



# REVIEW



*Murray Georgel, CEO and  
Phil Sunderland, Chairman*

## 2009/10 IN REVIEW: REPORT FROM CHAIRMAN & CEO

*The 2009/10 year was one of advancement. We made advances locally, and helped advance regional and national initiatives. We advanced primary health care services and our financial position. We advanced our alliances and our efforts in achieving national health targets.*

**“Better, sooner, more convenient primary health care services”** are a reality and not just a catch cry for our district. One of nine projects nationally, the district’s business case for transforming primary care is a reality and is being progressively implemented. Five integrated family health centres will be one of many outcomes, together with more co-ordinated care for our older population. Local Primary Health Organisations joined forces to develop this business case and have since formally agreed to become one organisation, covering the whole MidCentral district.

**Our financial position is turning around.** This is essential as our current capacity to invest in new services and infrastructure is severely restricted. Expenditure continued to outstrip revenue but midway through the year we managed to check the level of cost growth by addressing the underlying causes and we are now well on our 2.5 year pathway to return us to a small surplus.

**Productivity** within the hospital **reached record levels**, particularly in elective throughput. This rose 19% on 2008/09 levels, with 5,109 discharges achieved.

By year end we had achieved three of the six **national health targets**, and made significant improvements in the other three areas.

Our **alliance with Whanganui DHB strengthened**, with commercial services now provided on a joint basis. Plans for a joint human resource service were agreed, and two new regional roles were established – Professional Allied Health Advisor and Professional Midwifery Advisor. Governance policies and terms of reference were aligned.

The **central region continues to be a leader in collaboration**, with a Regional Services Plan under development, and, a Regional Clinical Services Plan in implementation phase. A governance structure was agreed to support regional-decision making. This includes input from a clinical advisory group and a consumer forum. Work on aligning asset management and information systems plans has begun.

Sector changes occurred with the aim of providing a more unified system and to free-up funds for front-line services. **Enable New Zealand**, a division of MidCentral DHB, will be leading one of the first shared service purchase initiatives. It **will be increasing** its role to provide short term loan equipment services for all DHBs and expects to return significant savings for the sector.

*Sincere thanks to the staff of MidCentral DHB, and to all providers in the district, for your commitment and dedication to local health services, and for making 2009/10 such a memorable year.*

# PRIMARY HEALTH

## 2009/10: The Year in Review

MidCentral DHB and local Primary Health Organisations rose to the Government's challenge to provide "better, sooner, more convenient health care to New Zealanders". Through a collaborative effort, the Horowhenua, Manawatu, Otaki and Tararua Primary Health Organisations were one of nine business cases supported by the Minister of Health.

The initiative seeks to transform primary health care and sets out a bold work programme for years ahead. Four major programmes of activity are the establishment of integrated family health centres throughout MidCentral's district, acute demand management, older health services, and whanau ora.

The initiative aspires to reduce presentations to the district's emergency department by 30% over three years, and reduce avoidable admissions to medical and assessment, treatment and rehabilitation wards by 20% over the same timeframe. Improved support to and management of older people with moderate complexity health issues is also targeted.

We are confident that the project will be successful. It is a collaborative initiative comprising all sectors of the primary health service as well as secondary care (hospital) services. An enormous amount of planning went into developing the business case and associated work programmes (around 200 people were involved), and there is strong clinical leadership. This enthusiasm and commitment is reflected in the service meetings where it is common for over 200 primary health care practitioners to turn up to discuss service and professional development issues.

The four local PHOs determined they would formally join forces and a new single entity, the Central Primary Health Organisation, came into being on 1 July 2010. This decision is reflective of the maturity of the PHOs concerned, the first of which came into being on 1 July 2003. In the intervening seven years a lot of work has gone into building the capacity and capability of MidCentral's primary health services. The DHB invested heavily in this area, particularly in chronic disease services such as diabetes and cardiovascular care. The move to a single PHO and the transforming primary health care project is a natural progression, with primary health care leaders taking greater ownership and leadership of service development and quality.

The strength of the district's primary care service is reflected in MidCentral DHB's performance in the primary health care national targets of immunisation, diabetes and CVD risk.

## Looking Ahead

2010/11 will be a big year with the rollout of the Transforming Primary Health Care project. The first of the integrated family health services will be up and running, bringing more services to local communities. Significant advances will be made in strengthening services for our older population. Horowhenua will continue to be a focus area for all aspects of primary health.

