PREMIUM

Explainer: Major health sector reforms - what you need to know about the changes

By Audrey Young

1 Jul, 2022 06:18 AM 7 mins to read

(Young, A., 2022)

NOW PLAYING • Focus live: Health Minister Andrew Little launches a new health system (Clip)

Health Minister Andrew Little and Associate Health Minister (Māori Health) Peeni Henare formally launch two new health entities as part of the health reform, marking a milestone moment for the future of healthcare in Aotearoa.

A major overhaul of New Zealand's health system begins today and will affect how decisions are made and services delivered.

A national body called Health NZ replaces the 20 district health boards. The new Māori Health Authority will jointly develop and implement a New Zealand Health Plan with Health NZ.

Much of the focus so far has been on the top end of the planned changes, Health NZ and the Māori Health Authority and the abolition of DHBs, but plans for the regional and local levels are important too.

"Localities" and "locality plans" will eventually cover every geographic part of the country to identify local health needs.

5th

Health NZ chair Rob Campbell with Mike Hosking at 7.35am

Nine areas have been identified as pilots: Ōtara/Papatoetoe, Hauraki, Taupō/Turangi, Wa, Eastern Bay of Plenty, Whanganui, Horowhenua, Porirua, and West Coast.

Health Minister Andrew Little says there will be between 60 and 80 localities when they all up and running by July 2024. The Horowhenua one will cover about 30,000 people.

"A locality for the purposes of the reformed health system has to be a meaningful size – not so large it is impossible to coordinate services, and not so small that it would mean an unwieldy number of localities which would fail to provide the cohesion we are seeking," he said in a speech in Levin.

The special select committee examining the restructuring legislation, the Pae Ora (Healthy Futures) Bill, has heard submissions and recommended some changes, including giving power to a network of iwi-Māori partnership boards.

The changes affect about 80,000 staff.

There will be no changes to ACC, the Mental Health and Wellbeing Commission, Pharmac, the Blood Service, or the Health Research Council.

HEALTH NZ

The 20 existing district health boards have been abolished and replaced with Health New Zealand, run by a board of up to eight.

Health NZ will be in charge of the health system both clinically and financially. It will own and operate services, set the framework for commissioning, and arrange the provision of services at a national, regional and local level.

The commissioning functions currently within the Ministry of Health and the commissioning and delivery functions currently within the DHBs (and their assets) will be transferred to Health NZ.

The internal organisation of Health New Zealand includes four regional divisions with regional commissioning boards within Health New Zealand to ensure the provision of primary and community health services, in collaboration with the Māori Health Authority.

Hospital and specialist services will be consolidated into four regional networks within Health NZ but planned nationally by Health New Zealand. The regional boundaries are not yet known.

Health NZ will jointly develop and implement a NZ Health Plan with the Māori Health Authority. It will also approve and implement locality plans which will be developed at a local level. It will be responsible for workforce planning.

It will be responsible for pandemic planning and for the response to a pandemic.

Professional director Rob Campbell has been appointed to chair the board.

MĀORI HEALTH AUTHORITY

The Māori Health Authority, run by a board of up to eight, will jointly develop and implement a New Zealand Health Plan with Health NZ.

It will own and operate services and aim to improve service delivery and outcomes for Māori. It will also commission services for Māori.

The Māori Health Authority will have a monitoring role, including of services it provides. It will also monitor the delivery of services by Health NZ.

Monitoring of Māori health will be done in co-operation with the Ministry of Health and Te Puni Kokiri/the Ministry of Māori Development.

If there is any dispute between Health NZ and the Māori Health Authority, it will be resolved by the Minister of Health after having consulted with the Minister of Māori Development or the Minister for Māori-Crown Relations.

It will also consult Māori organisations before having input into the Government Policy Statement, the New Zealand Health Plan, and the Māori Health Strategy.

It will support and engage with iwi-Māori partnership boards (see below).

Sharon Shea and Tipa Mahuta have been appointed co-chairs of the Māori Health Authority.

MINISTRY OF HEALTH

Its current role of running the health system by commissioning health and disability services passes to Health NZ. It would monitor Health NZ and continue to be the lead entity for strategy, policy, and regulation. When monitoring Māori health it will be done in conjunction with the Māori Health Authority.

The Public Health Agency will be a business unit within the ministry.

The current statutory powers of the director general of health will remain. The current director general, Ashley Bloomfield, is stepping down and his replacement is yet to be appointed.

PUBLIC HEALTH

The 12 existing public health units which operate within DHBS and focus on areas such as drinking water, communicable disease control, tobacco and alcohol control, will be absorbed into Health New Zealand to build an operational national public health service.

The Health Promotion Agency will be disestablished and its functions transferred to a new Public Health Agency, a business unit to be established within the Ministry of Health.

It will lead on all public health and population health policy, strategy, regulatory, intelligence, surveillance and monitoring functions and to advise the director general.

Dr Caroline McElnay has recently stepped down as director of public health and has not yet been replaced.

LOCALITIES AND LOCALITY NETWORKS

Health NZ and the Māori Health Authority will determine geographically defined areas called "localities" for the purpose of arranging tailored primary and community health services to defined areas.

A locality plan for each locality must be developed at least every three years, with a locality co-ordinator who will involve the relevant community and local organisations such as health providers, iwi, local

authority representatives, and social sector agencies.

They will work out what is available in the area and what is needed.

The locality plan will set out priority outcomes for services and help Health NZ plan its budget. The locality plans must be agreed by Health NZ along with the Māori Health Authority and the relevant iwi Māori Partnership Board.

IWI MĀORI PARTNERSHIP BOARDS

Each DHB previously worked with an iwi relationship board, but they will become boards established by law to contribute to decision-making about local health priorities.

The Māori Health Authority will be required to support and engage the network of iwi Māori Partnership Boards (IMPBs) and consult them on local plans, priorities, and national strategies.

The IMPBs will monitor the health system in their localities against the locality plan. IMPBs may serve more than one locality.

PRIMARY HEALTH ORGANISATIONS

PHOs provide primary health care in the community, primarily through general practices, and are contracted by DHBs. Depending on the circumstances those contracts could be continued with Health NZ.

ACCOUNTABILITY DOCUMENTS

- **Government Policy Statement on Health (GPS):**
Issued by the Health Minister at least every three years to set priorities for the health system, with specific and measurable outcomes for specific populations.

- **NZ Health Strategy, Hauora Māori Health Strategy, Pacific Health Strategy, Disability Health Strategy, Women's Health Strategy:**
Strategies for specific groups to be signed off by the Minister of Health. The Māori strategy is to be prepared by the Māori Health Authority and the Ministry of Health in partnership.

- **NZ Health Plan:**
To be developed by Health NZ and the Māori Health Authority, providing a three-year costed plan for publicly-funded services by them to give effect to the GPS. It must contain an assessment of health needs, priorities for outcomes and measurable outcomes. HNZ and MHA must prepare an annual performance assessment against specified outcomes.

- **NZ Health Charter:**
To be facilitated by Health NZ and the Māori Health Authority, the charter would set out the common values, principles and behaviours of people working in the health sector at an individual, organisations and collective level. It would not affect existing professional codes and obligations.

- **Locality Plans**
Each locality will have a locality plan to identify local needs and priorities, and done at least every three years. They will need to be approved by Health NZ, the Māori Health Authority and the iwi Māori partnership boards.