

AUCKLAND DISTRICT HEALTH BOARD

Minutes of the Auckland District Health Board meeting
held on Thursday 2 June 2005 in the Marion Davis Library
Building 43, Auckland City Hospital, Grafton
commencing at 1:30 pm

1. ATTENDANCE AND APOLOGIES

Board Members

Wayne Brown (Chair)
Tony Bierre
Jackie Blue
Barry de Geest
Di Nash
John Retimana

Ross Keenan
Harry Burkhardt
Chris Chambers
Virginia Hope
Ian Scott

Management in Attendance

Garry Smith – Chief Executive Officer
Denis Jury – Chief Planning and Funding Officer
David Sage – Chief Medical Officer
Warwick Russell – Acting Chief Financial Officer
Nigel Murray – General Manager Auckland City Hospital
Andrew Norton – General Manager Human Resources
Ian Bell – Board Administrator

The Chair declared the meeting open at 1:35 pm.

2. PRESENTATION - PHARMAC

Richard Waddel, Chairman of Pharmac, advised that he had never experienced as much pressure in the last five years as that at present which may have risks for DHBs and Pharmac sought continued DHB support as they were spending DHBs funds. He advised that the publicly funded drugs spend in different countries were UK 80%, NZ 80%, Germany 74%, Australia 54%, Canada 37% and USA 19% with the latter having 44 million people with no access to drugs. There were some drugs that Pharmac would never fund and expenditure growth had been 3% per annum in New Zealand compared with 10% per annum overseas. 9% of the public health Vote was on pharmaceuticals.

Wayne McNee, CEO of Pharmac, presented to the Board with an outline of Pharmac's role, managed increases in community pharmaceutical expenditure, promoting the responsible use of medicines and new initiatives to assist DHBs.

The current budget was \$565M growing to \$583M in 2005/2006 and a three year funding path had been agreed with District Health Boards. Increased volumes were being experienced as PHOs became established. 15 new drugs had been subsidized in 2003/2004 of which one should decrease hospital admissions. Volume increases in drugs had been offset by price decreases and stat dispensing had a net saving of \$45M. 20 new oncology drugs were being assessed with Pharmac taking a population view to ensure consistency across NZ. Assessment of new technology was being undertaken with a skilled health economist. Pharmac would require a legislative change if they were to purchase clinical consumables in addition to drugs. This question is to be referred to

the next Chairs meeting. The Board supported skills as monopsony purchasers and sought their help in other areas such as laboratories and implant purchasing.

3. CONFIRMATION OF MINUTES – 5 MAY 2005

Moved John Retimana, seconded Ian Scott

That the minutes of the meeting with the Auckland District Health Board held on 5 May 2005 be confirmed as a true and correct record.

Carried

4. ACTION POINTS 5 MAY 2005

All points had been noted or actioned.

5. CHAIRMAN

5.1 Report

Wayne Brown reported to the Board:

- The meeting with the Labour MP caucus had been quite useful.
- He had attended an IS out-sourcing meeting where three companies, organised by the CIO, had presented three different approaches which were not in conflict with the Regional IS Strategy.
- He had had meetings with the CEO and Gordon Davis. There could be a need to reduce FTEs to improve the budget and this needed to be checked with the Government as to whether the effects would be acceptable.
- Graham Aitken was looking at opportunities to improve surgical services.
- He would be attending the clinical leaders meeting the next day.
- SSS review had been released and progress was being made.

5.2 Regional Report – Deputy Chair

Ross Keenan advised:

- He attended the three DHB Board meetings, Audit meetings, NDSA and Chairs meetings from which he gathered information. He also had met with the CMOs.
- The three Auckland DHBs were at different stages. Waitemata were losing money at North Shore Hospital which required a cultural change to address from within. Counties Manukau were very mature in IT and primary care relationships which had addressed high acute demand but they were still short in electives.
- Overall his role was to reinforce thinking regionally.
- He had facilitated the Labour Caucus Forum.
- The Chair and CEO meetings were evolving with the next meeting on 9 June 2005.
- The oncology project was back on track with a willingness of the DHBs to purchase greater volumes.
- Other regional issues were inter-regional staff transfers, regional internal audit and aged care delivery.

He advised that the CEO's work streams were undertaking a large number projects with forward planning of services well thought through but with a need to measure the financial impacts of the planning decisions.

5.3 Auckland Region District Health Board – Auckland Labour Caucus

The presentation was noted.

6. CHIEF EXECUTIVE OFFICER

6.1 Report

Garry Smith reported to the Board:

- There was a focus on the year end position and planning for outer years with service reviews by the General Manager, Auckland City Hospital and General Manager, Greenlane Clinical Centre being an integral part of this planning.
- The MRT strike notice had activated a contingency plan and he thanked every body for their efforts.
- The external clinical review of SSS had been received and the recommendations were being taken seriously.
- There had been input to the national pricing mechanism and the tertiary adjuster was being reviewed.
- The three focuses were the root causes of the deficit, enablers e.g. information management and culture flows and lifting the health of Aucklanders.

