



Proactive Release

The following documents have been proactively released by the Department of the Prime Minister and Cabinet (DPMC), on behalf of Hon Andrew Little, Minister of Health:

Health and Disability System Reform Briefings October 2021 to January 2022

The following documents have been included in this release:

Title of paper: Health Reforms: Realising the Digital Shift for the Health System

Title of paper: Development of the Interim Government Policy Statement for the Reformed Health and Disability System

Title of paper: Further advice on the Interim Government Policy Statement - Priorities for Inclusion

Title of paper: Health Reform: Choices to Expand the Public Offer

Title of paper: Health Reforms: Public Health Transformation

Title of paper: Health Reforms: Addressing Workforce Supply and Demand

Title of paper: Localities: Setting a Narrative, and Updating on Rollout and Prototypes

Title of paper: Further Advice on the Interim Government Policy Statement – High Level Approach to Priorities

Title of paper: Monitoring Arrangements for the New Health System

Title of paper: Restructure of Vote Health Appropriations to Support Health Reforms

Title of paper: Health Reform – Progress Update and Assurance Framework

Title of paper: Update on the Pae Ora Bill: Select Committee Progress and Further Policy Decisions

Title of paper: Pae Ora Bill: Key Policy Decisions for Recommendation in the Departmental Report

Title of paper: Allocation of Commissioning Budgets Across Future Health Entities

Title of paper: Health Reform: Transfer of Functions from Ministry of Health to New Entities

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Briefing

HEALTH REFORMS: REALISING THE DIGITAL SHIFT FOR THE HEALTH SYSTEM

To: Hon Andrew Little, Minister of Health; Hon Peeni Henare, Associate Minister of Health

Date	01/10/2021	Priority	Medium
Deadline	08/10/2021	Briefing Number	DPMC-2021/22-297

Purpose


This briefing provides you with advice on the breadth of reform required to realise the digital shift intended through the health reforms. It outlines key aspects of the system operating model which will facilitate a shift in digital and data practice, and seeks your feedback on opportunities for further investments and interventions which are necessary to fully achieve the digital shift for the health system.

Recommendations

- a. **Note** that while the new system operating model provides some foundations to realise the digital shift, further interventions to current system settings will be needed to fully realise the transformative potential of digital and data
- b. **Note** that you will receive further cross-agency advice on future capital settings for health that will enable modern funding approaches that are more suitable to digital and data investments
- c. **Note** that the Transition Unit will work with the interim boards of Health NZ and the Māori Health Authority to embed innovation in how the new system and entities will operate and ensure a system focus on innovation
- d. **Note** that you will receive further advice on how the future research and development funding model can be best aligned and utilised to support innovation, drive system improvements and better population health
- e. **Note** that the Transition Unit will work with the interim boards to ensure early focus on digital and data leadership and workforce capability to drive the digital transformation and support the transition
- f. **Note** that the Transition Unit will embed principles of digital equity, access and inclusion for people, whānau and communities in considering digital and data investments and developing the interim NZ Health Plan
- g. **Note** that work is underway in other areas to support the digital shift including

in locality prototypes, Iwi-Māori Partnership Board developments, embedding voices of people, whānau and communities, and the early design of Health NZ and the Māori Health Authority operating models

- h. **Indicate** if you have any feedback on the considerations to establish the enabling settings for the digital shift and accelerating digital health.



