



NEW ZEALAND PRIVATE SURGICAL
HOSPITALS ASSOCIATION INC



The NZ Private Surgical Hospitals Association:

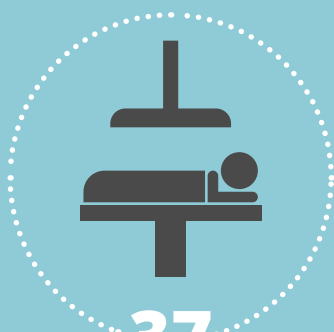
A briefing for the incoming Minister

Collectively, members of the association provide for:



170

theatres



37

procedure rooms



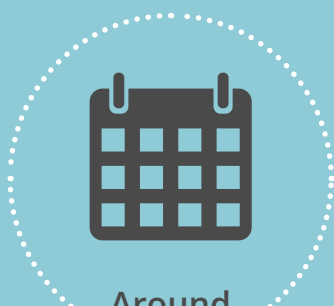
1,445

beds



3,438

FTE staff



Around

170,000

procedures per
annum (14,897 of
which were DHB contract
procedures – 2017 figures)



Approx

50% of all

elective surgery in
New Zealand



Our members currently perform over **170,000**
surgeries a year and we estimate we have the capacity to undertake
a significant number of additional operations annually



Government could engage
the private hospitals sector to
provide services to meet the
growing, unmet demand for
elective surgery.



Government could reform
the health insurance system
to ensure premiums remain
affordable for New Zealanders
as they age.

Introduction

This paper discusses two key issues:

1. How the private hospitals sector can cater cost-effectively and efficiently to the unmet demand for elective surgery, while relieving pressure on DHBs.
2. The need to make health insurance more affordable for ageing New Zealanders, thus encouraging them to take financial responsibility for their own healthcare.

Providing for elective surgery demand

New Zealand has a growing, and unmet, demand for elective surgery, and overall waiting times are increasing. The private hospitals sector has significant capacity, and the experience and expertise, to absorb much of this demand. By working formally and collaboratively with Government to provide elective surgeries around the country, the private hospitals sector can support Government's elective surgery goals, reduce government's capital investment requirements and improve the quality of life for thousands of New Zealanders.

Recommendation:

That government and the private hospitals sector partner to provide service to meet the growing, unmet demand for elective surgery.

Reforming health insurance

Current levels of public funding will not sustain the health system and ensure it meets the growing demand it faces. One solution is to encourage more New Zealanders to take more financial responsibility for their own health care, especially as they age. But the current health insurance system discourages that (premiums become too expensive), and ageing New Zealanders stop or reduce their insurance cover, instead relying more on State-funded care.

Recommendation:

Reform the existing system to ensure insurance remains more affordable by removing FBT and establishing a progressive community rating.

General comments

The New Zealand Private Surgical Hospitals Association agrees that, largely, New Zealand's public health system functions well and provides for the needs of the majority of New Zealanders.

However, the increasing challenge facing any government is funding the ever-growing needs of a system that has the demanding job of providing sufficient quality facilities to meet all the requirements of the country's ageing and growing population.

It's not only the ageing population that is an issue; it's also the increase in chronic conditions that will put more pressure on the public system.

This is where the country's private hospitals can support government.

Our members wish to build more formal, long-term relationships with DHBs and to work collaboratively with them to help absorb some of the growing demand they face.

We are able to bring capital to the New Zealand health system, ensuring facilities are available without needing government funds to provide them. For instance, there is currently an oversupply of operating theatres and procedure rooms in New Zealand.

Our members can provide both baseline and peak demand elective services for DHBs as part of a partnership model that combines and maximises the strengths of both the private and public sector delivery arms.

Put simply, we are offering to assist DHBs meet their demands while reducing their financial burden, saving them valuable and much-needed capital and allowing them to invest funds in other health priorities.

We are an additional resource that provides extra capacity and extra funding to help balance a hardworking public health sector with cost-effective and efficient services to DHBs.

We are here to help.



How the private sector can support government policy: Catering to the unmet demand for surgery while relieving pressure on DHBs

Many DHBs have elective surgery capacity problems that create a range of issues for patients, and garner adverse media attention.

More than **350,000** New Zealanders 18 years and over have some form of elective surgery each year.

An additional **280,000** have been told they need some form of elective surgery but only 110,000 of those are on waiting lists.

More than half of the **280,000** who require elective surgery but haven't had it say their quality of life is worse than it was five years ago. A quarter state their quality of life is a lot worse, driven by a lack of mobility and higher levels of pain.

Almost a third of those who require elective surgery have had to make significant lifestyle changes.

Overall waiting times for surgery have increased since 2013. Among those waiting for surgery, waiting times are up by **80 days** to **304 days**.

We understand there is always a need to invest in hospital facilities to keep pace with population health needs, however we contend that it is uneconomic to invest in more DHB beds or theatre capacity for elective surgery when the private sector:

- Has significant capacity and flexibility – and the expertise – to absorb additional load.
- Can do so at less cost.
- Can save the government significant funds in infrastructure funding – funding that can be redeployed into other priority areas.

Our members currently perform over 170,000 surgeries a year and we estimate we have the capacity to undertake a significant number of additional operations annually.

That would both support government's elective surgery goals and provide for a significant unmet demand, greatly improving the quality of life for thousands of New Zealanders who cannot get timely surgery.

Recommendation

1. The NZ Private Surgical Hospitals Association recommends government formally partner with its members to outsource a large percentage of the additional surgeries that are required by New Zealanders. This would help to meet this large unmet demand while relieving the load on DHBs, enhancing efficiencies and reducing government capital expenditure requirements.

The need to reform health insurance

In our view, New Zealand's health system is unsustainable in its current form.

Our ageing population continues to put an ever-growing demand on our health services, and current levels of public sector funding will not be able to provide the facilities, equipment and staff that will be needed.

The NZPSHA believes there are three avenues (not mutually exclusive) open to the government:

1. Significantly increase taxation to fund health care.
2. Finds ways of keeping the elderly well, in their homes and supported by low cost health services.
3. Encourage those with the ability to do so to contribute to the funding of their healthcare.

Countries with a mixed public-private health care system appear to achieve better health outcomes and demonstrate better control of health expenditure.

Internationally, countries that community rate their health insurance (i.e. premiums are based upon the risk of the community as whole, not just the individual) appear to get the best health outcomes relative to health expenditure.

New Zealand has a risk-rated health insurance system. As risk increases so do premiums. This means that as New Zealanders age, and they are most in need of health care, they tend to drop their health insurance.

This transfers the burden of care to the taxpayer-funded health system.

Recommendation

The NZ Private Surgical Hospitals Association recommends some government intervention to ensure our health insurance system is working in the best way to benefit individuals and the community as a whole.

This intervention needs to help older New Zealanders retain health insurance cover. Suggested measures include:

1. Remove FBT on health insurance so, with employer support, younger, healthier people take out health insurance, lowering the community risk.
2. Establish a progressive community rating which sees health insurance remain affordable for older New Zealanders. This will encourage them to retain cover, reducing the burden on the government.

Background

The New Zealand Private Surgical Hospitals Association (www.nzpsa.org.nz) promotes, positions and connects the private surgical hospitals in New Zealand. In addition, the association:

- Strengthens the private surgical sector by facilitating capability development opportunities with an educational focus. This supports members in their delivery of quality healthcare to enhance patient outcomes.
- Represents and advances the position of private surgical hospital providers in New Zealand by highlighting and promoting the added value the sector brings to the health of New Zealanders. It does this by providing specialised advice to government and other agencies, and by raising issues of concern to private hospitals and proposing solutions to politicians, government and other stakeholders.

Membership

The NZPSHA represents an important part of the country's health sector. The association comprises 27 member hospital groups located over 39 hospital facilities (a member of NZPSHA can be a stand-alone hospital or a hospital group).

Members are certified to the Health and Disability Services (Safety) Act 2001 or accredited against international standards. We believe that all New Zealand hospitals and day-stay facilities should meet these standards.

While all the major private surgical hospitals in New Zealand are members of the NZPSHA, there is a large cohort (in the region of 600 such providers) of day-stay and rooms-based private surgical providers that do not meet the NZPSHA's membership criteria.

Statistics

Collectively, member hospital facilities of the association provide:

- **170** theatres
- **37** procedure rooms
- **1,445** beds
- **3,438** FTE staff
- Approximately **50 percent** of all elective surgery in New Zealand
- Over **170,000** procedures per annum (**14,897** of which were DHB contract procedures – 2017 figures)

What we do

Private hospitals provide improved access to healthcare for all New Zealand. NZPSHA members are located across the country and offer additional capacity over and above the public sector.

NZPSHA members undertake a full range of elective surgery, from complex neurosurgery and cardiothoracic surgery through to minor procedures. A little over half of all elective surgery conducted in New Zealand is performed in NZPSHA-member hospitals.

The NZPSHA is the sector's major voice to government, ministries, and other health sector representatives (NZ Medical Council, Health Funds Association of NZ). The association works closely with ACC and other funders and has a representative ACC working party that meets regularly to discuss elective surgery contract holder matters on behalf of members.

The NZPSHA aligns its clinical indicator reporting programme closely to ACC and the Health Safety and Quality Commission (HQSC). Its aggregated clinical indicator data reports are provided to the HQSC with which it engages closely, with several representatives on HQSC expert advisory groups and committees.

The NZPSHA also has an active nurse and clinical leaders group that meets twice a year, and which is the mechanism for valuable information-sharing on nursing and other clinical matters.

The NZPSHA holds MoUs with the Medical Council of NZ, Health Informatics NZ and the Royal Australasian College of Surgeons.

NZPSHA MEMBERS

The New Zealand Private Surgical Hospitals Association promotes, positions and connects the private surgical hospitals in New Zealand.

170,000
procedures

NZPSHA MEMBERS PROVIDED
APPROXIMATELY 170,000
PROCEDURES IN 2017

50%

NZPSHA MEMBERS
PROVIDE IN THE REGION
OF 50% OF ALL ELECTIVE
SURGERIES IN NEW
ZEALAND

39

HOSPITAL FACILITIES

1,445

SURGICAL BEDS

3,438

FTE STAFF



c/- Executive Director

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