DEPARTMENT OF THE
PRIME MINISTER AND CABINET
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

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 February – June 2022

The following documents have been included in this release:

Title of paper: Policy Decisions for Pae Ora Bill Departmental Report: Talking Points

Title of paper: Health Reforms: Quality Functions in the Future System

Title of paper: Progress on Health System Functions Transfer

Title of paper: Health Reforms: Policy Critical Path to Day 1

Title of paper: Health Reforms: Key Policy Decisions and Delegation

Title of paper: Implementing the Intervention Framework for the Reformed Health System

Title of paper: Health Research in the Future System

Title of paper: Progress Update on Public Health Transformation Programme

Title of paper: Pae Ora Legislation Committee Report

Title of paper: Supplementary Order Paper for Pae Ora (Healthy Futures) Bill

Title of paper: Update on the Transfer of Functions from Ministry of Health to New Entities

Title of paper: Appendices to the Interim Government Policy Statement

Title of paper: Health Reforms: Role of Localities in the Reformed System

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DEPARTMENT OF THE PRIME MINISTER AND CABINET
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

MINISTRY OF HEALTH
MANATŪ HAUORA

Briefing

APPENDICES TO THE INTERIM GOVERNMENT POLICY STATEMENT

To: Hon Andrew Little, Minister of Health; Hon Peeni Henare, Associate Minister of Health.			
Date	27/05/2022	**Priority**	Routine
Deadline	01/06/2022	**Briefing Number**	DPMC-2021/22-2238 HR20220936

Purpose

This paper seeks your agreement to the approach to including wider direction-setting material in the interim Government Policy Statement.

Summary

1. The interim Government Policy Statement (iGPS) will set Ministers' priorities, objectives and expectations for the health system in the first two years of the reforms from July 2022. This will be the critical direction-setting document for the system, which will be given effect through the interim New Zealand Health Plan and the operational plans of health entities.

2. The iGPS is a new feature of the reformed health system and Ministers and Cabinet have been clear of its aims to consolidate direction-setting mechanisms into a clear, single vehicle to strengthen accountability to Ministers and reinforce a "one system" ethos. The objective is that the GPS will reduce the need for additional direction-setting mechanisms and streamline in-year changes or additions.

3. There are a number of direction-setting documents in the current health system which are prepared by the Ministry of Health (the Ministry) and agreed by Ministers. These documents have fulfilled different purposes in the current system, and there is a question as to whether those purposes continue in the future, and if so, how to incorporate them into the new iGPS framework. In particular, this advice considers:

    a. The Service Coverage Schedule (SCS), which sets national minimum service coverage requirements for the health system that are to be give effect through service plans in all areas.

    b. The Operational Policy Framework (OPF), which sets out core business rules for health entities based on existing statutory requirements and policy expectations.

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4. There are two broad options for how you may wish to use the iGPS to incorporate direction-setting mechanisms:

    a. A broader, more encompassing approach that aims to include all relevant and supporting documents. This would take a maximal definition of 'direction-setting' and might include material that sets business or administrative requirements.

    b. A more targeted approach that aims to use the iGPS to set common core direction for the health system and includes critical material, but does not incorporate all related elements.

5. We recommend the second of these, on the basis that a targeted approach will allow the iGPS to focus on its main objective – setting Government's policy priorities and expectations – without the risk of dilution. Not all standing requirements on entities need be part of the iGPS.

6. Based on this recommendation, our assessment is that there is a case for incorporating one area into the iGPS: the framework for monitoring and reporting on system and entity performance, including against the specific metrics identified as being most relevant to the priorities in the iGPS. This information will support clarity on what Ministers aim to achieve and how this will be monitored.

7. We do not believe that other possible areas of content are necessary to include in or append to the iGPS.

8. In relation to the SCS, we believe that this should continue to be a Ministerially-mandated set of minimum service coverage expectations for the health system. These expectations should be visible and available on Day 1. However, because the SCS does not require the authority of the iGPS to have effect, and because it is likely to be amended more frequently, we do not consider it helpful to incorporate in the iGPS framework. Moreover, we recommend that the updated version for 1 July be subject to a fuller review by the Ministry and health entities, with a view to making further changes in due course.