### A Snapshot of Primary Health Care Activity in 2009/10

*Around 160,000 people live in MidCentral DHB's district and they access primary health care regularly*

#### GP Consultations

- 589,706 OR
- 3.7 visits for each person in our district (average)

#### Chronic Care Team Consultations

- 29,421 OR
- 81 per day (average)

#### Community Pharmaceuticals

- Medication worth \$43.9 million dispensed OR
- \$274 medication for each person in our district (average)

#### Laboratory Tests

- Community lab tests worth \$9.7 million undertaken OR
- \$61 worth of lab tests per person in our district (average)



# HOSPITAL PRODUCTIVITY ON THE RISE

## 2009/10: The Year in Review

MidCentral Health, our hospital and associated services division, had an excellent year, increasing the number of elective procedures it performed in-house by 19%. Despite this significant rise in productivity, we did not quite meet our ambitious national elective targets for the year, missing these by 3.9%.

On a complexity basis (measured by case-weighted discharges or CWDs), in-house productivity rose by 1,396 CWDs or 33%.

Previously, MidCentral Health's internal systems had hindered its ability to provide contracted service levels and it had to outsource just over 10% of its work. During 2009/10 we systematically removed blocks in the system. A new Medical Assessment & Planning Unit was established, as was a

Women's Surgical Unit. The location of beds was adjusted, reducing the spread of these throughout the hospital for medical staff and so freeing up their time for direct patient care. Pre-admission processes were also reviewed.

Our capacity to provide elective services grew almost overnight, and we delivered 5,109 elective discharges for the year (2008/09: 4,298 discharges).

The benefit of these changes was many-fold. Beds were freed up for elective surgery, emergency department waiting times reduced, and the average length of stay for medical patients fell by over half a day (2009/10: 5.15 days, 2008/09: 4.55 days). The changes also saw the end of theatre sessions being cancelled due to lack of beds. In 2008/09, 43 sessions were cancelled for this reason.

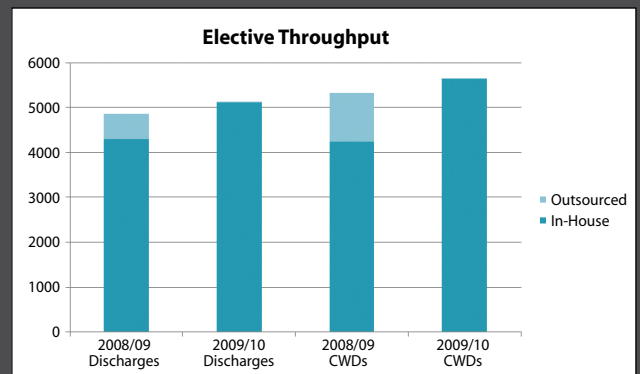
MidCentral Health also achieved all five Elective Service Patient Flow Indicators (or ESPIs as they are known within the sector). These measure patient flow processes and we were unable to achieve them over 12 months ago.

## Looking Ahead

In 2010/11 we plan to further increase our elective throughput, delivering an additional 278 discharges.

Pre-admission processes will be adjusted. All people requiring surgery will be assessed as to their "fitness for surgery". Those assessed and confirmed as "fit for surgery" will then go on the waiting list to receive a surgery date. This process will enable those who are not fit for surgery to be identified early in the process and referred to the appropriate service, such as cardiac assessment.

Plans to increase the rate of elective day surgery will also be implemented.



# MEETING THE NATIONAL HEALTH TARGETS

THE NATIONAL HEALTH TARGETS – BY JULY 2010:	MDHB'S RESULTS – THE YEAR IN REVIEW	
95% of people presenting to the Emergency Department are admitted, discharged or transferred within six hours.	79.3%	This target remained elusive despite significant work undertaken. Concerted efforts continue and it is expected the target will be met in 2010/11.
5,451 hospital discharges for elective surgery.	5,239 discharges	In-house elective throughput increased 18% on previous year, but fell just short of the 2009/10 target by 3.9% or 212 discharges.
Everyone needing radiation treatment will have it within six weeks.	97.7%	Since October 2009, MDHB has achieved the six week waiting target and is well placed to meet the new target of four weeks which comes into force in December 2010.
85% of two-year-olds are fully immunised.	85%	Target achieved! A fantastic result following a huge effort by the immunisation team and local Primary Health Organisations.
80% of hospitalised smokers will be provided with advice and help to quit.	35%	Good progress toward achievement of this new target. Many new systems were established and our rates grew from 14% to 35% for the year. In the last quarter of the year, we achieved 53%. This momentum will continue.
62% of population expected to have diabetes access their free annual check.	64.4%	Exceeded. People on the diabetes register are accessing their free annual check-ups.
78% of people on the diabetes register have an HBA1c that is < 8%.	74.6%	Management of diabetes as measured by blood glucose levels. Our result was just short of target.
CVD risk in the last five years – 78.5% of eligible population have had their laboratory blood test results for absolute CVD risk in the last five years.	83.5%	Target exceeded. MDHB's investment in this area is reflected in the result.

