

22 March 2019

**Marie Daly**

**NZ Rural Hospital Network Executive Committee**

E-mail: [fyi-request-9689-9e931a8b@requests.fyi.org.nz](mailto:fyi-request-9689-9e931a8b@requests.fyi.org.nz)

Dear Ms Daly,

**Official Information Act (1982) Request**

I write in response to your Official Information Act request, dated 27 February 2019. You have requested the following information.

**1. For each of the past three years (ending June 2016, June 2017 and June 2018), what was the DHBs Rural Adjuster funding component of the Population-based Funding Formula (PBFF) funding pool?**

**2. Does the DHB fund and provide rural hospital services?**

*If yes, continue to answer questions 2.1, 2.2 and 2.3. If no, go to question 3*

*2.1 Provide the following information about the rural hospitals in your DHB. If there are none, please report this.*

- *Name or location of hospital*
- *List of services the hospital provides*
- *The business structure of the hospital (e.g. DHB owned and operated / NGO or Iwi owned and operated)*
- *Annual Budget*

*2.2 How is the annual budget for each of the rural hospitals listed in the table in 2.1 set?*

*2.3 How does the DHB apply the annual rural adjuster funding to the benefit of each of the rural hospitals listed in the table in question 2.1?*

**3. Does the DHB fund and provide rural community services?**

*If yes, continue to answer questions 3.1, 3.2 and 3.3. If no, go to question 3*

*3.1 Provide the following information about the rural community services in your DHB. If there are none, please report this.*

- *Location of services*
- *List of Community services in each location*
- *The business structure of the service provider (e.g. DHB owned and operated / NGO or Iwi owned and operated)*
- *Annual Budget.*

*3.2 How is the annual budget for the community services listed in the table in 3.1 set?*

*3.3 How does the DHB apply the annual rural adjuster funding to the benefit of each of the rural community listed in the table in question 3.1?*

**4. For each of the past three years, under each of the components of the Rural Adjuster, quantify the allocation of Rural Adjuster funding through the DHBs contracts, with its contracted providers or Service Level Alliance Teams.**

- *Small hospital facilities*
- *Community services*
- *Offshore Islands*
- *Travel and Accommodation*
- *Inter hospital transfers*
- *Governance*
- *Rural GP/PHO payments*

**5. Does the DHB include reporting requirements specific to the use of rural adjuster funding in its contracts with service providers whose contract includes rural adjuster funding.**

*If yes, provide a list of the reporting requirements included in the DHB contracts with these providers.*

Our responses for CMDHB are set out below each question:

**1. For each of the past three years ending June 2016, June 2017 and June 2018 what was the DHBs Rural Adjuster funding component of the PBFF funding pool?**

A Population-Based Funding Formula (PBFF) is used to distribute the bulk of the funding share of Vote Health to District Health Boards, based on DHB demographic profiles. The Ministry of Health (MoH) are responsible for the allocation methodology for the PBFF, and this level of allocation is not specified in their funding notifications to DHBs. PBFF does not determine the overall level of funding to a DHB, nor how DHBs spend it.

A "Population-based Funding Formula (PBFF) Review 2015 - Technical Report" outlined the rationale and weighting each component has within the PBFF formula.

- <https://www.health.govt.nz/publication/population-based-funding-formula-review-2015-technical-report>

At the 2015 review, the total funding allocation for rural adjuster to the entire DHB sector was \$169M. This was then allocated via a capitation allocation model, with each DHB was assessed under three criteria;

1. Weighted density of rural population,
2. Weighted travel times from a base hospital, and
3. Weighted travel to a tertiary hospital.

As a result of that methodology, in 2013/14 terms, the CMDHB allocation of the rural adjuster was 0.3% (or \$0.5M). This level of information was not provided to DHBs in subsequent years by the Ministry of Health, therefore we do not hold this information.

The Ministry of Health - DHB funding team are best placed to provide further details on the PBFF methodology.

## 2. Does the DHB fund and provide rural hospital services?

No. Counties Manukau DHB does not fund or provide rural hospital services. Services provided in Pukekohe Hospital are not considered to be truly rural, due to the close proximity to major urban areas (less than an hour).

## 3. Does the DHB fund and provide rural community services?

Yes, community services are funded, and provided by the DHB in the rural areas of the Franklin (i.e. Port Waikato, Waiuku, Tuakau and Mangatangi), and Eastern (i.e. Clevedon, Kawakawa Bay and Orere Point) localities in our district. Services provided in the Pukekohe centre are not considered rural, as noted above.

3.1. Provide the following information about the rural community services in your DHB.

*If there are none, please report this.*

- *Location of services*
- *List of community services in each location*
- *The business structure of the service provider (e.g. DHB owned and operated / NGO or Iwi owned and operated)*
- *Annual Budget.*

### **DHB CM Health Provided Services:**

A range of DHB services are provided in homes in the rural areas of the Eastern, and in the Franklin localities. These include:

- Community health and nursing services;
- Allied health services;
- Rehabilitation services;
- Palliative care;
- Mental Health services;
- Needs Assessment and Service Coordination (NASC) services for those over 65 years or assessed as eligible;
- Maternity, Well Child and Outreach immunisation services, and
- Healthy Homes and SmokeFree services.

