

Aide-Mémoire

Health New Zealand
Te Whatu Ora

Accelerating performance against the elective treatment Health Target via outsourcing to June 2026

Due to MO:	10 February 2025	Reference	HNZ00078198
To:	Hon Simeon Brown, Minister of Health		
From:	Professor Lester Levy, Commissioner		
Security level:	In Confidence	Priority	Routine
Consulted	N/A		

Contact for further discussion (if required)

Name	Position	Phone	1st contact
Professor Lester Levy	Commissioner	S9(2)(a)	X
Dr Dale Bramley	Interim Chief Executive Officer		
Martin Keogh	Deputy Chief Executive, Te Waipounamu		

Purpose

1. This aide memoire outlines how Health New Zealand (HNZ) will accelerate performance against the elective treatment Health Target through increased outsourcing to the private sector.

Background

2. You requested that HNZ explore ways to accelerate performance against the elective treatment Health Target: that 95% of patients wait less than four months for elective treatment.
3. The FY 2024/25 performance milestone for this Health Target (to be achieved in June 2025) is 63%, increasing to 67% in FY 2025/26 (to be achieved in June 2026). As at the end of Quarter 2 2024/25, our performance is at 60%.

Plans to deliver additional elective treatment

Regions are negotiating additional outsourced and insourced treatment for 2024/25 and 2025/26

4. Regions are planning to improve their performance against the elective treatment Health Target to **67% by 30 June 2025**, and then up to **70% by 30 June 2026**.
5. To achieve this level of improvement, each region has a plan to increase its delivery of elective treatment by both:
 - a) **Outsourcing** elective treatment to the private sector, and
 - b) **Insourcing** agreements to make better use of Totara Haumaru (Auckland) and Burwood Hospital (Christchurch) by expanding the elective treatments they are funded to provide.
6. Regions are planning to deliver 22% more treatments between now and 30 June 2025 compared to our planned activity for this period, and an additional 19% over FY 2025/26 (compared to the 2024 calendar year).

7. S9(2)(b)(ii)

8.

9. To achieve greater volumes with the private sector longer term agreements are required (i.e., 2 – 3 years). Therefore, the plans are for increased volumes in two tranches overall

through to 30 June 2026. S9(2)(b)(ii)

10. The additional volumes to be delivered – both via insourcing and outsourcing – are subject to negotiations currently under way with the private sector and the senior clinical workforce (including surgeons and anaesthetists). Regional Deputy Chief Executives (DCEs) are monitoring two key factors in these negotiations:
 - a) Increased availability of the senior clinical workforce is necessary to provide the additional work, whilst ensuring Health NZ remains able to safely manage the clinical workload of our public hospitals.
 - b) The risk that capacity in the private sector may be insufficient to meet these volumes due to physical constraint and the available clinical workforce in New Zealand who work both in public and private.
11. **Appendix 1** provides the additional volumes that are expected to be delivered by surgical specialty from 1 March 2025 to 30 June 2025, and then further additional volumes for the following year 1 July 2025 to 30 June 2026.

Work is also under way to improve how we work with the private sector in the longer term

12. Longer term arrangements, as noted in the aide memoire to you last week (HNZ00077475 refers), are being created through panel agreements with private providers. This is more cost-efficient than previous arrangements (which varied significantly between providers, surgeons and districts) and allows for agreements to be on equitable terms across providers. Panel Agreements include:
 - a) Clinical pathways and service specifications, developed with clinical experts and approved by the Clinical Networks Group for surgical services.
 - b) An initial term of two years, with one right of renewal of 12 months, which aligns the timeframes with the existing Northern region panel agreements.
 - c) Standard terms and conditions, including strengthened monitoring and reporting.
13. Increased insourcing of elective treatments will be achieved by incentivising our existing clinical workforce to expand internal capacity through evening and weekend operating theatre sessions, and the extended development of dedicated elective surgical centres. This includes the expanded use of Totara Haumaru and Burwood Hospital as Elective Surgical Centres.
14. Elective Surgical Centres improve productivity and protect the delivery of planned care from acute demand. They are most effective where there are large volumes, so are suitable for our main metropolitan areas. Plans are being developed for Hamilton and Wellington.
15. Clinical priority informs all decision making related to the treatment of patients through internal, insourcing and outsourcing mechanisms. The Health Target and patient prioritisation process mechanisms ensure that the target can only be improved through patients being treated in order of priority.

Next steps

16. Regional DCEs are negotiating the additional volumes with local private providers for immediate volumes and seeking two- or three-year agreements for future volumes to provide longer-term certainty.
17. Regional DCEs are working closely with our clinical leaders to determine which patients can be appropriately outsourced and ensure senior clinicians are expanding overall capacity, ensuring the continued delivery of public hospital treatments.
18. We are working with the Ministry of Health to determine how our commitment to deliver these additional elective treatment volumes should be factored into its setting of volume-based targets for FSA and elective treatment (*H2025060008* refers).

S9(2)(b)(ii), S9(2)(f)(iv)