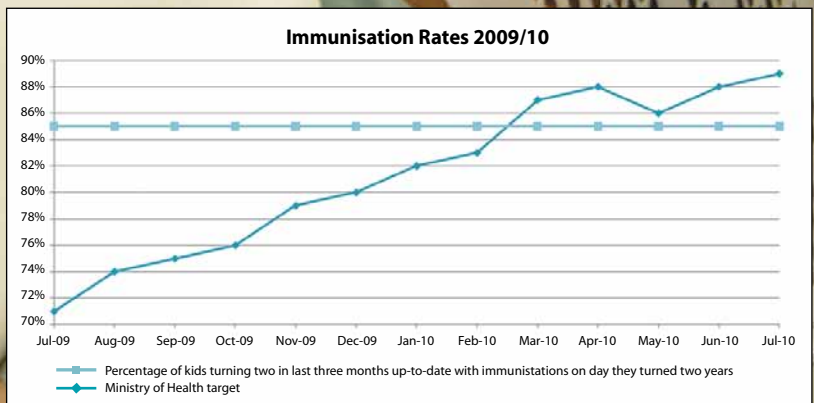
## Looking Ahead

In early 2010/11 we will increase our radiation therapy capacity by investing in additional planning stations. The new linear accelerator, which replaces an ageing machine, has come on stream. Together, these will enable us to meet the new waiting time target of four weeks. Looking further ahead, we will work with Capital & Coast District Health Board and the Ministry of Health to look at future capacity requirements for the central region, including the need for a fourth linear accelerator at Palmerston North.

Achievement of the emergency department and smoking cessation targets will be a priority, and we will seek to improve upon our achievements in diabetes and cardiovascular management, immunisation and elective services.



*Immunisation rates rose dramatically during the year, exceeding target, due to a huge effort by the immunisation team and local PHOs.*





# PARTNERING WITH WHANGANUI DHB

## SERVICES & SYSTEMS PROVIDED ON SUB-REGIONAL BASIS

- Health protection services
- Laundry
- Commercial support services
- Women's health
- Child health network
- Financial information system
- Payroll infrastructure
- Cancer services
- Professional advisor – midwifery
- Professional advisor – allied health

## In Progress

- Human resource and organisation development
- Autism spectrum disorder services
- Legal services

## 2009/10: The Year in Review

MidCentral and Whanganui DHBs have much in common. This, and their geographical closeness, means joint service arrangements and collaboration is just good common sense. The changing nature of medicine, with new treatments and specialisation, also supports services being provided on a bigger population base.

2009/10 was the first full year of operation since we officially formed the central Alliance with Government support and many significant achievements were chalked up. Of particular note are the advances made within the clinical workstream. There are now three regional clinical roles in place – Women's Health Director, Allied Health Professional Advisor, and Midwifery Professional Advisor. Two sub-specialities have shared clinical guidelines in place and a further two have commenced this process. Work on shared credentialing is also occurring, and some services now have shared after-hours on-call arrangements. The regional women's health service is the blueprint for establishing regional clinical services, and this year a joint bid was made for

additional elective funding. If successful, this will enable MidCentral DHB to increase the number of gynaecology procedures undertaken, with this work being done by Whanganui DHB utilising some spare capacity it has. The Child Health teams of both boards also made a joint bid for funding to co-ordinate autism spectrum disorder services.

Significant achievements were also chalked up in other work streams (funding/planning, support services and governance). The most significant was moving commercial support services valued at \$17m to a regional basis. Savings of over \$0.4m will be generated for the two DHBs.

Human resources and organisational development is the next support service to be provided regionally. The concept and structure has been agreed and implementation will get underway early in 2010/11.