The General Manager Human Resources updated the Board on the new payroll system which would include HR systems to allow better management of the workforce. The last pay on the old system had been run and there had been a number of parallel runs of the two systems with still some elements to be addressed before the next week's pay of nurses on the new system. Counties Manukau and Waitemata were still experiencing some problems with the system which appeared to be people issues rather than the system. ADHB had been the first DHB to back pay nurses which included giving them good detail of the back pay which had been appreciated. The Board requested an article in NOVA on the paying back of overpayments.

Garry Smith advised that there had been positive feedback on the new NOVA publication.

Barry de Geest left the meeting at 3:00 pm.

Ian Scott advised that he had attended the Starship Foundation meeting where there had been some discussion on research. The Board was introducing a policy of a 65% overhead loading to research projects and was endeavouring to get consistency with other DHBs. A paediatrics telephone service had been established which provided 24 hour clinical management advice, an example being to a child on the West Coast which alleviated the necessity to transport the child. ADHB was not funded for giving telephone advice.

6.2 Diagnostic Medlab Ltd

This item had been withdrawn.

6.3 Greenlane Site Strategy

Paul Jepsen, Manager Facilities Management, addressed the Board outlining the clusters on the Greenlane Clinical Centre site advising that on the GCC cluster there would be commencement of demolition of buildings under the HSDP programme with documents issued for Building 9 demolition. Building 8 would be demolished once it had been emptied. The properties being sold would be transferred to RHMU.

In August 2003 the Board had agreed that rather than incurring the costs of moving services from Buildings 10, 13 and 14 to the Cornwall Complex that offsite services be moved with resulting savings in lease costs. The \$4.4m cost of refurbishment of the Cornwall Complex had a 4 to 5 year pay back and would leave 9,000 square metres of vacant space consolidated in Building 16. If RehabPlus relocated this would reduce to 4,500 square metres and free up the Carrington site which had a mental health designation.

The Board requested an update on the Grafton site for the next meeting.

7. FINANCIAL REPORT – APRIL 2005

The Acting Chief Financial Officer updated the Board on the results for the month and year to date being on track to have a slight improvement against budget.

With the move to translate into a population focus DHB any savings made by initiatives in primary care would have to be measured and transferred into the funder purchasing less if there is savings in hospital admissions, however, this may not result in hard savings without some capacity adjustment.

8. DISABILITY SUPPORT ADVISORY COMMITTEE

The Committee had had strong input into the Annual Plan being more direct in addressing disability issues. A regional meeting would be held on the 16 June 2005.

9. QUALITY COMMITTEE

The Committee would be meeting on 16 June 2005.

10. AUDIT COMMITTEE

10.1 Report

The Audit Committee had met the previous day and supported a number of recommendations to the Board.

An HSDP report had been tabled which would require some time to consider to ensure that it adequately explained the processes that had occurred to being closure to this issue. This was important for moving forward with clinicians.

Aged Residential Care Price Increase

The 3% increase in the national price per bed day was covered by 1% through the budget and 2% by new funding.

Moved Ian Scott, seconded Chris Chambers

That the Auckland District Health Board approves:

- (1) the national price increase of 3% per bed day recommended through the national review process for aged residential care be paid;*
- (2) that this increase is back dated to 1 July 2004 and;*
- (3) signing authority for these contracts be delegated to ADHB's Chief Planning and Funding Officer.*

Carried

10.2 Allocation of Holiday Act 2003 Funding to NGO Sector

This recommendation was cost neutral.

Moved Ian Scott, seconded Chris Chambers

As per the requirements of the Ministry of Health with regard to the Holidays Act 2003, a proportional application of the total contract price of \$1,107,220 to specified services, contracted by Auckland District Health Board and providing 24 hour health services, be applied.

Carried

10.3 Birthcare Price Increase

The price increase recommended was still below the national price and was covered by the future funding track.

Moved Ian Scott, seconded Chris Chambers

That the Auckland District Health Board approves the price increase of 2.5% to Birthcare Auckland Limited from 1 February 2005.

Carried

10.4 Purchasing Policy

The Audit Committee had requested more work on this recommendation. It was recommended that there be a seminar on the purchasing for regional purchasing officers including input from Pharmac.

11. GENERAL BUSINESS

Maori Health Advisory Committee

The Board was informed that the Chair of the Maori Health Advisory Committee, Rob Cooper, had tendered his resignation to take up a position as CEO for Ngati Hine promoting health initiatives. The Board acknowledged the work and contribution of Mr



Cooper and the regional approach that Maori Health had taken. A letter is to be sent acknowledging his work. John Retimana as Deputy Chair would assume the chairmanship of the Committee.

Wayne Brown advised that there had been discussion on the DAP with his instructions to put references to the Treaty of Waitangi further in the document rather than at the front as a demonstration of the maturity of ADHB expecting as a standard that recognition is given to the Treaty of Waitangi as part of the normal way in which ADHB operates. He had prepared a preface for the DAP explaining the normalisation of Maori issues as part of ADHB.

12. NEXT MEETING

The meeting closed at 3:58 pm.

The next meeting will be held on:
Thursday 7 July 2005
Marion Davis Library
Building 43
Auckland City Hospital
Grafton

CONFIRMED

CHAIR:

DATE: