

# Archived Document

**PHO Services Agreement – PHO Performance Programme  
Referenced Document Part G (28 April 2014) has been archived.  
Part G of the PHO Services Agreement ‘Value and High  
Performance’ has replaced the PHO Performance Programme in  
Version 4 (1 July 2016)**

# PHO Services Agreement

## PHO Performance Programme Referenced Document

### 1. Definitions

- (1) In addition to the defined terms set out in Part B of the Agreement, in this Referenced Document, unless the context requires otherwise:

**Benchmarks** mean the equitable benchmarks, calculated for the PHO in accordance with the population-based RSM funding formulae that identify a more equitable distribution of resources for pharmaceutical and diagnostic services. The expenditure benchmarks set by these formulae assist with setting Targets for the financial indicators forming part of the National Indicators.

**CQI** means continuous quality improvement.

**Indicator Baseline Data** means the measure of the PHO's position for each National Indicator prior to entry to the Programme. This measure is used in the first Target setting process. Thereafter, the actual result for each National Indicator for the prior Performance Period becomes the Indicator Baseline Data for the next Target setting process.

**National Indicators** mean the core set of national performance indicators contained in the Referenced Document entitled "Indicator Definitions for PHOs".

**Performance Payments** mean the 6 or 12 monthly payments calculated in accordance with the weighting against each National Indicator set out in the Referenced Document entitled "Indicator Definitions for PHOs" and for which the PHO is eligible when it participates in the Programme, and has achieved progress towards its Targets.

**Performance Period** means a 6 month period commencing on either 1 January or 1 July.

**PHO Performance Plan** means the PHO's plan for participating in the Programme, described in clause 7 of this Referenced Document.

**Programme** means the PHO Performance Programme described in this Referenced Document.

**Programme Prerequisites** means the prerequisites to participate in the Programme as specified in the Referenced Document entitled "Indicator Definitions for PHOs".

**RSM** means Referred Services Management and refers to pharmaceuticals and diagnostic services accessed through the primary health care team (usually the General Practitioner).

**Targets** means the targets for achieving progress on National Indicators that are set in accordance with the Referenced Document entitled "Indicator Definitions for PHOs".

### 2. Programme overview

- (1) This clause provides an overview of the key components of the Programme. Each component is specified in more detail in this Referenced Document.

- (2) The Programme is based on a set of core National Indicators. National Indicators focus on a range of areas and some may include expenditure Benchmarks.
- (3) To ensure the Programme is responsive to each PHO, Targets will be set in accordance with the Referenced Document entitled "Indicator Definitions for PHOs" to measure progress against each National Indicator in relation to the PHO's Indicator Baseline Data.
- (4) Annual Targets and the strategies the PHO will use to achieve the Targets are set out in the PHO Performance Plan if the PHO has been participating in the Programme for less than 12 months, or agreed in writing by the DHB if the PHO has been participating in the Programme for greater than 12 months. Targets for the second 6 month Performance Period of an annual cycle will be adjusted according to the guidelines specified in the Referenced Document entitled "Indicator Definitions for PHOs". All adjusted Targets must be approved by the DHB.
- (5) The PHO's performance will be measured against its Targets on a 6 monthly basis. The PHO will be eligible to receive Performance Payments when it achieves progress towards and/or meet the Targets.
- (6) The Programme will monitor and report quarterly on the PHO's progress towards achieving Targets.
- (7) Performance Payments will be made on the basis of progress towards Targets on a 6 or 12 monthly basis.
- (8) The PHO's Targets and PHO Performance Plan will be reviewed annually unless otherwise agreed.

### **3. Programme principles**

- (1) The following principles underpin the Programme:
  - (a) **Equity:** improving access with an emphasis on equity of health outcomes and reducing health disparities;
  - (b) **Quality:** through CQI based on evidence and best practice;
  - (c) **Affordability:** with clear targeting decisions and outcomes affordable to key stakeholders in the sector;
  - (d) **Sustainability:** with a policy direction and framework that is enduring over time; and
  - (e) **Collaboration:** with involvement and co-ordination of the sector, shared objectives and common goals.