At a governance level, the Boards aligned the terms of reference for their three statutory committees – Hospital Advisory, Community & Public Health Advisory, and Disability Advisory. They also aligned their Standing Orders and Code of Practice, as well as several governance policies. This positions them well for moving to joint committee arrangements. The number of joint DHB board members increased to two.

## Looking Ahead

If our funding bid is successful, the first joint elective service arrangement will get underway and planning for further initiatives will take place.

Human resources and organisation development will move to a regional basis, and a virtual organisational structure for women's health will be in place. Some of the larger clinical services will start reviewing how they can collaborate.

A joint health needs assessment is planned. This will enable a common investment plan to be developed and will underpin strategic and annual planning across the combined region.

Increased collaboration in information systems planning and service provision will be advanced, and common Community & Public Health and Disability Support Advisory Committees are planned.

# ON THE ROAD TO BREAKEVEN – OUR FINANCIAL POSITION

## 2009/10: The Year in Review

After eight consecutive years of a strong financial position and achieving the annual budget, we experienced difficulties in living within budget in 2008/09 and 2009/10. Our failure to deliver to budget is very disappointing. Planned steps to address this situation got underway in late 2009, later than intended. In addition, the revaluation of assets conducted at the end of the 2008/09 year had a \$2.3m impact on our expenditure. This saw a further deterioration and in February 2010 we moved from “standard” to “performance watch” on the Ministry of Health’s monitoring regime, and formally established a Financial Recovery Programme. This will see us return to breakeven by the end of 2012 and we are pleased to report that the early results have been better than forecast. This has been achieved by:

- reducing back office services
- removing areas of duplication and over-servicing
- increasing revenue and strengthening revenue collection systems
- tightening financial controls
- reducing expenditure through shared services and new procurement arrangements.

MidCentral DHB has taken great care to ensure its financial recovery initiatives do not impact on the long term sustainability of the organisation. Service levels and productivity have not been negatively affected, and in fact have improved.

This current financial situation has severely restricted our ability to invest in services and infrastructure. Our future sustainability will require a reconfiguration of Palmerston North Hospital, as is outlined in our clinical services plan. Therefore it is essential that we eliminate our deficits and begin generating surpluses to enable this investment to occur.

Despite our problems in achieving budget, our balance sheet remains strong and we have not needed, and do not expect to need, deficit support.

## Looking Ahead

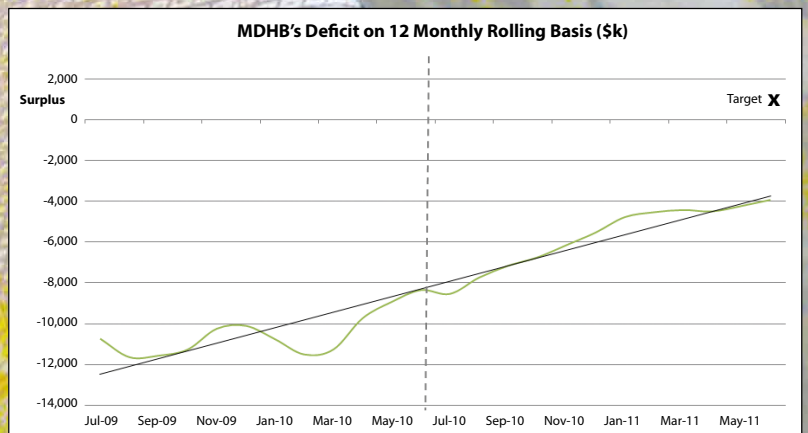
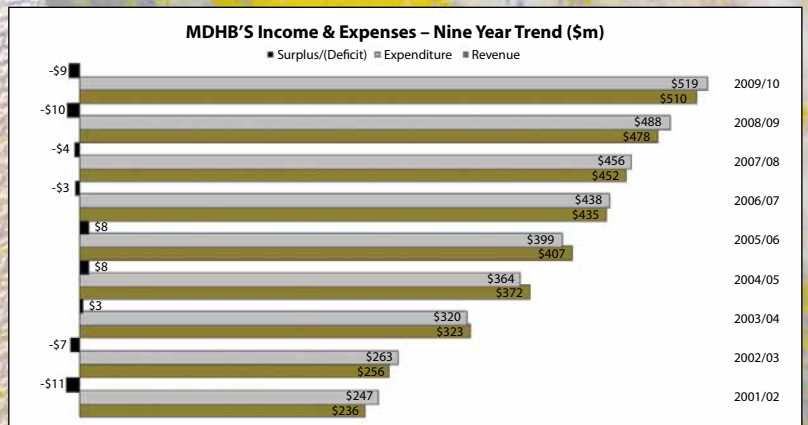
Implementation of our financial recovery programme will continue, enabling us to return to a breakeven or better position by June 2012.

