

**HEALTH
WORKFORCE**



NEW ZEALAND

Investing in New Zealand's Future Health Workforce

Post-entry training of New Zealand's future health workforce: Proposed investment approach

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Purpose

This document seeks your feedback on a proposed new way of purchasing post-entry workforce training. The document outlines the case for change, the process to date, and presents the proposed investment approach, prioritisation framework, and process.

Executive summary

Health Workforce New Zealand's (HWNZ) funding of post-entry workforce training is an important means of giving the health workforce the essential knowledge, skills, experience and qualifications to provide care that meets changing population health needs in a changing world. To ensure the health workforce can help achieve the best outcomes for all New Zealanders in the future, HWNZ needs to adapt its funding model: from one that passively subsidises training costs to meet current service needs to one that strategically invests in training to meet future health needs.

HWNZ have been working with the district health boards' (DHBs) Workforce Strategy Group to design a new approach. This work has focussed on analysing alternatives to HWNZ's current approach, considering three potential funding models (incubator, sliding scale and fully contestable) and two process models (employer-led and commission-led).

The key conclusions to date are:

- a national health workforce strategy that clearly sets out a vision, principles, and key themes and identifies national strategic priorities is an essential prerequisite to inform investment decisions. Work on the national strategy should begin as soon as possible, incorporate co-design, and build on work such as service forecasts, measures of met and unmet need, and dynamic workforce forecast models.
- HWNZ funding is one way we can ensure New Zealand's future health workforce is fit for purpose. We need to align HWNZ's investment with other funding – funding through the Tertiary Education Commission, for example – and other levers, such as change leadership, changes in business models, models of care, funding, service commissioning, legislation, regulation, employment relations, investments in technology and capital, and improved communication of key workforce messages.
- to ensure the future health workforce can meet the changing needs of New Zealanders, changing models of care and changing practice attitudes, (such as the people-powered and the one-team approach), we should extend review of postgraduate medical training funding to include HWNZ's whole investment in post-entry training.¹ The whole investment covers all regulated health professionals some unregulated health professions and the Kaiāwhina workforce. Our future investment will need to be more flexible, given the changing nature of models of care.
- our preferred funding model is a sliding scale model in which a rolling proportion of HWNZ's investment in post-entry training is contestable in any one year. Over time the whole investment will have been, and will continue to be, contestable.
- our preferred process model is a PHARMAC-like model in which HWNZ bases its investment decisions on a transparent and rigorous process that is consistent with agreed principles and transparent prioritisation criteria. The preferred process for assessing investments has three phases, and groups prioritisation criteria into four sections: need, health benefits, costs and savings, and suitability. It considers each section from three perspectives: people and family/whānau, the health system and the wider social impact.

¹ Some within the medical profession believe the review should be limited to postgraduate medical training.

Background

Health Workforce New Zealand (HWNZ) funds post-entry training to develop the workforce. HWNZ has contracts for the provision of training with DHBs, tertiary education providers, and other health organisations. Currently, HWNZ allocates \$180 million to clinical training, \$127 million of which is allocated to DHBs. The contracts cover training for medical, nursing, midwifery, dental, allied health and scientific, mental health, disability support services, Māori and Pacific health and the kaiāwhina workforce.

Health Workforce New Zealand is reviewing the current model for funding workforce training to ensure that the workforce will meet the future needs of the healthcare system.

The case for change

The current approach to funding post-entry workforce training subsidises employers for a portion of the training costs associated with current service delivery models, and is based largely on historic and current hospital-based service needs. Consequently, the way in which training is funded is not responsive to future health needs. In addition, the current process does not have a standard approach to prioritising funding of training and is neither transparent nor rigorous.

Alignment with New Zealand Health Strategy

The New Zealand Health Strategy emphasises providing care closer to home in ways that work for people, particularly in community settings, and in smart ways that are more effective for people and deliver better value for money. Ministry of Health strategic priorities have been identified as Māori, older people, children, mental health and addictions, primary care, disability support, long term conditions (obesity and diabetes), and bowel cancer. Investment in post-entry workforce training is not currently able to be prioritised towards these strategic priorities and does not incentivise innovation.

Challenges for the health workforce

The health workforce needs to adapt to the following challenges and trends:

- the large proportion (88 percent) of health loss caused by long-term conditions, one-third of which are preventable or reversible;
- growing evidence that people's start in life has a lifelong impact on their health outcomes;
- growing elderly population, living longer in poor health with multiple morbidities;
- advances in technology, changing the way that care is delivered in future;
- people increasingly wanting to be partners in the provision of care, and want improved access and quality of care; and
- the effects of increasing globalisation (e.g. the rapid spread of infectious disease).