9. In relation to the OPF specifically, our view is that there remains a rationale for a document whose intent is to consolidate various statutory requirements and present these together as a guide to health entities. However, this is the document that the new entities were concerned about including in the iGPS. It does not need to be part of the iGPS framework and can be published separately by the Ministry and shared with the health entities.

Recommendations

a. **Note** that the purpose of the Government Policy Statement (GPS) under the Pae Ora (Healthy Futures) Bill is to set priorities for the publicly-funded health sector; and set clear parameters for the development of the New Zealand Health Plan.

b. **Note** that the intention of the Government Policy Statement is in part to consolidate existing direction-setting documents and provide for a clearer basis for accountability to Ministers.

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c. **Agree** to a targeted approach to the inclusion of direction-setting content in the iGPS, to ensure that the document remains focused on your high-level priorities and expectations for the health system. YES / NO

d. **Agree** that the iGPS include as an appendix a framework for regular monitoring and reporting, including measures against which delivery of the iGPS will be assessed by the Ministry of Health. YES / NO

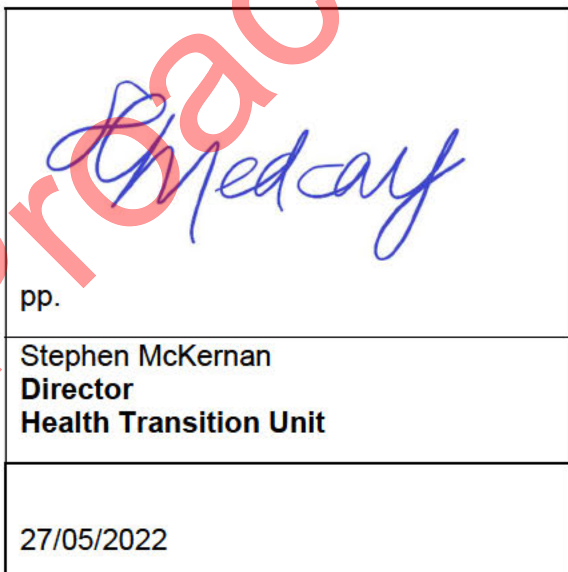
e. **Note** that the Ministry of Health and Treasury have provided you and the Minister of Finance with advice on the initial system monitoring framework for Day 1 [HR 20220858 refers], and subject to Ministers' views this will form the content for inclusion in the iGPS as per recommendation (d) above.

f. **Agree** that Ministers should continue to set Minimum Service Coverage Expectations for the health system, and that this should be published to ensure clarity for 1 July 2022; but that this should not be part of the iGPS. YES / NO

g. **Note** that the Ministry of Health will work with Health NZ and the Māori Health Authority to review the Minimum Service Coverage Expectations and propose further changes to the document; and will provide advice to you on the approach to this work in due course.

h. **Note** that, if you agree to recommendation (c), the Ministry will maintain the current Operational Policy Framework as a consolidated guidance for the health system on core business rules, but this will be published separately to the iGPS and shared with health entities.

i. **Note** that if you wish to take a broader approach to the iGPS and incorporate a wider range of requirements for health entities, this will likely also include the Minimum Service Coverage Expectations, Operational Policy Framework and letters of expectation for entities.



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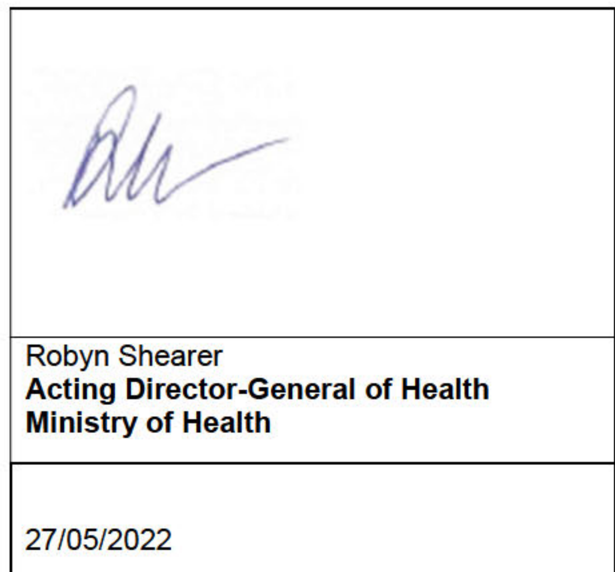
Stephen McKernan
Director
Health Transition Unit

