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Health Reform Monitor

## Measuring health system performance: A new approach to accountability and quality improvement in New Zealand<sup>☆</sup>

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### ABSTRACT

In February 2014, the New Zealand Ministry of Health released a new framework for measuring the performance of the New Zealand health system. The two key aims are to strengthen accountability to taxpayers and to lift the performance of the system's component parts using a 'whole-of-system' approach to performance measurement. Development of this new framework – called the Integrated Performance and Incentive Framework (IPIF) – was stimulated by a need for a performance management framework which reflects the health system as a whole, which encourages primary and secondary providers to work towards the same end, and which incorporates the needs and priorities of local communities. Measures within the IPIF will be set at two levels: the system level, where measures are set nationally, and the local district level, where measures which contribute towards the system level indicators will be selected by local health alliances. In the first year, the framework applies only at the system level and only to primary health care services. It will continue to be developed over time and will gradually be extended to cover a wide range of health and disability services. The success of the IPIF in improving health sector performance depends crucially on the willingness of health sector personnel to engage closely with the measurement process.

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### 1. Introduction

New Zealand, like most other countries with publicly funded health systems, has in place a process for assessing the overall performance of the health system, together with a number of programmes for measuring the performance of the major organisations within it [1–3]. However the various instruments for measuring the performance of different organisations within the sector have evolved over

time. They are often not strategically aligned with each other and do not always reflect the current direction and vision of national health policies. In February 2014, the New Zealand Ministry of Health released the recommendations of an Expert Advisory Group (EAG) which outlined a new framework for measuring the performance of the New Zealand health system and for improving the quality of services within it [4]. In essence, the framework is a set of linked performance indicators which apply to organisations within the system as well as to the system as a whole. Implementation of the framework – called the Integrated Performance and Incentive Framework (IPIF) – commenced in July 2014.

The first year is a transition year in which the framework applies only to primary health care services and includes only five high level indicators (called 'system measures')

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**Table 1**

The five system level measures, targets and funding which apply in 2014/15.

Measure <sup>a</sup>	Target	Proportion of funding <sup>b</sup>
More heart and diabetes checks	90% of eligible population	25%
Better help for smokers to quit	90% of smokers	25%
Increased immunisation rates for infants aged 8 months	95% of infants	15%
Increased immunisation rates for infants aged 2 years	95% of infants	10%
Cervical screening	80% of women aged 20–70 yrs	25%

Source: Ministry of Health. Integrated performance and incentive framework sector update – June 2014. Wellington; June 2014.

<sup>a</sup> Full details of these measures can be found at: Ministry of Health. Health targets. Wellington: Ministry of Health. Available at: <http://www.moh.govt.nz/healthtargets>.

<sup>b</sup> Proportion of allocated funding to be paid to PHOs and GPs which reach the system level targets.

which are set nationally (Table 1). From July 2015, a wider set of system measures will apply. In addition, each district will be required to choose a set of ‘contributory measures’ which applies to local providers and which contributes towards the achievement of the system measures. The framework will continue to be developed and phased in over a number of years and will gradually be extended to cover a wide range of health and disability services including aged care, maternity services and pharmacy.

## 2. Purpose of the Integrated Performance Incentive Framework (IPIF)

The overall goal of the IPIF is to support the health system in addressing access, equity, quality, safety and cost of health services [4]. The framework has two key aims. First, it aims to improve accountability to taxpayers by measuring the performance of the system as a whole. Second, the IPIF is a quality improvement programme which aims to lift the performance of the organisations within the system.

The need to develop a new performance framework was stimulated by a number of factors. In New Zealand, tax funding is devolved to 20 District Health Boards (DHBs) which purchase and/or provide health and (some) social care services for their geographically defined populations. The DHBs provide secondary and tertiary services in their public hospitals but purchase most community-based services from private (for-profit or not-for-profit) providers. This includes contracting for primary health services, the majority of funding for which is channelled through about 30 networks of general practitioners (GPs) and other providers called Primary Health Organisations (PHOs). A key focus of government strategy in recent years has been to shift services which were previously provided in a hospital setting into the community [5]. However, two separate programmes were in place for assessing the performance

of DHBs and PHOs [2,3]. Although neither of these programmes has been rigorously evaluated, both appear to have made positive contributions to lifting health sector performance [6–8]. Nevertheless, there is a need for a performance management framework which reflects the system as a whole and which encourages primary and secondary providers to work towards the same end.

Related to this has been the shift towards service integration with different providers increasingly sharing practices and processes such as patient pathways, patient information and sometimes a strategic direction. A common performance management system has the potential to promote efficiency by facilitating collaboration between these related providers [9].

Another strategic direction of health policy and practice in recent years has been towards increasing the responsiveness of the system towards the needs and preferences of patients so that the system is ‘people-centred’ [10]. The new framework aims to reflect this principle by incorporating the needs and priorities of local communities and by including patient-reported measures of their experiences.

## 3. Design of the IPIF

In line with many other countries, New Zealand health policy has increasingly been aligned according to an adaptation of the ‘Triple Aim’ approach to health system development [11,12]. The performance measures will therefore be organised around the three triple aim domains of: improving health and equity for all populations; getting greater value for public health resources; and improving the quality, safety and experience of care [4]. The framework also incorporates a life cycle approach in which, where appropriate, performance measures are related to the different stages of life: i.e. infancy, childhood, adolescence, adulthood and later life (Fig. 1).

Measures within the IPIF will be set at two levels: the system level, where measures are set nationally, and the local district level, where contributory measures will be selected by local alliances between DHBs, PHOs and other key stakeholders. The idea is that, for each system level measure, each district must select from a common library a set of contributory measures that contributes to the system level measure, meets the needs and priorities of their local community, and is agreed by a local alliance of professional and community representatives. For example, a system level measure may aim to reduce adverse events while potential contributory measures might include reducing hospital acquired infections or increasing medication management in pharmacies and general practice [13]. System level measures will apply equally to all districts and will include targets against which overall performance can be measured. In contrast, contributory measures will be used to measure quality improvement within and across local organisations and practices. The process of monitoring changes in system level and contributory measures will be undertaken by a range of different methods including annual reporting requirements, monitoring of contractual agreements, audit, surveys, self-assessment and peer review.

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