New Zealand also faces challenges with the workforce unevenly distributed across the country, resulting in shortages particularly in rural and provincial areas. In addition, specialty workforces across professions are not distributed according to need. For example, for the medical profession, general practice, rural hospital medicine, cardiothoracic surgery, clinical genetics, dermatology, and palliative care are facing shortages. In nursing, aged care is facing shortages.

The workforce has shortages in particular demographics, and problems with long-term sustainability. Māori and Pacific are underrepresented in most workforces, for example, making up 3 and 1.8

percent of doctors, and 6.6 and 2.7 percent of nurses respectively. All workforces are aging. For example, 46 percent of midwives, and 45 percent of doctors are aged 50 or over. In addition, there is a reliance on overseas-trained health professionals to fill vacancies. Some 43.6 percent of the medical workforce, 30 percent of the midwifery workforce, and 26 percent of the nursing workforce are internationally-qualified.

Investment approach proposed

We propose an investment approach to change the focus of post-entry training. This involves using government health priorities, improved workforce supply and demand models, sector intelligence of emerging technologies, changing models of care and areas of unmet need to identify priority areas for post-entry workforce training and then seeking proposals for addressing those priorities from interested groups. Proposals and the current portfolio of investments will be assessed in a robust and transparent process against an agreed prioritisation framework. The investment approach will identify investments that should be made because of significant unmet need and a related high return on investment.

Prioritisation framework

A robust and transparent prioritisation framework is necessary for trust and confidence among stakeholders, for accountability, and as a basis on which to measure effectiveness.

Our proposed prioritisation framework is based on the PHARMAC model, which considers four factors:

- need
- benefit
- cost, future savings, and effectiveness; and
- suitability,

examined from the perspective of the individual, family/whānau, the health system, and the wider society. The full prioritisation criteria are attached as Appendix One.

What will an investment approach achieve?

It is clear that the health workforce needs to adapt to changing population health needs in a changing world where some health needs are unmet. The investment approach will strengthen HWNZ's sector intelligence related to unmet need, emerging technologies, and changing models of care. This will inform our understanding of where to target investments.

An investment approach will identify investments that should be made because of significant unmet need and a related high return on investment. Where the available funding does not cover all the investment that have a strong case the shortfall in funding will be clearly identified. This will create a necessary tension for alternative or further funding. It will also generate critical review of current and proposed service models.

An investment approach will allow HWNZ to determine the most effective way of distributing funding through a transparent and robust process. It will also facilitate combining investments in post-entry training with other levers such as changes in models of care and investments in technology. Our future investment in post-entry training will need to be more flexible, more re-deployable, and more transferable.

Limitations

HWNZ's investment in post-entry training is one of many factors (location, lifestyle, personal interest, research opportunities, and business models are others) that influence the area health professionals choose to train and practise in. HWNZ's funding therefore has limited influence over individuals' career choices. However, the integration of investment in post-entry training with other supporting investments (capital, IT, models of care and service delivery), and reorientation to government health priorities, is important to achieve the aims of the New Zealand Health Strategy.

How we got to this approach

The process of reviewing HWNZ's post-entry medical training funding has evolved into a co-design process for reviewing HWNZ's entire investment in post-entry training. The review has been guided by the agreed principles as set out in Appendix Two.

The review process outlined below has resulted in:

- a preferred funding model
- a preferred prioritisation framework
- a preferred process for generating and deciding on investments
- proposed next steps.

In 2015, HWNZ's Medical Workforce Taskforce (the Medical Taskforce) reviewed the way in which HWNZ funds medical vocational training. As part of this process, Professor Des Gorman, then Chair of the Medical Taskforce, proposed a shift to an investment funding approach and signalled that this would expand beyond medicine.

A workshop was held in June 2016, with representatives from the Ministry, HWNZ Board and taskforces, DHBs, and medical colleges. The workshop considered HWNZ current funding and the investment proposal in the context of palliative care, the kaiāwhina workforce and community based attachments for junior doctors. The status quo was discussed, but there was little support, as it was considered that it does not enable the workforce to adapt to strategic changes facing the health system.

The key messages from the workshop were that:

- the current way of subsidising training was not supported;
- a national strategic approach was needed; and
- stakeholders were willing to implement change.

Workshop attendees identified five potential models, two process models and three funding models as alternatives to the status quo. HWNZ led further co-design work with a working group comprising members of the DHB's Workforce Strategy Group. The five potential models were further developed and critically analysed, and a preferred prioritisation framework and process for making decisions was developed.

The two process models were:

- 1) *Employer-led*: Employers and service funders decide which post-entry training to fund, and are accountable for sustainable services in service agreements. This model was not seen as viable, given the strong drivers that employers have to focus on local service needs now, rather than national strategic needs in the long-term.

- 2) *Commission-led*: An agency independent of employers and service funders makes technical, evidence-driven decisions on post-entry training, similar to PHARMAC's model. This was the preferred way to fund, as it offers transparent and robust decision-making that the sector could trust.

The three funding models were:

- 1) *Incubator*: A proportion of HWNZ's funding is set aside to trial new models of care; trials are small scale and time-limited. Providers with ideas to test apply for funds, and the remainder of funding is allocated using the current method. There was little support for this model, largely due to historic problems with the long-term sustainability and spreading of innovations under this model.
- 2) *Fully contestable*: All HWNZ funding is contestable, and proposals will be assessed against the prioritisation framework. This model was seen to be too risky in the short term, given the need to manage the transition, and develop the capability for a contestable investment approach within the sector and HWNZ.
- 3) *Sliding scale*: A rolling proportion of HWNZ funding is contestable each year, with proposals assessed against the prioritisation framework. This was the preferred funding model as this enables HWNZ to direct funding to address the future needs of the workforce, and has a transition process that allows time to refine the process and prioritisation criteria.

A sliding scale model was preferred on the basis that this model complied with the agreed principles (Appendix Two), had the advantage of supporting current trainees, and contained a built-in transition process, providing time to refine the process and prioritisation criteria and evaluate intended and unintended consequences. It also allows new investments to become long-term (5–15-year) sustainable investments. Over time, the whole investment will have been, and will continue to be, contestable.

These were considered at a further workshop in December.

Feedback was received at the December workshop on how to simplify and refine this model.

The proposal presented in this paper is the preferred funding option, the prioritisation framework, and the decision-making process arising from this co-design.

How an investment approach would be actioned

What to disinvest in?

In an environment with a fixed budget, HWNZ must disinvest in order to invest. We need a transparent method of determining which areas to disinvest in.

Under this model, a proportion of the existing funding would be freed up each year for the contestable investment process. The size of the investment pool will depend on the ability to disinvest in some areas or justify and obtain new funding.

HWNZ will identify candidates for disinvestment taking into account government health priorities, improved workforce supply and demand models, sector intelligence of emerging technologies, changing models of care and areas of unmet need. Candidates for disinvestment will be assessed against the prioritisation framework, examined from the perspective of the individual, family/whānau, the health system, and the wider society (see Appendix One).

HWNZ-funded trainee volumes in low priority areas will be reduced once current trainees finish their programmes, freeing up HWNZ funds to reinvest in priority areas. Any reduction in HWNZ-funded trainee volumes will take into account employers' contributions to training and long term sustainability.

The proposed decision-making process for generating and deciding on investments

It is important to apply the proposed investment approach in a way that balances the need for rigour with minimising unnecessary administrative burden on everyone. The process proposed, as outlined in the following diagram, and explained in more detail below, provides a series of three 'gates' where proposals are assessed with increasing rigour. The proposed process requires more work at each level, but only for those proposals that meet the requirements at each level, and are hence more likely to be funded.



Key steps for generating and deciding on investments

Strategic health workforce objectives (point 1)

To set the scene for investment proposals, HWNZ will release its strategic health workforce objectives, and its plan for investment and disinvestment. This will identify pre-committed funding and funding that is available for re-investment.

Generating proposals (point 2)

HWNZ will call for proposals for investment. It will then assess all proposals: those received as a result of this call and those received at other times.

Health Workforce New Zealand will receive proposals for investment put forward by individuals, public and private providers (standing alone, or as a consortium), government agencies or professional bodies, or by HWNZ based on its own research.

Initial assessment of proposals (point 2)

Initial assessment of the proposals would be undertaken by HWNZ staff. The proposals would be assessed against the prioritisation framework (see Appendix One). An expert advisory committee would then review these assessments.