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Stephen McKernan
Director, Health Transition Unit

01/10/2021

Hon Andrew Little
Minister of Health

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Contact for telephone discussion if required:

Name	Position	Telephone	1st contact
Stephen McKernan	Director, Transition Unit	s9(2)(a)	
Emily Mailes	Lead Advisor, Digital & Data, Transition Unit	s9(2)(a)	✓

HEALTH REFORMS: REALISING THE DIGITAL SHIFT FOR THE HEALTH SYSTEM

Context

1. In the future health system, digital services will provide more people the care they need in their homes and communities. This digital shift was one of the five key system shifts agreed by Cabinet in March [CAB-21-MIN-0092 refers]. Realising this shift is critical to achieving the vision of a health system that is people-centred, equitable, accessible and cohesive.
2. This requires a significant change from the current system which faces increasing pressures with an ageing population, more complex health needs, and a workforce which needs more support to provide the best possible care. People also have increasing expectations to be able to manage their own health and wellbeing, including through technology, which our current system poorly supports. Enabling this change to realise the digital shift will require investments and bold changes to current system settings
3. This advice builds on our previous briefings that provided an overview of the proposed future digital and data investment governance models [DPMC-2020/21-1056 refers] and the scale of opportunity with digital health and how it will transform the experience for people, whānau and the system to deliver care and manage wellbeing [DPMC-2020/21/21-884 refers], as well as your discussion with officials on 13 July 2021 which emphasised the need to be bold in progressing digital health investments in the short term alongside the system changes needed to set the foundations for future system success.

Foundations for the digital shift

4. There are several features of the new system operating model that provide good foundations to realise the digital shift:
 - a. The Ministry of Health will be a strengthened system steward, and Health NZ will be the lead operational entity in partnership with the Māori Health Authority. This clear delineation of system roles allow a streamlined approach for the system to work cohesively and collaboratively towards digital investments and solutions, breaking down boundaries across silos and districts.
 - b. This system can take better advantage of economies of scale where appropriate and prioritise digital investments that deliver the most value for people and whānau. Resources can be allocated where there is greatest need to uplift and reduce variation in digital maturity, and focus on expanding access and achieving equity.
 - c. The NZ Health Plan will provide a mandate for the entire health system with clear national direction, actions and guidelines in planning and delivery at all system levels. The Plan will incorporate digital where appropriate, especially in service design, to enable a system-wide priority focus on digital and data. Supported by multi-year funding paths, the NZ Health Plan will provide more certainty to the sector to take a cohesive approach to planning and effectively deliver critical and strategic digital programmes.

- d. National commissioning frameworks will have strict guidelines for adhering to national expectations regarding digital and data, with digital health, data and innovation being central to commissioning services. Strategic funding models will drive the key system shifts by incentivising the uptake of digital services and investment into digital capability and innovation. There will be consistency in operational policy and requirements to ensure consistent standards across the system in digital and data infrastructure, capability, and data management. This will improve interoperability, data sharing, and enable more data-driven planning and decision making and greater use of advanced analytics to support a more preventative and predictive approach.

- 5. s9(2)(g)(i) [Redacted]

 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]

- 6. You may wish to consider further interventions targeting these barriers to ensure that our future system is set up successfully and sustainably for the digital shift. This briefing highlights some of those interventions, and tests your initial views on whether you would like to pursue any or all of these areas for further reform. Our view is that without making changes to establish these enabling settings, it will be challenging to sustain commitment to better digital practice over time, which is needed to fully achieve the digital shift as intended with the reforms.

Enabling system settings required to realise the digital shift

Funding settings

- 7. s9(2)(g)(i) [Redacted]

s9(2)(g)(i) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

12. Beyond the proposals outlined above, there will still be broader government processes that entrench the required modern approaches to digital and data investment. This includes the Better Business Case processes and procurement requirements for digital and IT initiatives. We intend to explore these processes with the Treasury and MBIE to seek alternative options in the longer term that are fit for purpose digital and data investments.

Embedding innovation and fostering research

13. The health system currently lacks a systematic approach to innovation. While innovations readily emerge in local settings, there are gaps in leadership, responsibilities and mechanisms to identify and disseminate innovative practices across the system. There is no underlying innovation infrastructure, and a lack of real coordination, cohesion and collaboration across the different innovation groups in the system.