27/05/2022



Robyn Shearer
Acting Director-General of Health
Ministry of Health

27/05/2022

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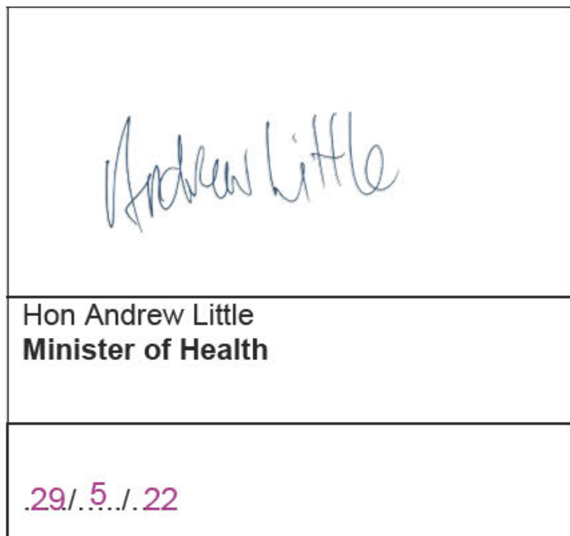

Hon Andrew Little **Minister of Health**	Hon Peeni Henare **Associate Minister of Health**
29/5/22	…../…../….

Contact for telephone discussion if required:

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Stephen McKernan			
Simon Medcalf	Health Team Lead	s9(2)(a)	✓
Maree Roberts	Deputy Director-General, System Strategy and Policy, Ministry of Health	s9(2)(a)	✓

Minister's office comments:

- ☐ Noted
- ☐ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to

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APPENDICES TO THE INTERIM GOVERNMENT POLICY STATEMENT

Context

The role of the Government Policy Statement

1. Section 43A of the Pae Ora (Healthy Futures) Bill defines the purpose of the GPS as being to “set priorities for the publicly funded health sector; and set clear parameters for the development of the New Zealand Health Plan”. In pursuit of that purpose, it is required by section 43C to include:

    a. the Government’s priorities and objectives for the publicly-funded health sector;

    b. how the Government expects health entities to meet the Government’s priorities and objectives;

    c. the Government’s priorities for engaging with and improving outcomes for Māori;

    d. the Government’s priorities for improving health outcomes for Pacific peoples, disabled people, women, rural communities and other populations; and

    e. a framework for regular monitoring of progress and reporting requirements.

2. The interim Government Policy Statement (iGPS) will set Ministerial policy and performance expectations for the health system for the first two years. The iGPS is not required to comply with the full requirements of the Pae Ora Bill for the three-year GPS, which must be issued from 1 July 2024. However, we expect that these should be followed as far as possible to show alignment with the intended approach.

3. Ministers and Cabinet have set aims for the GPS to consolidate direction-setting mechanisms into a clear, single vehicle to strengthen entities’ accountability to Ministers and reinforce a “one system” ethos. Part of this objective is that the GPS will focus emphasis on common priorities and expectations, and will reduce the need for additional direction-setting mechanisms. For example, Ministers have noted the intention that the GPS would reduce the need for annual letters of expectation, at least for Health NZ and the Māori Health Authority.

Current direction-setting documents

4. There are a number of direction-setting documents in the current health system, which are prepared by the Ministry of Health and agreed by Ministers. These documents have fulfilled different purposes in the current system, but they have in general sought to set national requirements in the context of a landscape of 20 semi-autonomous district health boards. The key documents are:

    a. The Service Coverage Schedule (SCS), which sets national minimum service coverage requirements for the health system that are to be give effect through service plans in all areas.

    b. The Operational Policy Framework (OPF), which sets out core business rules for health entities based on existing statutory requirements and policy expectations.

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5. Beyond these documents, other mechanisms have been used regularly to set direction and system rules, including Ministerial letters of expectation to entities, Crown funding agreements, and regulations (primarily the Eligibility Direction). These have been supplemented over time with various health strategies and policy statements, albeit in a less formal and directive manner.

