
All District Health Boards

20 April 2020

Dear PHO Chief Executive Officers

System Level Measure Payments

Part G of the [PHO Services Agreement](#) sets out how DHBs and PHOs will participate in the implementation of the System Level Measures (SLMs). This includes the role of our Alliances and the development of Improvement Plans (and associated Local Plans).

Part G also provides the following three annual payments from DHBs to PHOs regarding SLM milestones:

1. Payment one: 25% of the total SLM funding will be paid for capacity and capability development within the PHO and its Contracted Providers so each Milestone is achieved. This payment is due on 15 July.
2. Payment two: 50% of the SLM funding will be paid when the Ministry of Health has approved the Alliance's Improvement Plan. This payment is due on 15 September.
3. Payment three: 25% of the SLM funding will be paid for achieving the SLM Milestones and the National Health Targets. This performance payment is due on 15 September.

In this letter I am pleased to advise DHBs and the Ministry have agreed the following:

2019/20 payments:

- The performance payment due on 15 September 2020 will be paid in full, regardless of performance delivered. This replaces the requirements in Part G, clause G.9 of the PHO Services Agreement. The payment will be based on 1 June 2020 NES snapshot.
- Reporting will still be required, but the due date for quarter four report to be submitted to the Ministry has been extended by two weeks to 31 July 2020.

2020/21 payments:

- Payment one due on 15 July 2020 will continue to be paid as usual. The payment will be based on 1 June 2020 NES snapshot.
- The Ministry will work pragmatically with Alliances on approving the 2020/21 SLM Improvement Plans and take any COVID-19 implications into consideration. Further decisions regarding the requirements for payment two is under active review.

2020/21 SLM Improvement Plan timelines:

The 2020/21 SLM Improvement Plan timelines will be aligned with the DHB Annual Plans, which have been adjusted in consideration of COVID-19. The revised timelines are:

- Feedback on first draft plans (where submitted) and advice on updated planning guidance that includes any new guidance/COVID-19 impacts will be issued by the Ministry mid-May (this date may extend if national Alert Level 4 lockdown period extends).
- No revised sections/full drafts of 2020/21 SLM Improvement Plans will be expected at this stage until at least mid-June.

For clarification, PHOs must still ensure that at least 50% of any payment it receives under Part G of the PHO Services Agreement is used to directly financially benefit its Contracted Providers.

If you have any questions, please contact your local DHB portfolio manager, or Kanchan Sharma at the Ministry of Health at kanchan.sharma@health.govt.nz.

Yours sincerely



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cc: Liz Stockley, CEO, GPNZ
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