14. The system needs to establish dedicated structures, leadership and settings that promote a culture of innovation and continuous improvement to significantly shift from the status quo. This will provide clear ownership and accountability for innovation which will be

important in driving a systematic approach to innovation for digital and data and beyond. An innovation culture and system will take time to build, so work needs to begin now as Health NZ and the Māori Health Authority are established to embed this early in their establishment. We intend to make this clear in our briefing to the interim boards.

15. Research and development is critical to identifying innovations and new and better ways to support the wellbeing and care for our people and whānau. The current model involving the Health Research Council is not best set up to maximise the potential of research and development where there is often misalignment between the funding and incentives and the research that focuses on the system's priority outcomes and needs. The future system and entities will need a different approach to health research and development with Health NZ and the Māori Authority potentially having stronger influence to direct research funding that is aligned with their knowledge and experiences of delivering care and engaging with communities. We will provide you with further advice on how future research and development funding can be best aligned and utilised to improve population health.

Digitally capable leadership and workforce

16. Digitally capable and literate leadership and workforce is critical to realising the improvements in efficiency, experience and outcomes that are possible with digital and data. There is currently variable digital capability and literacy across our health workforce, particularly for our clinicians with few coordinated, formal pathways to develop the necessary skills. Building the required capability will need continued investment and commitment to develop leaders and health professionals with necessary skills.
17. We need to ensure there is strong digital and data capability and leadership at all levels of the system to allow a priority focus on digital and data and to embed cohesion and collaboration across system levels. We anticipate this will require executive and senior digital and data leadership roles at national and regional levels for both Health NZ and the Māori Health Authority. The digital and data leadership of the Māori Health Authority will have a critical role in ensuring that the system as a whole acts to foster and drive digital transformation and innovation with a focus on hauora Māori. They will also lead on important topics such as Māori data sovereignty.
18. Some of the initial funding received through Budget 21 will go towards strengthening the digital capability of the workforce. However, building the desired capability for the system will take time and therefore require continued investments and commitment to workforce development. Health NZ and the Māori Health Authority must prioritise investments in digital literacy and skills for the workforce, clinical and non-clinical, and will incorporate digital capability to be a core to workforce development as part of the NZ Health Plan. This needs to include establishing formalised pathways or programmes to incentivise and make it easier for our health workforce to train in digital as part of their Continuing Professional Development requirements.
19. It is critical that Health NZ and the Māori Health Authority invest early in leadership and workforce development as there is a need to build a critical and additional capacity of digital capability and literacy to drive the digital shift and transformation with the reforms and support both the clinical and non-clinical workforce in the change.
20. The Transition Unit and the Ministry of Health will be working with the interim boards to ensure focus on digital and data leadership and workforce capability early in their establishment and for the transition.

Capability of people, whānau and communities

21. It is critical that people, whānau and communities have the right capabilities and tools to access and adapt to digital models of care and wellbeing. The digital shift will have marginal impact on improving health and wellbeing if people and whānau have limited options to access or engage through digital health. With varying digital capability and capacity of communities across the country, the design and delivery of digital health must recognise that communities will have different needs and aspirations when considering digital services. Therefore, community capability and digital inclusion considerations must be embedded in the digital shift and transformation process, otherwise existing health disparities and inequities will exacerbate.
22. Embedding these considerations require strong principles for people and whānau-centred design and delivery of digital health services. Investments and initiatives must follow these principles along with having a capable workforce undertaking service design that truly accounts for the aspirations and needs of people, whānau and communities beyond purely applying a digital lens to services.
23. These principles of digital equity, access and inclusion will be core to the NZ Health Plan, acknowledging the varying community capabilities when planning and funding digital investments. The Transition Unit will be embedding these principles in the development of the interim NZ Health Plan.

Next steps

24. You will receive further cross-agency advice on future health capital settings from the Treasury, Ministry of Health, Te Waihanga (New Zealand Infrastructure Commission) and the Transition Unit which will inform an upcoming Cabinet paper.
25. Subject to your feedback, we can provide you further detailed advice in each of the required enabling system settings outlined above.