

**MidCentral District Health Board**

**Minutes of the Hospital Advisory Committee meeting held on 1 July 2008 commencing at 8.30 am in the Boardroom, MidCentral District Health Board**

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**PRESENT**

Jack Drummond  
Ann Chapman  
Jim Jefferies

Stephen Paewai  
Barbara Robson  
Ian Wilson

**In attendance**

Murray Georgel, CEO  
Lareen Cooper, General Manager, MidCentral Health  
Stuart Wilson, General Manager Corporate Services  
Carolyn Donaldson, Committee Secretary

Diane Anderson, Board Member (part meeting)  
Jeff Small, Group Manager, Commercial Support (part meeting)  
Simon Floris, Manager, Management Accounting and Health Statistics  
Communications Unit (1)  
Media (1)

**1. APOLOGIES**

Apologies were received from Lindsay Burnell and Cynric Temple-Camp.

**2. LATE ITEMS**

There were no late items.

**3. CONFLICT AND/OR REGISTER OF INTERESTS**

**3.1. Amendments to the Register of Interests**

There were no amendments.

**3.2. Declaration of conflicts in relation to today's business**

No conflicts were declared.

**4. MINUTES**

**4.1. Minutes**

It was recommended:

*that the minutes of the meeting held 3 June 2008 be confirmed as a true and correct record, subject to recording Jim Jefferies' return to the meeting prior to discussion of item 7.8.*

#### **4.2. Recommendations to Board**

The Committee noted that the Board approved all recommendations contained in the minutes.

### **5. MATTERS ARISING FROM THE MINUTES**

#### ***Optimising the Patient's Journey***

Members were advised that MidCentral Health had been approved as a pilot site for this project.

#### ***National Pricing Meeting***

The General Manager, Corporate Services, reported on a national pricing presentation/discussion at the regional chief financial officers' (CFO) meeting. Those present at the CFO meeting were trying to understand how national pricing worked and fed back to the pricing team that national pricing did not appear to be working as few DHBs were breaking even financially. Mr Stuart Wilson outlined the reasons he believed were responsible for this, viz data quality, data was not submitted in the correct format, without errors, or in a timely manner, and that an efficiency factor was built into the national price.

Mr Paewai joined the meeting.

The General Manager said the issue needed to be resolved. However, there was an opportunity to cost internally within a DHB that would help achieve better prices. The national pricing team were working towards improving prices for 2009/10. The data environment envelop (DEA) was a system for picking out the most efficient services and using their prices nationally. Although, several DHBs were not in favour of this because of the difficulties and the manner in which it was done, it was the Ministry's preferred method and would therefore continue to be used.

The General Manager Corporate Services advised a report would be prepared to provide an indication on the national average price compared with our own calculations of prices based on our own costs. The difference would represent what MCH felt it was not being reimbursed for. Sufficient revenue was received by MDHB, but it was not showing in the pricing.

The difficulties involved in such calculations were raised, eg acuity, treatment paths, and correct coding, although management did not feel there was any issue with coding accuracy.

Diane Anderson joined the meeting.

Mr Jefferies felt it was difficult to know what the basic deficit was. He felt it would help in managing the organisation if this was known. Members were also reminded that the inter-district flow prices were set, using national prices.

### **6. OPERATIONS REPORT**

The General Manager, MidCentral Health, presented her report.

#### **6.1. Whanganui and MidCentral DHB Taskforce Report on Child and Women's Health services**

It was noted that no one from the Wanganui district wanted to speak to their submission at the public hearings.

A member expressed disappointment at the level of responses received. The member felt access to the consultation documents from the community perspective was difficult, and it was not easy to understand from the documents how the future services would be operationalised. The member expressed the opinion that the opportunity for community involvement could and should still be taken, stating that the most effective way to develop an effective service, was to include key stakeholders including community representatives in the planning process.

Management advised that the report on these joint services would be presented to both boards next month, and some of these concerns would be covered in that process.

**6.2. Closure of Oringi Meat Works**

MidCentral Health's involvement in supporting workers and families affected by the closure of the Oringi meat works in Dannevirke was noted. The resource centre had been well set up particularly by the company and union. A member felt the effect of the closure might be felt more in a few months time as the impact hit workers who had not been able to gain further employment, and suggested that it might be helpful to have a follow up visit then.

**6.3. New Financial Year/Budget**

There was considerable discussion on the new financial year, and the ability to adhere to the new budget. Non achievement of the budget in the first month or so of a new financial year was very disheartening. It was felt there must be some ownership or sponsorship of the budget.

The cost of employing locums was raised, as MCH would still be paying for them until the end of August. Management estimated the cost of employing locums above the amount that would be paid if it was possible to recruit to all RMO positions, was about \$2m+ per annum.

The consequences of industrial action on production were raised, particularly in relation to any additional costs that might be incurred in the new year as a result of trying to catch up on lost production due to the industrial action, and whether those costs had been included in the budget.

Management advised the budget had been very carefully developed and such issues should be included.