These are services are part of integrated DHB specialist services delivered to our entire community, irrespective of their residential locations. The annual budgets for services provided by the DHB are not determined or targeted by rurality, and none of these services are provided exclusively for rural communities, therefore we do not hold specific budget information on services in rural locations.

### **DHB Funded / Contracted Services:**

There are a range of providers that have contracts to deliver services, which include for some of our rural communities, as part of wider service contracts with the DHB. These are providers are described below.

For Counties Manukau DHB, there are three General Practices that are identified as rural. Information regarding the additional funding of rural general practices can be found in the national PHO Services Agreement.

- <https://tas.health.nz/dhb-programmes-and-contracts/primary-care-integration-programme/primary-health-organisation-service-agreement-amendment-protocol/#Agreements>

Service	Location of Rural Services	Business Structure
<b>The Kawakawa Bay - Orere Health Clinic – Practice Nursing Services:</b>	Eastern locality - Kawakawa Bay/ Orere Point	NGO
<b>General Practice - Tuakau Health Centre:</b>	Franklin locality - Tuakau	Privately owned rural general practice
<b>General Practice - Waiuku Health Centre:</b>	Franklin locality - Waiuku	Privately owned rural general practice
<b>General Practice - Pokeno Family Health:</b>	Franklin locality - Pokeno	Privately owned rural general practice
<b>Integrated Whaanau Ora Services - Whaanau Oranga:</b> <ul style="list-style-type: none"> <li>• Huakina Development Trust</li> <li>• Health Through the Marae – Te Whakaorangatanga o Nga Tangata</li> <li>• Port Waikato Community Health and Support Services Trust</li> </ul>	A range of rural locations in the Franklin locality, including at local Marae.	Iwi Provider / Charitable Trusts
<b>Rural Outreach Nursing Services Contract:</b> <ul style="list-style-type: none"> <li>• Huakina Development Trust</li> </ul>	Three rural Marae in the Franklin locality: <ul style="list-style-type: none"> <li>• Mangatangi Marae</li> <li>• Ng Hau E Wha Marae</li> <li>• Ooraeroa Marae</li> </ul>	Charitable Trust

These contracts are all for community services that are wider than solely in rural area, and we therefore do not hold annual budget information of the components for rural communities.

There are also a number of contracted NGO providers working in the Counties Manukau community, who may deliver services at home if required, which could include rural homes. These providers are funded on a 'whole of district' basis.

These include:

- Hospice services;
- Mental health services;
- Māori and Pacific health services;
- Aged or Need-related Community Support providers (via NASC assessment for personal cares, household management, carer support and respite support), and
- B4 School Checks.

We are willing to provide further information of these services, if required; noting that they work across the entire Counties Manukau district. There is publicly available information on our website: <https://countiesmanukau.health.nz/our-services/>

*3.2. How is the annual budget for the community services listed in the table in 3.1 set?*

The annual budget for these community services is based on historical need, with inflation and population-based increases applied annually. The annual budget setting process for services across the DHB is based on a complex interaction of forecasting activity for each service, matching demand to capacity so that services have the resources to meet demands, and assessment of growth in demand, costs, the opportunities from alternate models of care, and the impact of other developments and requirements across the health system. As new initiatives are developed and implemented, the budgets are adjusted accordingly.

*3.3. How does the DHB apply the annual rural adjuster funding to the benefit of each of the rural community listed in the table in question 3.1?*

The rural adjuster is an input into the DHB's PBFF allocation, rather than a funding line. There is no 'dedicated' funding, exclusively for rural services in this PBFF model. The DHB's role is to allocate all resources to provide the best possible health outcomes for the entire Counties Manukau population. The provision of community services closer to/ in the homes where our rural community resides is one of the ways we achieve this objective. As noted above, within the national PHO Services Agreement, there is additional funding for rural general practices, which recognises the issues they address.

**4. For each of the past three years, under each of the components of the Rural Adjuster, quantify the allocation of Rural Adjuster funding through the DHBs contracts with its contracted providers, or Service Level Alliance Teams.**

- *Small hospital facilities*
- *Community services*
- *Offshore Islands*
- *Travel and Accommodation*
- *Inter hospital transfers*
- *Governance*
- *Rural GP/PHO payments*

Counties Manukau DHB does not specifically allocate rural adjuster funding under the above components (see 3.3 above). Additional rural funding is provided to rural general practices, as per the nationally agreed PHO Services Agreement, noted above.

**5. Does the DHB include reporting requirements specific to the use of rural adjuster funding in its contracts with service providers whose contract includes rural adjuster funding.**

No, CMDHB does not include specific reporting requirements for the use of Rural Adjuster funding in contracts with service providers.

I trust this information satisfactorily answers your query. If you are not satisfied with this response you are entitled to seek a review of the response by the Ombudsman under section 28(3) of the Official Information Act.

Please note that this response or an edited version of this may be published on the Counties Manukau DHB website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'F. Apa', with a stylized flourish above the name.

Fepulea'i Margie Apa  
**Chief Executive**