completing the next 10 percent (hard to reach families)	\$116,661
Provide additional	Provides additional funding for service delivery	\$306,959

funding to DHBs proportional to their high deprivation population size	models required to reach high deprivation populations	
Increase the per check price funding to recognise additional requirements on Vision and Hearing Technicians	VHTs are not funded by the Ministry to deliver their component of the B4SC. They are employed and funded separately by DHBs. This funding recognises the additional requirements on VHTs associated with the increase in targets to 90 percent	\$65,325
		<b>Total \$0.59 million</b>

8. We propose to reduce the price paid for B4SCs declined by the caregiver from 100 percent to 20 percent of the per check price. There is an administrative cost incurred with contacting the family and establishing that the B4SC has been declined, so we consider it is appropriate to provide some funding for declined B4SCs. A rate of 20 percent of the full per check price is an estimate of this cost.
9. Anticipated savings from reducing the per check price (to a rate of 20 percent of price) for declined B4SC are up to approximately \$340,000 (based on current rate of declines). We propose to retain any savings centrally and use them for training and audit purposes to improve the quality and consistency of B4SC delivery.

*Communication to DHBs*

10. If you agree to the proposed funding allocations, we will write to all DHBs after Budget 2013 has been announced, to notify them of the increased targets and funding for B4SC, and to explain the rationale for how additional funding is being distributed.
11. The amount of funding for each DHB will be reflected in Crown Funding Agreement Variations, which will be developed and consulted with DHBs prior to taking effect from 1 July 2013.
12. We do not anticipate any significant concerns being raised by DHBs with these funding changes. The changes recognise inflation costs and better align funding with service delivery models required to reach high deprivation populations. There may be concern with the reduced price paid for declined B4SCs. The average potential savings from declines per DHBs is approximately \$18,000.
13. Many DHBs are providing over 80 percent coverage and it is anticipated that most DHBs will, given funding, be able to increase coverage with the targeted funding increases. We are also looking at further ways to support the promotion of the B4SC programme nationally. (Refer Appendix One for a comparison of funding by DHB between 2012/13 and 2013/14.)
14. We will continue to monitor and report on DHB progress to achieve the new 90 percent targets.

**END.**

APPENDIX ONE

[9],[10]

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# Ministry of Health – Audit Trail



Due date: 16/5/13      Urgent (24 hours)       Semi-urgent (3 days)       Routine (1 week)

Title: Allocation of additional B45C funding		Doctrak/Health Report/OIA/Ministerial #: 20130592	
File ref: HC30-12-12-1	Lotus Notes Database: HR	Lotus Notes Drawer: Ministry of Health	Lotus Notes Folder: Ministry of Health

15 MAY 2013  
**DISPATCHED**

**Responsibilities**  
checked and approved by (clearly print name and sign):

Author/person and business unit [content / quality] Leslie M. Carmack Date: 10/5/13 Extn: 4300	Peer review [content / quality] Date: 10/5/13 Extn: 2162
Accountable manager or chief advisor Date: 13.05.13 Extn: 2117	EA / PA [formatting / quality] Date: 13/5/13 Extn: 3661

By Sue Dashiell 13/5  
PLEASE ENSURE YOU CLEARLY PRINT YOUR NAME AND SIGN \*\*

<b>Business unit sign-off</b> (if required, print, sign and date)	<b>Corporate sign-off</b> (if required, print, sign and date)
Director General Date: <b>SIGNED OUT</b> DIRECTOR-GENERAL'S OFFICE	Chief Financial Officer / Finance Date:
Policy Date:	Communications Date:
Māori Health Date:	Health Legal Date:
Clinical Leadership, Protection and Regulation Date:	IT Date:
National Health Board Date:	Other Date:
Sector Capability and Implementation Date: 15/5/13	<b>Comments</b> External Peer Reviewer Melanie Vessey 4434
Corporate Services Date:	
Chief Nurse Date:	

**IMPORTANT NOTE:** Documents with 'financial implications' must be approved by the Chief Financial Officer and the DDG Corporate Services.