There was also discussion in relation to the reports members received. Whilst there were good quality reports covering a wide range to topics, the question was raised as to whether there should be more focus on the two or three issues that would make the biggest difference at a governance level ie make a significant difference to the financial result. A member felt management should set a realistic target for, say, locum costs and that management be aware they were held accountable for meeting or bettering that target.

Management responded to the suggestion, advising the two areas recently identified for specific attention were locum costs and vacancies. These two areas potentially represented \$6-7m risk that had to be managed next year. Rather than change the reporting format, management felt it better to understand the significant elements as they were not all financial. Following further discussion on the issue, members agreed understanding the overall picture and risks was important. Members acknowledged that management understood the issues around the various key elements like wage settlements, locum costs, control over costs etc, and the importance of budget ownership and risk mitigation. Management had to ensure targets were achieved; hence the current reporting format which clearly identified performance against targets, what was being done to rectify any non-performance and highlighted the consequences of not achieving targets.

**6.4. Overseas Recruitment**

The medical recruitment drive in the UK and Ireland was now complete, and a face to face meeting had occurred with the Irish RMOs. MCH had access to the data base for the

midwifery congress. It was anticipated that the senior medical officers interviewed would join MCH, but it was not yet known whether any RMOs would. Management felt the drive would be considered successful if the applicants followed through and joined MCH.

### **6.5. Children with Behavioural Challenges/Patient Passport**

The development of a patient passport was a wonderful initiative, and staff were congratulated for this work.

### **6.6. Bacteraemia Rate**

It was noted that this rate was still above target. Management advised Infection Control always followed these results very carefully. It was also noted there were very small patient numbers involved in this result.

### **6.7. Finance Report**

The deficit was noted, as was what the figure would have been without Funding Division support, ie \$17m. It was further noted that some of the deficit could be driven by the price lag. However, members noted a forward pathway was in place which would hopefully eliminate the need for support funding.

### **6.8. 4<sup>th</sup> Urologist**

Members were advised that unfortunately the 4<sup>th</sup> urologist was no longer joining MCH.

It was recommended

*that the report be received.*

## **7. STRATEGIC/SPECIAL ISSUES**

### **7.1. Community Services Home Help Contract update**

It was recommended

*that the report be received.*

### **7.2. Integration of Services of Older People update**

It was recommended

*that the report be received.*

### **7.3. Secondary Care Update**

A member referred to the rural access and the development of Horowhenua Health Centre, and asked if there had been a reduction in rural inpatient beds at the Centre. The member noted there had been reduced demand for the rural inpatient beds but an increased demand for Assessment Treatment & Rehabilitation beds. The members asked if the reduced demand for inpatient beds had been because there had been lower referrals or whether the referrals had been inappropriate, and what the impact was.

Management advised that a review of the coding practice had been undertaken. The review revealed patients were being coded into an AT&R category instead of the rural category, and a change had been made to the mix of how they were discharged, whether rural or AT&R patients. In addition the demand for rural inpatient beds had reduced and the demand for

ATR beds had increased. The number of beds in the original business case for AT&R and rural patients was incorrect in the original business case. Management added that there had been a recent report presented to the Group Audit Committee on activities at Horowhenua Health Centre.

It was recommended

*that the report be received.*

**7.4. Elective Services Patient Flow Indicators (ESPIs) update**

Management confirmed that access to Elective Initiative funding for urology, ophthalmology, general surgery and gynaecology elective services had been suspended and was no longer available to the DHB. Strategies outlined to manage the situation were noted. It was important that the clinicians managed the processes.

It was recommended

*that the report be received.*

**7.5. Maori Workforce update**

It was recommended

*that the report be received.*

**7.6. Capital Expenditure – Infusion Pumps**

It was noted the review of syringe drivers versus infusion pumps should be completed by the end of this calendar year.

The recommendation was amended to read

*that approval be given for the purchase of 115 infusion pumps at a total cost of up to \$173,000 from the current 2007/08 capital budget for replacement pumps.*

The amended recommendation was carried.

**8. GOVERNANCE ISSUES**

**8.1. Work Plan for 2008-09**

It was recommended

*that the work programme for 2008/09 be noted.*

**9. LATE ITEMS**

There were no late items.

**10. DATE OF NEXT MEETING**

5 August 2008

**11. EXCLUSION OF PUBLIC**

It was recommended:

that the public be excluded from this meeting in accordance with the Official Information Act 1992, section 9 for the following items for the reasons stated:

Item	Reason	Reference
"In Committee" minutes of the previous meeting	For reasons stated in the previous agenda	
Operations Report - : Resident Medical Officers negotiations and MECA accruals : Sentinel Event	Under negotiation  To protect personal privacy	9(2)(j)  9(2)(a)
Contract for provision of laundry services	Contract negotiations	9(2)(j)
Building, Engineering and Grounds Contract	Contract negotiations	9(2)(j)
Capital Expenditure – Infusion Pumps	Contains competitive pricing information	9(2)(j)