6. In the context of the iGPS, it is necessary to consider whether and how to incorporate these direction-setting mechanisms into the new consolidated approach. In each case, we consider what the purpose of the specific document is, whether that purpose persists in the reformed system, and what alignment or integration is necessary with the iGPS for overall coherence. We have worked with Health NZ and the Māori Health Authority to consider these questions and to test the merits of inclusion in the iGPS.

Inclusion of appendices in the iGPS

There are options for how you use the iGPS to incorporate direction-setting material.

7. The iGPS represents the strongest vehicle for you to outline minimum expectations and policy settings for the future health system. The iGPS's purpose is to set Government direction and priorities, and agencies are required to give effect to it (including through the interim NZ Health Plan), which will have a significant impact on how agencies approach the first two years of the reformed system.

8. This impact necessitates a measure of balance, and it is desirable to focus on the matters of greatest importance to you, to avoid agencies' priorities being diluted. At the same time, the level of specificity in the iGPS should match the level of your expectations, so that details you want to see operationalised are clear, while giving entities the space anticipated by the reformed system operating model to translate priorities into actions.

9. We have considered two options for how you may wish to construct the iGPS to incorporate direction-setting mechanisms:

    a. A broader, more encompassing approach that aims to include all relevant and supporting documents. This would take a maximal definition of 'direction-setting' and might include material that sets specific business or administrative requirements. It would have the benefit of the iGPS framework becoming the single vehicle for direction-setting and would consolidate as much material as possible to bring greater transparency and alignment.

    b. A more targeted approach that aims to use the iGPS to set common core direction for the health system and includes critical material, but does not incorporate all related elements. This would have the benefit of ensuring the primacy of the iGPS, but while preserving some aspects of detail outside the iGPS to provide proportionality and flexibility.

10. **We recommend the second, more targeted approach.** This would recognise that not all elements need or should be part of the iGPS, and it may be disproportionate to use the iGPS in this way. For example, the iGPS should provide strategic direction to the health system as a whole, but does not need to detail precise requirements for specific health entities. The iGPS would also not be a natural home for administrative or practical requirements for entities that are not closely related to Government priorities.

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A targeted approach will allow the iGPS to focus on its main objective – setting Government's policy priorities and expectations – without the risk of dilution.

11. Should you agree with this approach, it is helpful to then consider the circumstances in which additional direction-setting content may be included in the iGPS. In our view, to make the case for inclusion – whether in the core iGPS or as an appendix – the following should be met:

    a. that the information supports the statutory intent and purpose of the GPS;

    b. that the information is essential to understand the priorities and expectations of the iGPS (i.e. there is risk of misinterpretation if this is not provided); and

    c. that the information requires the legal status of the GPS (i.e. that health entities must give effect to it), for instance because this cannot be drawn from other legislative provisions.

12. To inform our assessment of the above criteria, we have considered the statutory requirements for the GPS in the Pae Ora legislation. Although we believe these are largely met by the current draft iGPS [HR20220840 refers], in our view there is one area where statutory requirements are not yet fully evident:

    a. Section 43C(1)(e) of the Pae Ora Bill requires the GPS to include 'a framework for regular monitoring of progress and reporting requirements', including a summary of metrics against which iGPS performance will be measured. We have provided you with advice on specific metrics for monitoring the iGPS, but this is not currently included in the iGPS in full.

13. We have considered the above in relation to existing documents, and potential new content that has been identified during the iGPS development. Our assessment and recommendations are set out below.

Assessment of potential iGPS appendices

14. We have considered the case for a number of potential documents and materials to be incorporated in the iGPS. In each, we have reviewed the intended purpose of the document, and the fit with the criteria above. Headlines are provided below; further detail of our assessment of the core documents is attached at Annex A.

Monitoring and reporting framework

15. **We recommend that the monitoring and reporting framework be included in the iGPS.** This provides important definition of how Government priorities are to be measured and tracked over time, and indicates the basis for how success will be assessed. It also meets the statutory requirement for the GPS as noted above. Further description on the proposed approach is provided below.

