



AUCKLAND DISTRICT HEALTH BOARD

**Minutes of the Auckland District Health Board meeting
held on Thursday 7 October 2004
in the Marion Davis Library, Building 43,
Auckland City Hospital
Commencing at 1:30 pm**

1. ATTENDANCE AND APOLOGIES

Board Members

Wayne Brown (Chair)
Margaret Horsburgh
Crystal Beavis
Harry Burkhardt
Di Nash
John Retimana
Ian Scott
Pat Snedden

Management in Attendance

Garry Smith – Chief Executive Officer
Denis Jury – Chief Planning and Funding Officer
Michael Boersen - Chief Financial Officer
Nigel Murray – General Manager Auckland City Hospital
Ian Bell - Board Administrator
Andrew Norton – General Manager Human Resources

Apologies

The Chairman declared the meeting open at 1:42 pm.
An apology had been received from Vicki Salmon.

2. DEPUTATION – AUCKLAND AGED CARE PROVIDERS GROUP

Paul Tremewan addressed the Board representing a group of aged residential care providers in the ADHB area. They had made a similar submission to the Waitemata Board. They sought an open relationship with the group as a partner with ADHB to plan and monitor services as well as seeking an increased offer of payment. They stated that hospitals were under funded by 10% and rest homes by 24% but had only been offered a 1% funding increase which would result in smaller providers leaving the industry.

The Chairman advised that ADHB had more beds in their district as a proportion to population as there had historically been no managed bed policy. ADHB was only funded for Auckland's population under Population Based Funding (PBF) and was considered over funded so do not receive a demographic adjuster. There was a need for a regional approach and sharing of information.

The Chief Executive Officer advised that there needed to be a change in the way elder care was purchased and a need for a regional solution however he welcomed a group to have discussions with. ADHB was running a deficit and so could not increase prices but had to consider new approaches. The national average of subsidized residential care to 65 plus population was 4% whereas it was 6% for ADHB. He welcomed the group to

work with and share information but noted that the negotiations were a national agreement and it was inappropriate for ADHB to negotiate prices with the group. ADHB was focusing on a population approach based on a continuum of care model focused on individuals rather than on contracted beds therefore there was a need to create a different approach reflecting the responsibility to ADHB's population. ADHB would work with the group through Mr Max Robbins.

The Chairman and CEO thanked the group and undertook to work with them noting however that there was a need for attrition and reduction in the sector and that there would be dramatic changes in the care for older people.

3. CONFIRMATION OF MINUTES – 2 SEPTEMBER 2004

Moved: John Retimana, seconded Margaret Horsburgh

That the minutes of the meeting of the Auckland District Health Board held on 2 September 2004 be confirmed as a true and correct record.

Carried

4. ACTION POINTS 2 SEPTEMBER 2004

A clause allowing recovery of overpayments in employment contracts was being considered by the General Manager Human Resources.

The letter relating to the Starship Foundation Trust Deed had not been received and this is to be pursued.

The Chairman noted that the Minister now required her consent to changes in services and he had sought confirmation that this would be applied nationally.

The Board requested a regular monthly update on SSS, AOS and ORs. Nigel Murray advised that SSS had stabilised from a clinical safety point of view with incidents reducing. Direct treatments costs were still unfavourable but the trend showed a slight improvement in ORs and SSS. Problems in SSS were driving an increase in consumables in OR and increases in wage costs. A strict control on FTEs in OR had been imposed however there were still more FTEs in SSS on a temporary basis to address the clinical concerns. A project has been initiated to review procurement of disposables that may have been enhancements to services. Further costs incurred to ensure RMO compliance had not been offset by efficiencies.

The use of blood products had been raised at the Audit meeting where it had been advised that reports were being received from NZBS and that ADHB was doing quite well compared with other DHBs in reducing some blood product use.

5. CHAIRMAN

5.1 Report

Wayne Brown advised that it had been a difficult month with an unsatisfactory meeting with the MoH and Minister. He thanked Pat Snedden for accompanying him and advised that he had given a synopsis of the meeting to the Executive team with pressure on management to reduce the deficit. A further meeting with the Minister would be held in November with the Chief Executive Office accompanying him. The Minister and Ministry were not happy with the increased loss however their understanding of issues facing ADHB appeared to be rather simplistic. Regional PBF was needed and the concept of the region working together when the financial incentives were different was not understood. It was difficult to get other DHBs to commit to service volume levels. The Minister had prohibited new services or new treatments without her consent. He noted however that clinicians only used unfunded drugs for good clinical reasons and Pharmac had been adding new drugs to the schedule and so had expanded available treatments. A further example of conflicting messages was, while being told to reduce the deficit ADHB had been instructed to agree to the 1% increase for older care at the same time that the MoH removed the risk pool. ADHB was over serviced for aged beds and needed to reduce them from 500 to 400 to relate to the ADHB population. He advised that he had agreed to the 1% without prior Board approval under severe pressure from the Director General of Health.

