

Meeting Briefing

Health New Zealand
Te Whatu Ora

Meeting with Southern Cross Healthcare

Due to MO:	13 March 2025	Reference	HNZ00080541
To:	Hon Simeon Brown, Minister of Health		
From:	Rachel Haggerty, Director, Funding – Hospitals		
Copy to:	N/A		
Security level:	In Confidence	Priority	Routine
Consulted	N/A		

Contact for further discussion

Name	Position	Phone	1st contact
Rachel Haggerty	Director, Funding – Hospitals	9(2)(a)	x
Peter Guthrie	Group Manager, Funding – Hospitals	9(2)(a)	

Attachments

Appendix 1: Biographies of attendees

Appendix 2: Talking points

About the meeting

Purpose	You are meeting with Southern Cross Healthcare to discuss its role in supporting Health New Zealand to deliver elective treatment to patients.
Date	Tuesday 18 March 2025
Time	10.00-10.30am
Venue	Auckland Policy Office, 167b Victoria Street West, Auckland
Attendees	Chris White, Chief Executive, Southern Cross Healthcare Mark Stewart, Group Chief Operations Officer, Southern Cross Healthcare Lauren Mentjox, Head of Strategic Communications, Southern Cross Healthcare Note, biographies are attached as Appendix 1.
Health New Zealand Te Whatu Ora officials	Rachel Haggerty, Director, Funding – Hospitals (via Teams) Peter Guthrie, Group Manager, Funding – Hospitals (via Teams)
Media	No media are expected to attend this meeting.
Talking points	Provided in Appendix 2.

Background and context

1. This briefing supports your meeting with Southern Cross Healthcare.
2. Southern Cross Healthcare is the largest private healthcare network in New Zealand. It provides services to insurance-funded, ACC, Health New Zealand, and self-paying patients.
3. In the 2023/24 financial year, Southern Cross Healthcare provided elective surgery to over 100,000 patients across its 10 wholly owned and seven joint venture hospitals. In addition, it has subsidiaries and joint venture partnerships in rehabilitation, physiotherapy, mental health, and workplace health services.
4. Southern Cross Healthcare employs over 2,000 nurses and Anaesthetic Technicians across its hospitals. It is the largest employer of Registered Nurses in the New Zealand's private hospital sector. Over 1,000 Specialists, Surgeons, and Anaesthetists are credentialed to work in Southern Cross Hospitals.
5. In the 2023/24 Financial Year, Health New Zealand providers. 9(2)(b)(ii) to private hospital .Redact

¹This figure is a subset of total outsourcing. Expenditure is also specific to Hospital and Specialist Services (i.e. it excludes Commissioning payments).

Matters for discussion

Health New Zealand's relationship with Southern Cross Healthcare

6. Health New Zealand enjoys a strong and engaging relationship with Southern Cross at a national level. We are quickly developing relationships at regional and district levels.
7. Our relationship is driven by longer-term strategic horizons, whilst maintaining a focus on the delivery of shorter-term operational efficiencies, removing complexity, and focusing on effective demand forecasting and capacity optimisation.
8. Southern Cross Healthcare leads the provider market with the regular provision of detailed performance reporting across all of its facilities and Health New Zealand Districts.

New Panel Agreements

9. In December 2024, Southern Cross Healthcare was the first private provider to execute a new Panel Agreement with Health New Zealand for the provision of surgical services across the Te Manawa Taki, Central, and Te Waipounamu regions. An existing Panel Agreement for surgical services was already in place for the Northern Region.
10. This new Panel Agreement has an initial term of 24 months, with a right of renewal for a further 12 months. It includes nationally aligned and consistent contractual terms and conditions, clinical pathways, service specifications and national pricing.
11. Negotiations are being concluded with Southern Cross Healthcare as part of an RFP process to establish a new national Panel Agreement for the provision of Endoscopy services. There are similar plans for Ophthalmology services in the near future.
12. Future agreements will be consistent with your expectation that Health New Zealand end the use of expensive ad hoc, shorter-term contracts for elective surgeries, negotiate longer-term, multi-year agreements to deliver better value for money and better outcomes for patients; and agree on joint public-private plans to recruit, share, and train staff.

Issues that Southern Cross Healthcare may raise with you

13. Southern Cross Healthcare may seek to raise the following issues with you:
 - a) The current pace and volume of outsourced referrals being sent to Southern Cross, particularly in Te Toka Tumai (Auckland).
 - b) The need to allow training of doctors in private facilities.