Service Coverage Schedule

16. **We recommend that the SCS be maintained as a Ministerially-mandated set of minimum service coverage expectations, but is not included in the iGPS.** The SCS sets national minimum expectations for service coverage, and forms a clear baseline for the commissioning and provision of health services. Although the SCS is not monitored specifically, is an integral element of Ministers' requirements for the

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health system, and therefore should continue to be part of the health system. However, it does not align well with the iGPS as a vehicle for policy priorities and expectations, and moreover requires further review and likely reform in the short term. Further advice on this element is provided below.

Operational Policy Framework

17. **We recommend that the OPF is retained as guidance for health entities, but is not included in the iGPS.** The OPF consolidates numerous existing statutory requirements, such as those derived from the Public Service Act 2020, Crown Entities Act 2004 and the Public Finance Act 1989. The OPF is currently endorsed by the Minister but does not – and nor does it need to – have a statutory basis in its own right, and it does not create any new requirements on health entities. It is intended to draw together a range of rules and expectations into a single framework to provide clarity. We believe there remains benefit in such clarity for new health entities, in particular as the Pae Ora Bill will replace or supersede some existing practical requirements.

18. However, the nature of the detail in the OPF is not well aligned to the purpose of the iGPS. The OPF includes practical day-to-day and business rules, of the type which should be expected to be embedded in system processes and relationships and endure over time. The iGPS, by contrast, sets Government's policy priorities and expectations for a shorter period. Including the OPF in the iGPS may suggest that these practical requirements could change more regularly.

19. We propose that the OPF be updated and published by the Ministry, so that it is available for health entities from July 2022. Communication of the practical requirements to entities could also be supported by other steps including Board and entity leadership induction. However, this would be separate to the iGPS and would not form part of the policy priorities or associated monitoring framework.

Other existing direction-setting documents

20. In relation to other direction-setting documents and related mechanisms:

    a. **We recommend that the use of Ministerial letters of expectation to set strategic direction for Health NZ and the Māori Health Authority of the type included in the GPS should be reduced, with the aim that these are not used routinely for this purpose.** This is in line with previous Cabinet advice and would avoid the risk of confusion or competing priorities with the GPS.

    Letters of expectation may continue to be necessary to convey expectations that are particular to individual entities and cannot be captured in the iGPS (including for health entities other than Health NZ and the Māori Health Authority, whose full functions may not be reflected in the GPS), and to clarify your expectations for the annual monitoring programme – the Ministry will provide you with advice on this separately next week. Any such use of letters should be closely aligned with the GPS of the day. There may in particular be a case for the use of letters of expectation for all health entities (including Health NZ and the Māori Health Authority) in the first year from July 2022, given the interim nature of the iGPS and the emerging structures and plans for the reformed system. The Ministry will advise on this in due course.

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Letters of expectation may also still be used from time-to-time as an intervention measure (e.g. to set specific requirements for an entity in response to an identified issue).

b. **The existing Eligibility Direction will be transferred under the Pae Ora legislation and will continue.** We do not believe there is a rationale for including this in the iGPS since it has a clear statutory basis of its own and, similarly to the OPF, is a more enduring mechanism.

c. **Existing health strategies will also be transferred under the Pae Ora legislation, until such a time as new strategies are made.** Such strategies serve a different purpose to the iGPS, and we do not believe they should be explicitly included (although cross-references may be made in some places to provide context). You will receive separate advice shortly on the approach to developing new health strategies.

d. Powers for Crown funding agreements are not retained in the Pae Ora legislation and will no longer be an explicit option. However, equivalent powers to set requirements on funding for entities are contained within the Minister's powers to set the GPS and approve the NZ Health Plan, and therefore will support consolidation of these requirements into the new accountability and direction-setting mechanisms. The Ministry will provide you with further advice on steps, and documentation required, to support funding transfers from the Ministry to the new health entities from Day 1.

Other potential documents

21. The Ministry of Health and the Transition Unit have identified a number of other categories of document that could be incorporated in the iGPS. These include documents which:

a. summarise agencies' planned approach to delivering other Government initiatives not included in the substantive iGPS; and

b. set out other elements of the overall accountability framework or administrative requirements, such as an interventions escalation framework and data and information reporting requirements.