Concurrently, we will be doing a lot of work within the region to determine future service configurations, workforce and asset requirements, and information systems arrangements.

MidCentral DHB will then be in a position to invest in its services and infrastructure, and increase its regional role.

MIDCENTRAL DHB: A FINANCIAL PERSPECTIVE The DHB is a large organisation with a turnover \$510m each year	
<b>Income – \$510m</b>	<ul style="list-style-type: none"> <li>• 89.6% government funds, inc ACC</li> <li>• 8.2% inter district flows (other DHBs)</li> <li>• 2.2% patient income &amp; other income</li> </ul>
<b>Expenditure – \$519m</b>	<ul style="list-style-type: none"> <li>• 33% staff (personnel) costs</li> <li>• 32% external providers – health services</li> <li>• 8.8% inter district flows (other DHBs)</li> <li>• 26.2% supplies and other costs</li> </ul>
<b>Net worth (assets) – \$153m</b>	<ul style="list-style-type: none"> <li>• \$17m land</li> <li>• \$110m buildings</li> <li>• \$26m plant, equipment, fixtures and fittings, and work in progress</li> </ul>

*MDHB's deficit, as a proportion of total revenue, is relatively small at around 2%. However, its impact is significant. MidCentral DHB wants to increase its investment in services, equipment and infrastructure to ensure the organisation can meet future demand and continue to fulfil its role as a regional service provider. To do this, it must return to a positive position and generate surpluses. Through the efforts of all staff we are on the way.*



# WORKING REGIONALLY



## Looking Ahead

Now that the framework for regional planning is in place, the finalisation of the Regional Services Plan is the next milestone. This will bring together the various strands of regional activity and enable DHBs to focus on where and how services should be configured, and where equipment, facilities and workforce should be concentrated.

## 2009/10: The Year in Review

Increasing specialisation, growing demand and international workforce shortages have highlighted the importance of ensuring services are based on an optimum population size – one able to ensure their ongoing clinical and financial viability. The six DHBs within the central region (MidCentral, Capital & Coast, Hawke's Bay, Hutt Valley, Wairarapa and Whanganui) are well advanced in this area, and are implementing the Regional Clinical Services Plan. Five clinical networks are in various stages of development – cancer, cardiology, mental health, plastic surgery and renal services – providing shared clinical leadership and service co-ordination. During 2009/10, three areas were identified as being vulnerable and work got underway to move these to a regional service configuration – women's health, radiology, and older adults.

Regional service provision requires infrastructure support, particularly information systems and asset management. Each DHB within the region has their

own strategies in this area and during the year we started bringing these together.

These different work streams, as well as the strong regional workforce approach already in place, come together in the Regional Services Plan. Development of this document commenced in the second half of 2009/10 and we expect it will be completed in early 2010/11.

To support this growing regional approach to planning and service configuration, a regional governance structure was put in place this year. This structure includes representation from the six participating boards and is supported by a clinical leadership group and a consumers' forum.

There are over 800,000 people in the Central Region – around 20% of the total New Zealand population.





# WORKING TOGETHER TO DEVELOP A UNIFIED SYSTEM

## 2009/10: The Year in Review

2009/10 was notable for the new formal structures put in place to support DHB collaboration – something which up until now had been occurring on a voluntary basis.

These sector-wide changes aim to provide a more unified system and to free-up funds for front-line services. Workforce, information systems, procurement, quality, and capital expenditure are now nationally co-ordinated.

During the year, MidCentral DHB participated and supported the development of these new entities, with the most notable contribution being Enable New Zealand's increased role in procuring disability equipment.

Enable New Zealand, a division of MidCentral DHB, has huge knowledge and expertise in procuring and distributing disability equipment. For many years we have invested and piloted a short term loan equipment service for several DHBs, and believed Enable New Zealand had potential to provide these services on a much wider basis to the benefit of the sector. The new Health Benefits Limited was of the same mind and in late 2009/10 Enable New Zealand was named the preferred provider of rehabilitation equipment for short term loan use. The new service arrangements will get underway in early 2010/11. It is estimated that Enable New Zealand will secure savings of around 25% on current DHB costs.