### **4. Programme objectives**

- (1) The Programme seeks to support, promote and achieve improvement in the delivery of health services by PHOs consistent with the principles described in clause 3 of this Referenced Document.
- (2) The Programme provides an opportunity to build clinical governance capability within PHOs as well as:

- (a) further develop a population health model;
- (b) provide a national platform to support PHOs and DHBs to achieve the performance requirements of the Programme;
- (c) use information to improve performance;
- (d) promote and improve multi-disciplinary teamwork;
- (e) promote a CQI approach throughout the PHO; and
- (f) focus on achieving desired population health outcomes.

## **5. Programme strategies**

- (1) National Indicators serve as a mechanism to measure progress against various population priorities and outcomes in a nationally consistent way so that the sector can:
  - (a) improve the quality and consistency of health care provided;
  - (b) gain feedback on clinical decision-making in comparison with evidence-based guidelines;
  - (c) provide information in a consistent format to enable discussion and debate about the best way to deliver health care;
  - (d) provide feedback on national population priorities and relative inequalities in health;
  - (e) encourage and acknowledge improvements in outcomes and quality practice;
  - (f) improve the quality of utilisation in terms of what is prescribed and ordered, and for whom; and
  - (g) align the use of pharmaceuticals, diagnostic services and other referred services more closely to evidence-based guidelines and population need, thus improving resource use and achieving health gains within the resources available.

## **6. National Indicators**

- (1) The Programme is based on a core set of National Indicators.
- (2) The National Indicators focus on:
  - (a) national priority areas and specific therapeutic areas to support evidence based guidelines within a continuous quality improvement framework;
  - (b) population health initiatives as defined by the Ministry;
  - (c) service utilisation by specific population groups;
  - (d) development of PHO capacities to ensure effective operations;
  - (e) availability of information to support population health and quality interventions; and
  - (f) national population-based formulae for setting Benchmarks.

- (3) The National Indicators create a balanced portfolio in line with the principles of the Programme.

## **7. PHO Performance Plan**

- (1) The PHO will implement its Performance Programme in accordance with its PHO Performance Plan agreed with the DHB.
- (2) The PHO Performance Plan will demonstrate how the PHO will implement the Programme and include:
  - (a) the PHO's organisational approach to clinical governance;
  - (b) a broad-based approach, including establishing and maintaining the PHO Performance Plan with implementation and review guided through a PHO clinical governance function;
  - (c) processes to ensure the appropriate people have access to detailed information and analysis on utilisation patterns and performance against National Indicators;
  - (d) personalised feedback to Contracted Providers on their utilisation and outcome patterns compared with peers and alignment with evidence based guidelines;
  - (e) some or all of the activities described in clause 12 of this Referenced Document;
  - (f) a description of:
    - (i) the multi-disciplinary composition of the clinical governance group;
    - (ii) decision making and change management processes; and
    - (iii) how the PHO's Board oversees the PHO's clinical governance processes;
  - (g) the Targets against each National Indicator;
  - (h) planned utilisation review activities and other performance management and monitoring arrangements;
  - (i) any other complementary activities the PHO is participating in; and
  - (j) how any Performance Payments will be used.

## **8. Annual review of PHO Performance Plan**

- (1) The DHB will review the PHO's PHO Performance Plan annually as part of the annual Target review described in clause 2(8) of this Referenced Document, and the PHO will amend the PHO Performance Plan as agreed by us.

## **9. National Indicator Targets**

- (1) A Target for progress against each National Indicator for each of the 2 subsequent Performance Periods will be set in accordance with the Referenced Document entitled "Indicator Definitions for PHOs". This excludes any National Indicator for which Targets will be for a 12 month period.

- (2) Annual Targets will on entry to the Programme be recorded in the PHO's PHO Performance Plan, or agreed in writing by the DHB if the PHO has been participating in the Programme for greater than 12 months. Targets for the second 6 month Performance Period of an annual cycle will be adjusted according to the guidelines specified in the Referenced Document entitled "Indicator Definitions for PHOs". All adjusted Targets must be approved by the DHB.
- (3) The weightings and national funds applied to each National Indicator will remain nationally consistent to ensure a base level of equity and focus on national priorities.
- (4) We agree to meet and review the PHO's Targets against each National Indicator as follows:
  - (a) in the first year of the PHO's participation in the Programme, Targets will be reviewed after 9 months from the PHO's commencement in the Programme, allowing for a full 6 months of data. Any new Targets for the next Performance Period (second 6 months) will be effective from the commencement of the next Performance Period. Targets for the following year will be determined using data from the previous 12 months (noting that the following year's Targets may not be confirmed until after the next Performance Period has begun); and
  - (b) thereafter, for each of 2 subsequent Performance Periods will be set on the annual review date and be effective from the commencement of the next Performance Period (1 January or 1 July).

#### **10. Utilisation review and feedback**

- (1) Utilisation review and feedback is a key strategy for achieving progress against Targets. We agree that primary care practitioners require feedback on their patients' health care utilisation, education on best practice, and population outcomes to:
  - (a) improve service delivery;
  - (b) improve health outcomes;
  - (c) achieve more equitable patterns of utilisation across population groups;
  - (d) highlight the utilisation patterns and requirements of high needs populations to help address inequalities;
  - (e) outline expenditure patterns; and
  - (f) ensure utilisation is in accordance with evidence based guidelines.

#### **11. National resources**

- (1) The DHB will ensure that national resources (in respect of pharmaceutical prescribing and ordering of laboratory tests at both a practitioner and aggregate levels) are available for PHOs to support the requirements described in clauses 6(2)(c) and 6(2)(d), including:
  - (a) utilisation reports; and
  - (b) best practice educational materials.

- (2) The PHO may use these resources in a manner to suit its Contracted Providers, its facilitation methods and clinical governance framework. The PHO may undertake (or outsource) its own local analysis to supplement national resources.

**12. Multi-faceted strategies**

- (1) The PHO will adopt a comprehensive, multi-faceted performance management approach that includes a mix of functions and activities (either in house or outsourced) and use, in addition to the activities described in clauses 7(2)(c) and 7(2)(d), some or all the following key activities, the precise mix and emphasis of which will be determined by the PHO:
- (a) clinical facilitator visits and/or peer review groups to discuss diagnostic and treatment patterns, disease management strategies, and alignment with evidence based guidelines;
  - (b) programmes to implement relevant national guidelines;
  - (c) bulletins to Contracted Providers and Practitioners on best practice;
  - (d) incentives to encourage practitioner participation and performance; and
  - (e) electronic decision support to facilitate delivery of care to the individual patient that aligns with evidence based guidelines.
- (2) The PHO may include alternative approaches if there is local evidence to suggest different approaches and alternatives to the activities listed in subclause (1).

**13. Data reporting requirements**

- (1) The PHO will submit the following reports specified in the Referenced Document entitled "Reporting Requirements" by the dates set out in the table below:
- (a) Practitioner information reports;
  - (b) First Level Service utilisation reports;
  - (c) clinical performance indicator reports;
  - (d) immunisation service reports.

Service date From	Service date To	Report submitted by
1 October	31 December	20 January
1 January	31 March	20 April
1 April	30 June	20 July
1 July	30 September	20 October

- (2) As set out in the Referenced Document entitled "Indicator Definitions for PHOs", the PHO will ensure that the data to measure progress against Indicators from sources other than the reports

set out above is provided in accordance with the applicable reporting requirements set out in the Agreement.

**14. Measuring performance against Targets**

- (1) The PHO's actual performance against its Targets in each Performance Period will be measured by the DHB's nominated agent via the Programme database.
- (2) The database has been designed to:
  - (a) collate National Indicator data;
  - (b) report on performance against Targets; and
  - (c) calculate the Performance Payments.
- (3) Quarterly reports on the PHO's progress towards Targets for National Indicators will be made available to the PHO and the DHB on the following dates.

Performance quarter	Due date
January – March	20 May
April – June	20 August
July – September	20 November
October – December	20 February

- (4) The Programme quarterly and 6 monthly indicators reports will include report content showing aggregate numerator and denominator information to the report recipients as follows:

Report recipients	Report content				
	Practitioner	Practice	PHO	DHB	National
PHOs	Yes	Yes	Yes	Yes	Yes
DHBs		Yes (anonymous but able to be tracked)	Yes	Yes	Yes
Shared Support Agencies		Yes (anonymous but able to be tracked)	Yes	Yes	Yes
Ministry of Health			Yes	Yes	Yes
Public			Yes	Yes	Yes

- (5) The report content is subject to the level of data available for each indicator.
- (6) Public availability of performance data is further described in clause 21 of this Referenced Document.