22. We do not recommend including any of these documents in the iGPS. We consider them relatively poorly aligned to the statutory purpose of the GPS, as they neither set priorities, nor parameters for the development of the NZ Health Plan. Where there is a case for providing clarity for health entities on an intended approach (e.g. the approach to the use of intervention powers), this can be achieved through other means including presentation to entities' leadership and separate publication, if necessary.

Monitoring framework and metrics

Including a monitoring framework and metrics as an appendix would promote transparency, and align to Pae Ora Bill requirements for the full GPS.

23. The Ministry has provided you and the Minister of Finance with advice on intended Day 1 monitoring settings, including for the iGPS [HR 20220858 refers].

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24. As noted above, the Pae Ora Bill requires that a monitoring framework be included in the first full GPS you issue. The same rationale that underpins inclusion of this requirement in the Bill for the full GPS applies to the iGPS: inclusion of a monitoring framework will ensure public and cross-agency transparency by making expectations for system performance clear, and will reduce the risk of people having different views on how the iGPS should be delivered, or what good looks like.

25. We therefore recommend that you include the planned monitoring framework for the iGPS as an appendix to the document. The Pae Ora Bill does not specify what a monitoring framework has to look like; so we recommend that the framework for inclusion in the iGPS be based on that described in the advice to you and the Minister of Finance on the proposed arrangements for Day 1 monitoring. We expect that this will in particular highlight the specific metrics which are included in each of the iGPS chapters, and provide necessary definitions for these.

26. We would expect further levels of detail as to how the Ministry and other agencies will monitor entity and system performance to underpin the summary in the iGPS. However, we recommend against including such detail in the iGPS, to avoid tying agencies to a detailed monitoring approach from Day 1: a measure of healthy change and evolution in monitoring should be expected as the reformed system and its monitoring settings mature.

27. Subject to your agreement, the Ministry will work with the Transition Unit and Treasury to outline the monitoring framework to be included as an iGPS annex. Health NZ and the Māori Health Authority will be consulted and provide comment on the scope of this monitoring framework before it is provided to you for approval, alongside the final iGPS.

Minimum service expectations

We recommend maintaining service coverage requirements to set clear parameters for the development of the New Zealand Health Plan.

28. A major aspiration of the reforms has been to improve consistency in the quality of healthcare across New Zealand, combatting the postcode lottery, while still allowing for tailoring of care to meet local needs. To achieve this, Health NZ and the Māori Health Authority will develop an approach to commissioning and delivering services nationally, regionally and locally to strike the appropriate balance between national consistency and local flexibility.

29. An intended feature of the system operating model will be that Health NZ and the Māori Health Authority can generally determine the right level at which services are planned, commissioned and managed. This flexibility will be needed to realise the benefits of reforms, by making better use of the resources we have available today. However, there will always be some aspects of service provision which Ministers will want to specify or mandate, to ensure a minimum level of service coverage, and will not want these levels to be changed without Ministerial agreement, such as:

    a. the minimum range and availability of publicly-funded services which New Zealanders would expect to have available regardless of circumstances – such as the range of services that are provided by primary health care providers;

    b. services which are specifically funded through Budget processes or which are specified through Government policy commitments;

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c. setting the costs for accessing the most fundamental health services – for example, requiring that emergency care is provided free, and fixing the cost of prescriptions for pharmaceuticals; and

d. determining entitlements in certain circumstances, usually where national certainty is desirable to protect specific communities (e.g. the accessibility of IVF treatment) or where particular communities would be adversely effected if entitlements were to be changed.

30. There are a range of service coverage requirements which have been agreed by you and Cabinet, or previous Ministers, which remain mandatory features of the health system as a result. While these requirements are generally already mandated in their own right, if they are not aggregated in any one place it is difficult for Health NZ and the Māori Health Authority to have full visibility of mandatory policy settings.

31. To date, the Service Coverage Schedule (SCS) has been the mechanism used in the current system to set out the minimum range of services Government expects to be publicly funded for eligible people. All DHBs are required to ensure the minimum range of services are made available to their populations; though in some instances DHBs have deviated from the SCS, and the SCS explicitly permits (or requires) district-by-district variations to entitlements in some cases.