Pace and volume of outsourced referrals

14. As you know, we have established a programme of work focussed on outsourcing additional procedures to the private sector, with a view to improving our performance against the elective treatment Health Target.
15. As part of this programme, regions are required to provide daily reporting on the number and type of procedures that they have sent to private providers. Similarly, private providers are required to report on the number of referrals that they have accepted, and procedures that they have completed.
16. The purpose of this reporting is to ensure that we are outsourcing sufficient patient volumes, and the right patients (ie in order of clinical priority, and time spent waiting for treatment), to the private sector. Any concerns are escalated to regional Deputy Chief

Executives. You receive this reporting on a weekly basis.

17. In addition to this reporting, we are implementing a simplified process to refer patients to the private sector against agreed statements of work. In combination, these actions should see the procedures we're outsourcing to the private sector increase.
18. In Te Toka Tumai (Auckland), the volume of procedures that we outsource to the private sector has reduced as a function of more procedures being insourced at Totara Haumaru. You receive weekly reporting on our efforts to ramp up production at that site.

Training of doctors in private facilities

19. Increasing the volume of procedures that we outsource to private providers reduces opportunities for surgical training within our public hospitals. That's because outsourced procedures are usually of lower complexity, which often makes them suitable for training.
20. Orthopaedic surgical training has been particularly impacted by our increased outsourcing over the past few years, especially because a large volume of orthopaedic surgery already takes place in private hospitals via ACC funding.
21. To address this issue, we signed a Memorandum of Understanding (MOU) with the New Zealand Private Surgical Hospitals Association and the New Zealand Orthopaedic Association in December 2023. This MOU facilitates the training of Orthopaedic surgical trainees in private hospitals.
22. We know that other specialities – including Otorhinolaryngology, Plastic Surgery, and Obstetrics and Gynaecology (OBGYN) – are interested in exploring options to expand training opportunities in private hospitals. Much of this interest stems from concern that training is becoming unbalanced (eg while OBGYN trainees get significant exposure to Obstetrics in public hospitals, a considerable volume of Gynaecology is outsourced).
23. The New Zealand Health Workforce Plan (December 2024-27) includes a specific action to 'reach agreement with our major private providers of public health services (eg private hospitals delivering public surgical lists) to allow training in private settings, with consistent terms' (action 4.5).² In doing so, we need to ensure that our doctors' training requirements will be met, and that a sustainable funding model is established to facilitate such training.

²<https://www.tewhatauora.govt.nz/publications/health-workforce-plan-2024>

Appendix 1: Biographies of attendees

Chris White, Chief Executive, Southern Cross Healthcare

Chris was appointed Chief Executive Officer of the Southern Cross Health Trust in 2021. He is also CEO of the Trust's largest subsidiary – Southern Cross Healthcare.

Chris joined Southern Cross Healthcare as Chief Operations Officer in 2020 after three years in a CEO role on the insurance side of Southern Cross.

A highly experienced executive and CEO, Chris is skilled in business leadership, strategy and governance, and has held executive roles in manufacturing and financial services. He sits on the boards of a number of Southern Cross Healthcare's joint ventures and has previously held external governance roles.

Mark Stewart, Group Chief Operations Officer, Southern Cross Healthcare

Mark is an accomplished executive leader with a wealth of experience in driving innovative market-led strategies within complex environments. His leadership has been instrumental in guiding large national teams towards operational and strategic excellence.

Before joining Southern Cross Healthcare, Mark made significant contributions at PwC, where he managed the firm's engagement with New Zealand's national telehealth service, Whakarongorau Aotearoa. His efforts were pivotal in supporting the country's Covid response.

Mark's career also includes a decade at NZ Post, culminating in his role as Chief Operating Officer. There, he oversaw the strategic direction and operational performance of a team of over 5,000 individuals across New Zealand.

As Group COO at Southern Cross Healthcare, Mark leads the nationwide network of wholly owned hospitals and is the executive responsible for comprehensive supervision of our Joint Venture partnerships, ensuring Southern Cross Healthcare effectively supports its joint ventures - empowering their Boards, CEOs, and GMs to maximise success.

Lauren Mentjox, Head of Strategic Communications, Southern Cross Healthcare

Lauren joined Southern Cross Healthcare as its Head of Strategic Communications in June 2024.

Prior to that, Lauren worked as Corporate Affairs Director for DB Breweries. She was responsible for steering the Corporate Affairs agenda across government relations and communications, as well as driving DB's sustainability targets, including being carbon neutral in production by 2030 and net zero across the entire value chain by 2040.

Lauren joined DB from Lime, where she was the Director of Government Relations & Public Affairs for NZ & Australia. Before joining Lime, Lauren was the Group Manager External Communications at Frucor Suntory, and she has previously held a number of positions in the media industry.

Appendix 2: Talking points

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