To File

Minister of Health

16 September 1997

Chief Executive Officer, THA
Chief Executive Officer, CHEs

Waiting Times Fund (WTF) and Booking System Policy

I am concerned about progress reports I have received which indicate that booking systems may not be fully implemented by 30 June 1998. The Waiting Times Fund was established as a tool for implementing booking systems and I am not willing to see it used in any other way. Because of this concern, I have decided not to approve any further WTF applications until I receive written confirmation from both THA and CHE CEOs that the booking systems deadline will be met.

I request that the THA and each CHE confirm that they are on track to have booking systems in place by 30 June 1998 and provide a brief outline of how this will be achieved. I will be meeting with the WTF Advisory Group on 18 September 1997 and intend discussing this issue with them then. I would appreciate your response as soon as possible.

I have also been made aware that there may be some confusion about the policy of the WTF and booking systems. This letter outlines the policy behind the WTF and booking systems.

The Aim of the WTF - Background

On 1 July 1996, the Government made available a WTF of $130 million to clear the backlog of people who are most in need of elective hospital services. This Fund is to assist the THA and the CHEs to meet the Government's objective of introducing booking systems by 30 June 1998. Booking systems aim to ensure that those with the greatest need for treatment receive it in a timely way. The WTF pool was increased by a further $105 million in the 1997 Budget. This announcement extended the life of the Fund by a further year until the year 2000. Applications that satisfy the Government's criteria below may well improve a CHE's financial position, but while this may be a by-product of the WTF, it is not the purpose of the WTF by any means. Any applications that do not meet these criteria will be declined.

The Criteria for Accessing the WTF

The Government has set strict criteria to ensure that the WTF is specifically targeted at clearing the backlog of people waiting for elective services as at 7 May 1996. Applications that are unable to meet all the criteria outlined below will not be

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approved. The Ministry of Health, probably in conjunction with the THA, will be commissioning independent audits to ensure that these criteria have been met. These criteria are outlined in the application form and subsequent contract, and many are prerequisites for having a booking system in place. These criteria require the THA to:

1. Identify the waiting list backlog. The backlog is defined as the *number* of people who have been referred for THA-purchased surgical, medical or diagnostic elective services and were waiting for their assessment or treatment as at 7 May 1996. People are excluded from this group if they are:

   - Accident Rehabilitation and Compensation Insurance claimants
   - not expected to meet the interim or sustainable threshold, or
   - no longer require the service they are on the waiting list for, for example they have obtained their treatment in the private-sector.

   It is the THA's responsibility to manage growth in the number of people who have been placed on a waiting list after 7 May 1996. This can be achieved through either raising the interim and/or financially sustainable thresholds, or by diverting resources to services that have accrued waiting lists after 7 May 1996, should those services be deemed a priority. No additional funding will be made available from the Government to clear growth in waiting list backlogs since 7 May 1996.

2. Implement a financially sustainable threshold for treatment for the service. A threshold is the score derived from agreed clinical criteria, above which people can receive treatment or services in the publicly funded health system from within the available resources. The threshold is based on a points-based or similar clinical prioritisation scale where higher score means higher clinical priority. If a sustainable threshold is being developed, then an interim threshold is required, together with the milestones and date when the sustainable threshold will be introduced. These thresholds are negotiated between the CHE and the THA.

3. Develop clinical priority assessment criteria (CPAC) in conjunction with clinicians.

4. Confirm that a booking system has been implemented, or confirm that a booking system will be implemented by 30 June 1998 and provide the milestones for achieving this goal, and an assurance that the booking system will operate at a financially sustainable level. Before a booking system can be fully operational, points 2, 3 and 5 need to be implemented. Booking systems are more fully explained below.

5. Confirm that referral protocols between the provider and general practitioners (GPs) are in use or will be introduced by 30 June 1998. This will involve ensuring that GPs are aware of the referral protocols for first specialist assessments, and confirming that any one who does not meet the financially sustainable threshold will be referred back to their GP for on-going care and maintenance of their condition.

6. Confirm that cost and/or volume shifting will not occur.

7. Achieve marginal prices for applications that are submitted. Hon Jenny Shipley, previous Minister of Health, defined 'marginal pricing' as at least a 10 percent discount from base contract prices.

Booking Systems

The *1997/8 Funding Agreement* requires: "that the THA, by 30 June 1998, ensures that every provider with which it contracts for non-urgent surgical, medical and diagnostic services, and for which there are waiting lists, uses a booking system based on clinical priority assessment criteria."

This means that all waiting lists for elective services will be replaced by booking systems by 30 June 1998. In practice, all patients referred to a hospital specialist will be scored against agreed CPAC. If patients score above the financially sustainable threshold, then they will be booked for treatment within six months, according to the priority score at their assessment. However, the financially sustainable threshold will be able to be adjusted up or down from time-to-time to ensure that no new backlogs or waiting lists emerge.

All patients who score below the financially sustainable threshold must be referred back to their GP for on-going care and monitoring of their condition. It is the Government's policy that people who are below the threshold must not be given an expectation of treatment within the publicly-funded health sector. However, if their condition deteriorates, or the threshold is lowered, these people can be referred for a re-assessment.

Booking systems are not six month waiting lists. They are a reflection of the total volume of elective services the THA is able to purchase from its providers within the funding year. For example if the THA is able to purchase 100 elective services from a CHE over the course of the financial year, then the financially sustainable threshold will be set to ensure that only 100 people who have the highest clinical priority and ability to benefit from treatment will be booked for treatment within that year. Patients' appointment dates are dependent on their first specialist assessment CPAC scores.

The requirement to move towards booking systems has been reflected in the *Policy Guidelines for RHAs* since 1994/5. Section 5.2.2 of the *Policy Guidelines for RHAs 1996/7* states that: "the implementation of booking systems involves entering all new patients onto the new booking system first. All current waiting list patients (after priority has been assessed), should be gradually transferred to the booking system or to their primary care provider for ongoing review and re-referral should their condition change." This was also noted in the *1995/6 Policy Guidelines for RHAs*. The Government has allowed for a three-year transition period for implementing

booking systems to be completed by 30 June 1998. However, on an exception basis through WTF contracts, some backlogs are being allowed to be cleared over a grace period beyond 30 June 1998 where the backlog has been quantified and audited, and it is being systematically reduced to zero.

It is also Government policy that by 1 July 1998, 90 percent of people referred to a hospital for a first specialist assessment will be seen within two months of referral and 100 percent of people will be seen within six months of referral.

I trust this clarifies the policy requirements surrounding the WTF and booking systems. I look forward to hearing from you as soon as possible regarding the 30 June 1998 deadline for introducing booking systems.

Yours sincerely

Hon Bill English
Minister of Health