32. Because we consider there will always be some aspects of service policy which you and successive Ministers of Health will want to fix, and because we have a number of live and 'legacy' policy commitments to specific service offerings, we recommend refining the existing SCS into a more focused set of Minimum Service Coverage Expectations (MSCE) for the system. This should continue to be a Ministerially-mandated document, which is agreed by (and any changes approved by) the Minister of Health, and published by the Ministry. This will provide clear parameters for the development of the New Zealand Health Plan and support transparency during the first two years of the reform, as health entities are establishing themselves.

33. However, we do not believe that is it necessary for this detail to be formally incorporated into the iGPS framework:

a. the nature of the service coverage expectations is detailed and technical, and in places not well aligned to the narrative and priorities of the iGPS. There is a risk of confusing the key iGPS messages if presented as part of the same framework;

b. the expectations themselves may be more liable to change during the multi-year period of a GPS, for instance as new policies are agreed to extend services, or as new service models are developed. More formal attachment to the iGPS could hinder flexibility for in-year changes;

c. the individual service coverage elements have their own mandate from Ministerial decisions, and do not need to rely on the statutory authority of the iGPS to have effect; and

d. as below, there is a need for a detailed review of the current SCS which may lead to substantive changes, and therefore risk from presenting the version for Day 1 as being final or too deeply embedded in the new arrangements.

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34. We propose that the iGPS make reference to the MSCE, to be clear on its continued existence and status. But this would not be an attempt to bring the MSCE within the iGPS framework, for the reasons above.

35. Should you wish to take a broader approach to the iGPS that seeks to incorporate more direction-setting content, the MSCE could be included more clearly in the iGPS (alongside other materials). You may also wish to review the case for the explicit inclusion of the MSCE in the three-year GPS to follow from July 2024, once further work has been undertaken to update the document. However, in our view it is not necessary to incorporate it at this stage.

Today's Service Coverage Schedule requires further review

36. The current SCS is a hybrid of many government policies regarding access, higher-level expectations, and more detailed service specifications. In some respects, it does not fit clearly with the reformed health system, where there is intended to be a clearer line between government policy requirements (as reflected in the GPS) and operational service planning and delivery expectations (through the NZ Health Plan and other specifications developed by Health NZ and the Māori Health Authority).

37. The Ministry has already made considerable progress in simplifying today's SCS, removing some specifications and operational detail about the service coverage expectations, and refining it into a more focused MSCE document. However, Health NZ and the Māori Health Authority have indicated that they would prefer a higher-level approach to service coverage specification which leaves more room for them to commission certain services differently to today. Such a high-level approach is aligned to the intent of reforms, but needs to be handled carefully to avoid unintended consequences.

38. We are conscious of the short window between now and the publication of the iGPS. Any changes could have significant policy, financial and presentational implications – not least in the perception that services are being taken out of the national minimum. We therefore propose a pragmatic approach to Day 1 which seeks to preserve the existing approach in the initial MSCE document, but acknowledges and creates space for further development.

39. The Ministry will provide you with separate advice on the proposed content for the Minimum Service Coverage Expectations for Day 1. This will set out the changes from the existing SCS and seek your agreement to publish the document.

40. Beyond this Day 1 version, **we further recommend that the Ministry of Health work with Health NZ and the Māori Health Authority to more fully review the initial MSCE and identify areas where further reform or simplification is possible.** We expect that this review will consider any policy settings which are mandatory today – likely because of legacy Ministerial or Cabinet decisions – but which may no longer be fit for purpose. We also anticipate it will consider other areas where more considered Ministerial decisions will be needed on the appropriate degree of specification of services, and the impact of any change.

41. A more detailed review of the initial MSCE will take time to ensure that all potential policy and presentation implications are well understood. It will also need to consider how and when to implement any agreed changes (e.g. whether in-year, with possible consequences for the iGPS and iNZHP, or at the start of a new year or planning cycle).

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Furthermore, the review should consider the appropriate process for proposing any future changes to the MSCE on an ongoing basis, so that these can be raised by any health entity and considered properly by the Minister.

42. The Ministry will provide you with further advice on how to proceed with this review.

Consultation

43. The Transition Unit and the Ministry of Health have consulted with interim Health NZ and the interim Māori Health Authority to develop this advice.

Next steps

44. Subject to your agreement, agencies will work to rapidly finalise the detail of the appendices proposed, for inclusion in the near-final full draft of the iGPS for your review in early June.

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Annex A

Assessment of direction-setting documents

Item	Description	Purpose	Assessment against Pae Ora Bill requirements	Relevance to reformed system	Risk of not including
Measures for the interim iGPS	The iGPS measures comprise a small set of key marker measures for each iGPS priority area, focused on the desired system changes. The measures identified in the iGPS form one component of the wider system monitoring framework that will include system monitoring entity monitoring and tracking delivery of the interim New Zealand Health Plan.	The iGPS measures support delivery of the iGPS priorities and outcomes by identifying the key marker measures used to track progress for the system establishment period. The measures and their definitions will be made publicly available by the Ministry of Health.	b) how the Government expects health entities to meet the Government's priorities and objectives for the health system g) a framework for regular monitoring of progress and reporting requirements.	The iGPS measures will evolve from the interim set as the system shifts are embedded and the GPS and Health Plan move to a steady state from July 2024. Inclusion of detailed measure definitions in the iGPS supports transparency information for health system commissioning agencies, providers, health system users and all New Zealanders.	Inclusion of measure definitions for key marker measures in the iGPS ensures there is transparency and clarity of expectations about the way delivery of the iGPS will be measured and monitored. This may lead to a focus on the way progress is measures rather than the progress itself.
Interim Core Service Coverage document	Service coverage expectations set out the minimum range of services Government expects to be publicly funded for eligible people, expressed at a population level. Service coverage expectations also identify patient charges the	Service coverage expectations provide information for health services funders, providers users and all New Zealanders.	a) how the Government expects health entities to meet the Government's priorities and	Minimum service coverage expectations have been a core part of the Crown's expectations for the health system since the 1990s.	If service coverage expectations are not included in the iGPS, and are not otherwise presented and communicated, there is no clear mechanism for

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	circumstances where a patient charges can be applied in the system as agreed by Government policy. Service coverage service expectations **do not:** • set expectations about the quantum of services to be delivered to meet population needs • specify how and where services are delivered • specify the mix of services • create individual level entitlements.	Service coverage expectations are updated as often as required to reflect Ministerial or Cabinet decision (for example, a recent addition to the requirements was an expectation that the full range of publicly funded health and disability services are available for all people evacuated from Afghanistan). Service coverage expectations are made publicly available by the Ministry of Health.	objectives for the health system	Setting national minimum expectations remains a feature of the system until Ministers determine to delegate this authority to health entities. This has not been advised to date.	setting high-level minimum Government expectations about the range of publicly funded services. This could lead to cuts in the range of publicly funded services available for the population or adjustments to patient charges being without Ministerial agreement.
Interim Operational Policy document	The operational policy document summarises mandatory health system business rules and operational policy that have been agreed by Cabinet or through ministerial decisions and legislation so that these expectations are transparent and easily accessible.	Providing a consolidated view of Cabinet and Ministerially agreed decisions about the system operational policy environment means both existing and new decisions are transparent to health system commissioning agencies, providers, health system users and all New Zealanders.	a) how the Government expects health entities to meet the Government's priorities and objectives for the health system	The operational policy document has been a core part of the Crown's expectations for the health system since the 1990s. Operational and administrative requirements remain important for health entities, and the underlying statutory	If operational policy expectations are not included in the iGPS it may be difficult for health system entities, providers, users and the public to be aware of and have easy access to the full range of Government's system level operational policy

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		Transparency about the operating environment is particularly important during the system transition period to support stability as entities are being established. Operational policy expectations are updated as often as required to reflect new government decisions. (For example system monitoring responsibilities for assisted dying services were a recent inclusion in the operational policy expectations). Operational policy expectations are made publicly available by the Ministry of Health.		basis for most requirements has not changed (e.g. Public Finance Act).	requirements for the health system resulting in process gaps for key government processes. However, this can be mitigated if these requirements are sufficiently visible through another route.

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