## 15. Performance Payments

- (1) The PHO is eligible to receive Performance Payments when it meets the Programme Prerequisites and achieves progress towards and/or meets Targets.
- (2) Performance Payments are based on a weighting against each National Indicator contained in the Referenced Document entitled "Indicator Definitions for PHOs". The weightings:
  - (a) include higher weightings for high need populations; and
  - (b) reflect the equal weighting between equity, quality and affordability.
- (3) To acknowledge shifts towards Targets against Benchmarks, a PHO whose expenditure is above its Benchmark will receive a Performance Payment if it moves its expenditure closer to the Target. A PHO that maintains its expenditure at or below its Benchmark will receive the full Performance Payment for that National Indicator.
- (4) Subject to subclause (5), the PHO will receive Performance Payments for achieving progress towards its Targets on a percentage basis. If the PHO meets all Targets, its Performance Payment will be a maximum of \$5.33 (excluding GST) per annum per Enrolled Person, as defined in the Referenced Document entitled "Enrolment Requirements for Providers and Primary Health Organisations".
- (5) The majority of Targets and associated Performance Payments are for a 6 month Performance Period. New National Indicators (and their Targets) will be for a 12 month period.

## 16. Payment of Performance Payments

- (1) Every 6 months, as detailed in the table below, the DHB will calculate and pay the PHO the Performance Payment instalment in accordance with clause 15 of this Referenced Document:

<b>Performance period</b>	<b>Payment due date</b>
January – June	15 September
July – December	15 March

- (2) The DHB will provide to the PHO a Buyer Created Tax Invoice for the Performance Payment.
- (3) The Purchase Unit Code for the Performance Payments is PHOM0010.
- (4) The PHO may only apply its Performance Payments in accordance with its PHO Performance Plan.
- (5) The DHB's nominated agent will make available, at the PHO's request, the more detailed data used to calculate any indicator result and Performance Payment.
- (6) The following clauses of the Agreement apply to the payment of any Performance Payments under this Referenced Document:
  - (a) clause F.14;
  - (b) clause F.15; and

- (c) clause F.16.

**17. Narrative reports and monitoring meetings**

- (1) The PHO will provide 6 monthly narrative reports to the DHB, including:
  - (a) the PHO's activities to implement its PHO Performance Plan;
  - (b) how the PHO has applied the Performance Payments; and
  - (c) issues arising in the implementation of the PHO's PHO Performance Plan.
- (2) The DHB and the PHO agree to meet 9 months after the commencement date of the PHO's participation in the Programme, and thereafter will meet 6 monthly, to discuss the PHO's participation in the Programme and progress towards Targets.

**18. The PHO will continue to meet Programme Prerequisites**

- (1) The PHO acknowledges that meeting the Programme Prerequisites is essential to support the Programme's monitoring and reporting framework. The PHO agrees to use its best endeavours to ensure that it continues to comply with the Programme Prerequisites.
- (2) If the PHO believes it will not be able to comply with any of the Programme Prerequisites, the PHO will notify the DHB of the extent of the non-compliance and the reasons for that inability.
- (3) Without limiting any rights under this Agreement, the PHO and the DHB will then discuss why the PHO is not able to comply with any of the Programme Prerequisites, and will seek to reach agreement to enable the PHO's continued participation in the Programme.

**19. Alternative reporting and calculation processes**

- (1) If for any reason there are no data available to support the Programme database and payment system required to implement the procedures in this Referenced Document, we agree to:
  - (a) endeavour to identify the reason why data are not available;
  - (b) share relevant information we each have indicating the PHO's progress against Targets; and
  - (c) discuss and endeavour to agree on an appropriate level of Performance Payments.
- (2) If the data is not available for reasons beyond the PHO's control, and the DHB has been unable to resolve the issue by the payment due date specified in clause 16(1) of this Referenced Document, the DHB will pay the PHO 75% of the maximum payment due for the Performance Period on the payment due date.
- (3) Subject to subclauses (4) and (5), the DHB will pay the PHO the balance of the payment due to it (that is the total amount based on actual performance less the amount already paid under subclause (2)) together with the PHO's next Performance Payment.
- (4) Subject to subclause (5), if the DHB has been unable to provide the PHO with a performance report within 20 Business Days of the report due date, the DHB acknowledges that the PHO will not have had sufficient data to manage its operation of the Programme, and accordingly the DHB will

pay the PHO the remaining 25% of the total possible Performance Payment regardless of its actual performance for the Performance Period.