In addition to their procurement expertise, these savings will be achieved by Enable New Zealand's ability to refurbish equipment for re-issue.

During the year Enable New Zealand also secured the ACC national housing modification contract – estimated value over \$20m on an annualised basis.

## Looking Ahead

Enable New Zealand will commence its extended business, and will introduce an on-line referral system to manage the expected growth in volumes. It will also expand its warehousing space in Hamilton.

MidCentral DHB will continue to support and participate in national procurement activities.

<b>ENABLE NEW ZEALAND: A snapshot of activity for 2009/10</b>		<b>Or a daily perspective</b>
Hearing applications processed	11,500	31
Spectacle subsidy applications processed	25,000	68
Equipment referrals processed:		
• Ministry of Health	47,000	129
• ACC	11,000	30
Percentage of equipment issued which was refurbished:		
• Ministry of Health	34%	
• ACC	32%	
Visitors to Weka Website – <a href="http://www.weka.net.nz">www.weka.net.nz</a>	186,000	510
Ministry of Health: equipment re-issues	31,000	85
Disability information requests processed	9,000	25

To learn more about MidCentral DHB's performance in 2009/10, read the Statements of Service and Financial Performance contained in our annual report online at [www.midcentraldhb.govt.nz/ar](http://www.midcentraldhb.govt.nz/ar)

# IN CONCLUSION

It has been a year of advances.

We have advanced primary care to position it for the future.

We have advanced hospital productivity.

Regional planning and service configuration has been advanced.

The development of a more unified public health system for New Zealand has been advanced.

We have advanced our financial position significantly.

We are well positioned for 2010/11 and beyond – a period which will see further development in the above areas.

To the management team, thank you for your leadership through what has been a challenging and rewarding year. It is with sadness we report Stuart Wilson, our General Manager, Corporate Services, died in November 2009. This left a big gap and we record our appreciation to Mike Grant, General Manager, Funding who has taken on these responsibilities in addition to his own.

The Board is appreciative of Murray Georgel's leadership. In addition to CEO responsibilities, Murray took on the direct management of hospital services during the year and results speak for themselves.

To the Board, thank you for your governance and commitment to health. Special thanks to Ian Wilson who retired from the Chair role in December 2009 after 17.5 years at the helm.

To all our staff, the providers in our district, our Iwi and regional partners, our funders – thank you for making it all happen.



*Phil Sunderland,*  
Chairman



*Murray Georgel,*  
Chief Executive Officer

# WHERE THE MONEY GOES

MidCentral District Health Board gets over \$510m to spend on behalf of its residents.

- How is this money used?
- What services does it fund?
- Who receives it?

Over 50% of funds goes into the provision of hospital services. The other funding is used for a range of primary care services, including GP visits, aged residential care (rest homes), mental health and Maori health services.

\$m	What Services Were Purchased In 2009/10	\$m	Who Provided Them
	<b>Hospital-based Services</b>		
61.6	• Surgical Specialties, ICU and Anaesthetics	281.5	MidCentral Health
48.3	• Medical Services	71.5	GPs, PHOs, Non-Govt Owned Providers
34.1	• Regional Cancer Treatment Service	46.0	Community Pharmacies
30.3	• ElderHealth and Rehabilitation and Therapy	45.9	Other DHBs
28.6	• Women's and Child Health	37.5	Rest Homes
26.9	• Mental Health	20.7	Enable New Zealand
12.9	• Emergency Department	9.7	Community Laboratories
7.3	• Clinical Support	5.1	MidCentral DHB – Governance
6.9	• Public Health	1.5	Iwi/Maori Health Providers
3.3	• Dental Health		
1.3	• Rural Health		
20.0	• Other		
281.5	<i>Total Hospital-based Services</i>		
	<b>Community-based Services</b>		
46.0	• Pharmaceuticals		
37.5	• Residential Care		
25.6	• Primary Practice		
10.6	• Home Support		
9.7	• Laboratories		
9.1	• Mental Health		
4.2	• Chronic Disease Management		
23.5	• Other		
166.2	<i>Total Community-based Services</i>		
20.7	<i>Disability Services and Needs Assessment</i>		
45.9	<i>Inter-district Flows</i>		
5.1	<i>Governance</i>		
<b>519.4</b>	<b>Total DHB Expenditure</b>	<b>519.4</b>	<b>Total DHB Expenditure</b>



Quality living-  
healthy lives

[www.midcentraldhb.govt.nz](http://www.midcentraldhb.govt.nz)