Expert advisory committee (points 3 – 6)

Assessments of and judgements on investment proposals require perspectives from a range of consumer, clinical, health management and wider social sector experts as well as quantitative analysis. We propose convening an expert advisory committee from a pool of experts to undertake this assessment process.

The composition of the expert advisory committee would depend on the priority areas for investment. Members would not be representatives of any particular organisation or profession. HWNZ would select members for their relevant expertise and critical appraisal skills. Membership would be fluid, reflecting the changing and specific nature of proposals being considered each year.

Assessment by expert advisory committee

Firstly, the expert advisory committee would shortlist the most promising proposals for a more detailed evaluation. The committee advises the HWNZ Board of progress, and publishes outcomes.

The expert advisory committee would initially test proposals that perform well on strategic and economic criteria against procurement and implementation considerations. If it is not affordable at this time, or there are other practical limitations, then the committee may suspend a proposal for the time being.

A detailed evaluation of costs and benefits is completed, and then a detailed assessment is conducted against all criteria.

The expert advisory committee would prioritise all proposals and make recommendations to the HWNZ Board.

Proposed frameworks for ranking proposals for investment

We propose ranking proposals for investment against the prioritisation framework based on a transparent holistic criteria (Appendix One). This will utilise qualitative assessment and quantitative cost benefit analysis through a return on investment method.

Return on investment method

In addition, we propose that over time HWNZ will develop its capacity to assess proposals against a return on investment (ROI) method. Through ROI, the benefits and costs of investment are determined, and the costs subtracted from the benefits to calculate the overall return. The decision-makers compare the returns on other uses of resources to determine the best value portfolio of investment.

The information needed to make these calculations will be gathered from applying the costs and savings section of the prioritisation framework. In the case of post-entry training, we should count the benefits from investing in training in terms of how services will impact on individual people and

their families/whānau (in terms of health-related quality of life and longevity), on the health service (in terms of effectiveness and reducing inequalities), and on wider society. On the cost side, we need to count not only the cost of training, but also all the impacts on service delivery costs and costs to wider society.

Decision (points 7 – 9)

The HWNZ Board considers recommendations made by the expert advisory committee, and provides advice and recommendations for the Minister and Director-General of Health.

HWNZ would advise applicants of results, giving sufficient notice to allow stakeholders to make changes.

HWNZ publishing all proposals assessed as worthy of funding in rank order, whether they were funded or not.

Implementation considerations

As part of the implementation process, HWNZ will further develop:

- ways to support potential bidders through the process to keep the process accessible to a broad group of stakeholders, including those with limited resources or analytical capabilities
- using pre-accreditation and initial brief assessments as appropriate
- making evidence requirements proportionate to the investment so that smaller investments need to meet lower planning and information thresholds.
- providing templates, guidance, coaching, and in-house analysis support
- quantitative investment analysis techniques
- an implementation timeframes for the investment cycle.

Responding to this consultation document

Health Workforce New Zealand will consider advice from submitters before it provides advice to the Government and will provide a report on consultation findings and proposals for specific changes.

Your views are important. Please take the time to make a submission on this paper.

Submissions should be emailed to info@healthworkforce.govt.nz under the heading 'Investment Approach - consultation submission'.