- (5) If the reason the DHB has been unable to provide the PHO with a performance report is due to the PHO or its Contracted Providers not supplying the required information in accordance with this Agreement, then:
  - (a) the DHB will provide the PHO with its performance report within 10 Business Days after receiving the data from the PHO; and
  - (b) if the quarter affected by the data delay aligns with a Performance Period and therefore affects the DHB's ability to calculate the PHO's Performance payment in accordance with clauses 15(2) and 16(2) of this Referenced Document, the DHB will pay the PHO for its performance in that Performance Period on the 15th of the following month, subject to the data being received by the 20th day of the month. If the data is received after the 20th day of the month, then payment will be made on the following month in accordance with the DHB's Payment Agent's processing timeframes.

## **20. Future Indicator direction**

- (1) National Indicators will be developed and changed over time. The following provides a non-binding indication of likely future indicator direction.
- (2) Future clinical indicators will contain more emphasis on the prevention and treatment of chronic conditions, particularly diabetes, cardiovascular disease and cancer (all priorities within the Primary Health Care Strategy).
- (3) The data to support future National Indicators will be sourced from practice management systems.
- (4) It is likely that the financial indicators will be expanded to include other diagnostic services.
- (5) A further access indicator/s is likely to be added.

## **21. Public availability of initial performance data**

- (1) Public reporting is seen as an opportunity for the PHO to:
  - (a) increase its sense of ownership in, and accountability for the PHO's performance; and
  - (b) increase its profile within the community.
- (2) After 15 months participation in the Programme, the DHB may make available to the public the PHO's performance data. This data will identify the PHO if the PHO is the only PHO within a DHB region. The DHB will provide the PHO with an opportunity to comment on its data prior to release.

## **22. Compliance with clause F.22 – fees framework**

- (1) For the purposes of subclause (e) of the definition of Programme Prerequisites, compliance with the fees framework set out in clause F.22 of the Agreement means:

- (a) that increased subsidy payments will result in low or reduced fees charged by the PHO and its Contracted Providers to Enrolled Persons and that those fees are fair to the Contracted Providers and reasonable for the Enrolled Persons;
- (b) if it is necessary to increase the level of fees at any time during the term of the Agreement, the PHO will advise the DHB of those increases and the reasons for those increases;
- (c) if a fees increase is referred to a Fees Review Committee under clause F.22, the PHO will nominate a member to represent it, and a member to represent the relevant health providers;
- (d) if the matter of a fee increase is referred to the dispute resolution processes in this Agreement, the PHO will participate in the dispute resolution process as required;
- (e) the PHO will not charge a co-payment for Immunisation Services for which it (or a Contracted Provider) is receiving payment under this Agreement;
- (f) the PHO must display and ensure that Contracted Providers display a list of its charges to Service Users in a place where Service Users can readily see the charges;
- (g) the PHO (and its Contracted Providers) will charge a lower fee for Services provided to Enrolled Persons who:
  - (i) are not included in the groups specified in clause F.22 or A.1(1); and
  - (ii) hold Community Services Cards or High Use Health Cards,
 and the lower fees will be in accordance with the subsidy rates set out for Casual Users in clause 3(1) of Schedule F1.2; and

- (2) The PHO will ensure that its Enrolled Population fees are set irrespective of whether the patients or their families have a Community Services Card.

### **23. Exit from the Programme**

- (1) If after at least 18 months participation in the Programme, the PHO considers that it is no longer viable, financially or otherwise, for it to continue participating in the Programme, the PHO may give notice of its intention to exit from participation in the Programme, provided that the PHO gives the DHB at least 20 Business Days prior notice of its intention to do so.
- (2) We agree that:
  - (a) the PHO may not give notice to exit under subclause (1) until the expiry of the 18 month minimum participation period; and
  - (b) the provisions of clause A.1 apply to the PHO's obligations under the Programme, and the PHO will notify the DHB promptly of any issues or problems arising in respect of the PHO's participation in the Programme and seek to remedy the matters notified before issuing any notice to exit under this subclause.

- (3) If, due to changes in the national Programme, the DHB does not wish to continue to fund the Programme, it may give notice of its intention to terminate the Programme all PHOs affected by the change, provided that the DHB gives the PHO 6 months' prior notice of its intention to do so.