

9 September 2021

Jon Molyneux

By email: [fyi-request-16461-24d85b4e@requests.fyi.org.nz](mailto:fyi-request-16461-24d85b4e@requests.fyi.org.nz)  
Ref: H202110874

Tēnā koe Jon

### **Response to your request for official information**

Thank you for your request under the Official Information Act 1982 (the Act) to the Ministry of Health (the Ministry) on 20 August 2021. I will respond to each part of your request in turn.

*What measures do you have in place to ensure that Ministry of Health funding is being used for the intended disability support services and private firms/providers are not taking excessive funds out of those contracts?*

The Ministry has framework terms and conditions for purchasing agencies and service providers. These terms and conditions apply to funding provided by the Ministry's Disability Directorate to disability support service providers. This document is included as Appendix 1 to this letter.

The framework applies to all contracted services. The support service provider agrees to deliver services as prescribed under a contract/outcome agreement. All contracts and outcome agreements have specified services and outcomes to be delivered and all service delivery is defined by the relevant national standard service specification.

The Ministry has two categories of contracts with providers:

1. Where there is a funding cap within the contract, so the Ministry pays a set amount, or up to a set amount which is specified in the agreement, and the provider prioritises and delivers services to the contract cap.
2. Where the contract identifies a contract rate per unit of service delivered and the Ministry will pay the set amount per unit delivered (fee for service agreements).

Under the second category above, the number of units delivered to a person is determined by the level of support allocated. This allocation is through a Needs Assessment Services Coordination (NASC) process. NASC services are independent from other disability service providers. Provider payments are limited to the number of allocated hours/units of support for each individual the provider supports.

*Do you have limits (% or other) on profits that can be made under contracts/outcome agreements with private disability support service providers? If not, why not?*

The Ministry does not set limits on profits that can be made under contracts or outcome agreements with private disability support service providers. Contracts are based on the provider delivering contracted outcomes relating to eligible peoples' allocated supports. The profit or surplus that a provider may make from delivering the service is not contractually

determined. In addition, many contracts with providers are based on agreed fixed national or regional pricing for services.

*Do you have limits (% or other) under contracts/outcome agreements with private disability support service providers that can be allocated as overhead costs? If not, why not?*

The Ministry does not set overhead costs limits under contracts or outcome agreements with private disability support service providers. The Ministry sets a price within which overhead costs for an organisation are expected to be covered. Ministry prices do not have an explicit overhead component and providers will structure their organisation accordingly to align with the price set by the Ministry. These costs will be commercially sensitive and will vary by contract and service lines within a contract. Likewise, overhead cost contributions will vary by provider, dependent on several factors underlying where they operate, how they operate, their ownership structure and what disability sector support services they deliver.

*Do you have any measures or limits around funding allocations (% or other) under contracts/outcome agreements with private disability support service providers? If not, why not?*

The Disability Directorate must operate within an annual budget appropriation. Within this appropriation the Directorate allocates expenditure on a 'needs' basis. Much of the annual expenditure is through variable service level (fee for service) contracts driven by demand.

Other than those contracts that are fixed cost or volume-based contracts, there are no measures or limits around funding allocations for services delivered under contracts or outcome agreements. Disability services are assessed based on need, delivered and funded accordingly.

*Has the Ministry received or prepared advice in the past 2 years regarding the inclusion of any of the above limits or measures (or similar) in disability support service contracts/outcome agreements? Please provide a copy of any advice.*

The Disability Directorate has not received nor prepared any advice in the past two years regarding the consideration of including any of the limits or measures (or similar) included in the questions above in disability support service contracts/outcome agreements.

I trust this information fulfils your request. Under section 28(3) of the Act you have the right to ask the Ombudsman to review any decisions made under this request. The Ombudsman may be contacted by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz) or by calling 0800 802 602.

Please note that this response, with your personal details removed, may be published on the Ministry website at: [www.health.govt.nz/about-ministry/information-releases/responses-official-information-act-requests](http://www.health.govt.nz/about-ministry/information-releases/responses-official-information-act-requests).

Nāku noa, nā



Adri Isbister  
**Deputy Director-General  
Disability**