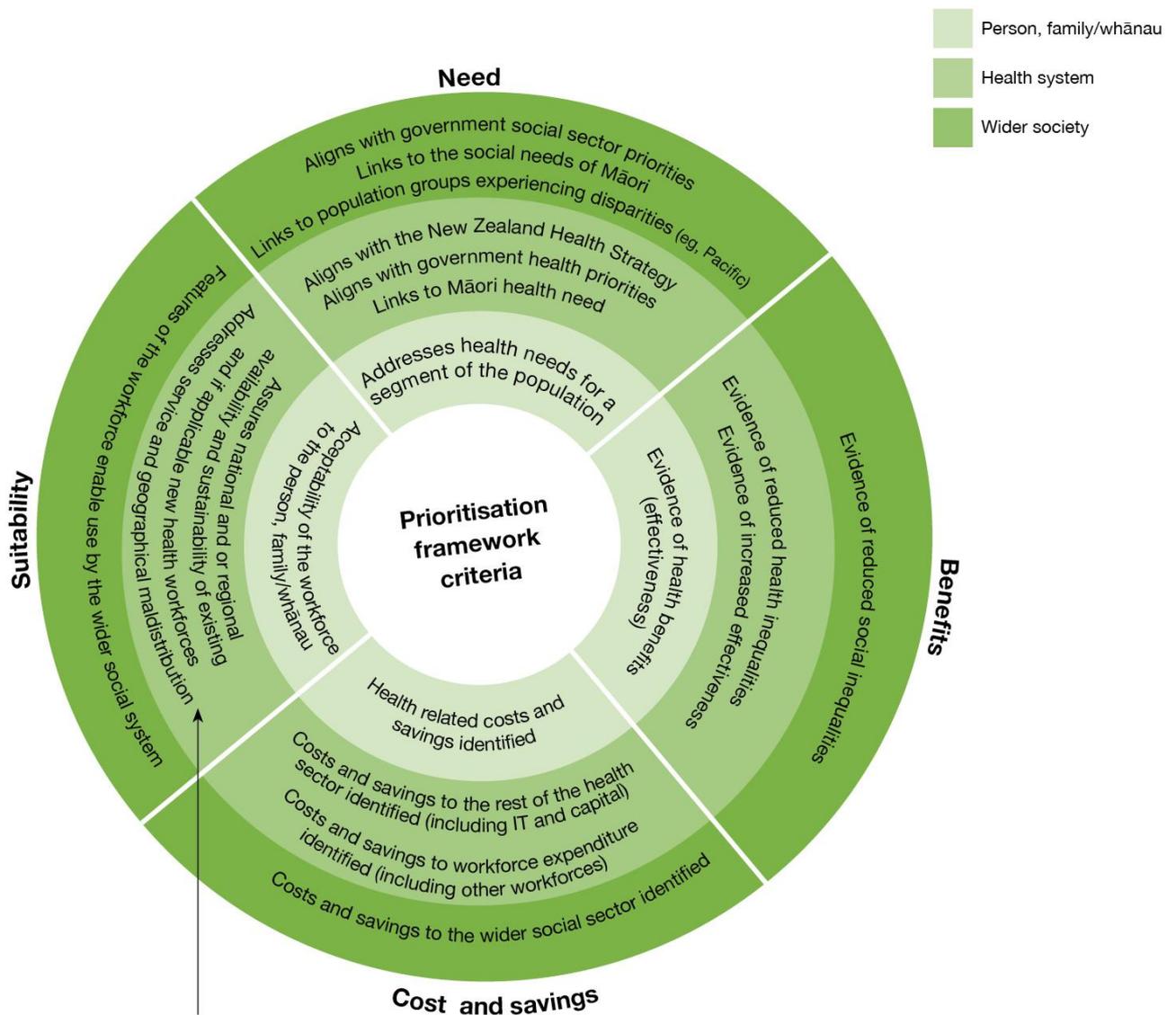
If you are sending your submission in PDF format, please also send us the Word document.

In making your submission, please include or cite relevant supporting evidence if you are able to do so.

All submissions are due with the Ministry by 5 pm, Friday 19 May-- 2017. HWNZ will not include any submissions received after this time in its analysis of submissions.

Please also be aware that all submissions will be released if requested and/or will be made available on the Ministry of Health website.

Appendix One: Prioritisation framework



Missing from Suitability – Health system section:

Availability of fit for purpose accredited training places that recognise local context

Addresses diversity of workforce to match the population to be served

Current trainees are supported

Supports sustainable and innovative models of care

Supports development of the generalist workforce

Appendix Two: Agreed principles to underpin the development of the revised funding allocation model for postgraduate medical vocational training²

Funding model principles	Funding model implementation principles
Priority specialties are determined annually based on analysis and in consultation with district health boards and the Medical Colleges.	Close and ongoing engagement with key stakeholders informs identification of risks and challenges, and supports implementation of appropriate mitigation and management strategies.
Investment is conditional upon fit-for-purpose medical college training site accreditation that recognises different sized training centres.	Currently training resident medical officers are supported for the duration of their planned vocational training.
Increased levels of investment are directed to priority specialties that support innovative and sustainable new models of care, reduce inequities or are critical to the health system.	Support is provided to address service and geographical maldistribution.
A sustainable supply of non-prioritised vocational training specialties is assured.	Implementation is transitioned over a period of three to five years and ensures manageability of change impact.
Diversity of the workforce to match the population it serves is addressed.	An effective and efficient approach to recruitment, retention and training is supported.
Increased primary and community-based care is supported.	
Investments are aligned to the New Zealand Health Strategy, Government and Ministry priority areas.	
Decision-making is fair and transparent.	

² These principles will be tailored to fit other health professions and the kaiāwhina workforce as part of the co-design process.