



Southern District Health Board
Dunedin Hospital
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Chief Executive Officer
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21 March 2019

Ms Marie Daly
NZ Rural Hospital Network Executive Committee
Email: fyi-request-9753-b5a4dc78@requests.fyi.org.nz

Dear Ms Daly

Official Information Act Request

I refer to your Official Information Act request received 5 March 2019 in which you specifically requested the following:

Q1. *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?*

As advised by email on 7 March 2019, the information for this question is held by the Ministry of Health and has been transferred to them.

Q2. *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*

Yes

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 eg DHB owned and operated / NGO or Iwi owned and operated*
- *Annual Budget*

Please see the table below:

Southern DHB						
2018_19 Funded Categories by Rural Provider						
Funding Category	Dunstan	Clutha	Gore Health	Maniototo	Waitaki	Lakes
Inpatient	YES	YES	YES	YES	YES	YES
Outpatients	YES	YES	YES	YES	YES	YES
Community Health	YES	YES	YES	YES	YES	YES
Radiology	YES	YES	YES	YES	YES	YES
Allied Health	YES	YES	YES	YES	YES	YES
Emergency	YES	YES	YES	NO	YES	YES
Maternity	NO	YES	YES	NO	YES	YES
Total - Annual Value	\$11,225,323	\$6,085,607	\$5,743,050	\$1,295,757	\$10,573,808	\$7,200,000
Entity Type	NGO	NGO	NGO	NGO	NGO	DHB OWNED

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

With the exception of Lakes Hospital in Queenstown, all of the rural hospitals described above are under contract to the Southern DHB. The value of these contracts is subject to a negotiation process based on standard health sector purchase units and service specifications. The rural hospitals in the table above are, for the main part, subject to multi year agreements with the Southern DHB. The overall value of the agreement is reviewed annually and we usually provide a cost pressure adjustment to the rural hospitals.

The budget for Lakes Hospital is set as part of the DHB's own budgeting process that it uses for its own facilities.

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?

The rural adjuster is part of the DHB's overall population based funding envelope and it is applied as part of the general pool of funding available. Southern DHB spends approximately \$44m funding services in the organisations described specifically in this response. In addition to this investment rural adjuster funding is nominally used for payments to rural General Practice, the cost of inter hospital transfers and the cost of travel and accommodation for patients travelling from rural areas to base hospitals.

Q3. **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

Yes

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 eg DHB owned and operated / NGO or Iwi owned and operated

- *Annual Budget*

Please see the table below:

Southern DHB					
2018_19 Funded Categories by Rural Provider					
Funding Category	Milton	Roxburgh	Tuapeka	Waiau Health	West Otago Health
Inpatient	NO	NO	YES	NO	NO
Outpatients	NO	NO	NO	NO	NO
Community Health	YES	YES	YES	YES	YES
Radiology	NO	NO	NO	NO	NO
Allied Health	YES	YES	YES	NO	NO
Emergency	NO	NO	NO	NO	NO
Maternity	NO	NO	NO	YES	NO
Total - Annual Value	\$499,658	\$231,171	\$391,694	\$344,896	\$161,550
Entity Type	NGO	NGO	NGO	NGO	NGO

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

As per the response for 2.2 above. All of these organisations are under contract to the Southern DHB.

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?

Response as per 2.3.

Q4. 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*

We do not receive our rural adjuster funding from the Ministry of Health (MoH) broken down into these sub categories, it is added to our population based funding envelope but not specifically identified as a discrete amount. Consequently, we do not try to retrospectively fit these arbitrary categories to our funding arrangements with local rural hospitals and rural trusts. This issue of transparency (or lack thereof) was highlighted in the MoH commissioned report by Sapere entitled “a Review of the Rural and Tertiary Adjusters” March 2015.

Q5.

- i. 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.

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

You have the right to seek an investigation and review of our decision by the Ombudsman. The Ombudsman's Office can be contacted on 0800 802 602 or on-line at <http://www.ombudsman.parliament.nz/>.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Fleming', with a stylized flourish underneath.

Chris Fleming
Chief Executive Officer

Ref: 1717