Garry Smith advised that a high cost new treatments framework was being considered by the Chief Medical Officers nationally based on a paper prepared by Margaret Wilsher as well as being addressed regionally through the CEO's forum.

5.2 Chairs' Conference DHBNZ

The Deputy Chair, Margaret Horsburgh, had attended the Chairs conference of DHBNZ and raised the question of what value it was to ADHB in being a member. There were also concerns at the level of projects being undertaken by DHBNZ at \$3m which were creating a cash flow crisis for DHBNZ. While the Minister was overall pleased with the way the sector was performing DHBNZ had not posed hard questions of the MoH or the Minister i.e. removal of the risk pool for health of older people. DHBNZ had accepted a doctors in training project and also the establishment of a research fund of \$8m from additional Pharmac rebates.

Garry Smith advised that the levy to DHBNZ was \$250k and expressed concerns that DHBNZ were becoming involved in operational issues rather than fulfilling a coordination and secretariat role. The establishment of the research fund was contrary to the devolution protocols and the regional response to the research fund was that it should not be agreed to. The CEOs were demanding more accountability on the projects being undertaken but did acknowledge the value in meca coordination and some areas of procurement.

Northland had formed a group of rural sized DHBs with shared problems and it may be better for ADHB to align with Canterbury and Capital Coast. ADHB was benchmarking with these DHBs. The Board is to write to DHBNZ expressing concern at operational issues and seeking a copy of the DHBNZ Terms of Reference.

5.3 Meeting Schedule 2005

The schedule of meetings for 2005 was accepted and noted.

6. CHIEF EXECUTIVE OFFICER

6.1 Report

Garry Smith spoke to his report advising that while finances were to budget the budgeted deficit for 2004/2005 had not been reduced. There was a focus on getting this years District Annual Plan signed off and the establishment of processes to get a better budgeted result for this year and the ensuing two years.

He welcomed Andrew Norton as the new General Manager Human Resources who would have input into regional projects.

Work was being undertaken on the 2005/2006 funding envelope but agreement on a methodology for pharmacy population splits for the region had not been agreed. The health of older people risk pool being not funded would have an impact of between \$2m and \$3m on ADHB and options to manage this were currently being explored.

The regional CEOs were discussing regional services and the regional projects were gaining momentum. CEOs and CIOs had agreed the regional strategic plan. This group met twice a year.

The HRMS project was proceeding and while it had not been signed off by the MoH there was a need to purchase the license which had been agreed by the Audit Committee. The impact of the Holidays Act had been calculated differently by each DHB. There was discussion regionally on a common calculation methodology.

The goals contained in the papers may not be correct and it was suggested that there needed to be a goal of treating ADHB's population and only patients referred from other hospitals. There was a need for clinicians to understand where patients came from being ADHB's, other DHB's, ACC patients etc. to ensure that coding was correct and to improve revenue.

6.2 Pharmac Report on All at Once Dispensing

The ADHB area had an average of 14% controlled dispensing which was better than other districts. There may be gains to be obtained in dispensing to rest homes. The Pharmacy One contract had been resolved into three contracts.

The Audit Committee had noted a PHO enrolling back packers and requested that appropriate action be taken with that PHO.

7. FINANCIAL REPORT – AUGUST 2004

While there was a nil variance year to date there was concern at volumes in the Provider arm and increased direct treatment costs which had been supported by positive variances in Support Services and the Building programme. These positive variances would reverse over time leaving the issues in the Provider arm of volumes and direct treatment costs. It was noted that the same risks and issues were apparent in other DHBs. Capital expenditure would be delayed to the last quarter of the year and work was being done on SSS. FTE numbers were close to budget.

8. DISABILITY SUPPORT ADVISORY COMMITTEE

The regional meeting had been held on 15 September 2004 but was not satisfactory as the MoH had not attended to address the under 65 respite issues.

9. QUALITY COMMITTEE

The Committee had not met.

10. AUDIT COMMITTEE

10.1 Report

The Audit Committee had considered a number of items including a recovery audit, the Change Programme consultant's bills and approval process of invoices by the leader of the Change Programme, Audit NZ help on RFP 505, an appreciation by the Clinical Training Network for work done by the Internal Auditor and the recruitment of nursing staff through bureaus. Other items were the Asset Management Plan and the Spectrum proposal to pay off the subordinated debt as well as the Grafton parking strategy.

10.2 Lease of Premises to New Zealand Blood Service

The Minister's approval to the lease of premises to the New Zealand Blood Service was noted.



11. GENERAL BUSINESS

National Women's Migration

The Board wished the National Women's migration every success and appreciated the preparatory work done by National Women's staff and the migration team.

New Board

The Board Administrator was to invite new members to attend the remaining meetings in 2004.

12. NEXT MEETING

The meeting closed at 3.50 pm.

The next meeting will be held on:
Thursday 4 November 2004
Marion Davis Library
Auckland City Hospital
Grafton

CONFIRMED

CHAIR:

DATE: