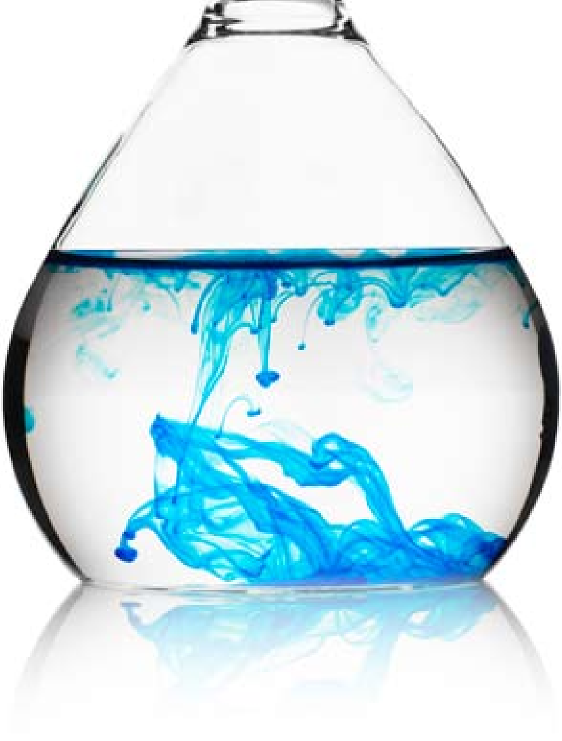
Deloitte Healthcare Newsletter
September 2009



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Back to the future
Health Headlines

With the release of the much awaited Ministerial Review Group (MRG) report it is fair to say a new direction for the health sector has clearly been identified. As a result, significant change in the sector is inevitable. So, I challenge you to be proactive in your response to this change. If you're reactive you will be left behind.

Since the report was released, we have been talking with a number of you to gauge the industry mood to the proposed changes and how they will impact your organisations and sector.

Does it feel like ground hog day? Many of the recommendations hark back to the centralised structures of the mid 1990s. Yes, these structures enable a move toward standardisation of policy, levels of service and commonality of processes. And by reducing variation, the sector can monitor and compare the effectiveness and efficiency of outputs and outcomes and hold people accountable for performance.

From models of care, to materials procurement, - from selection of technologies, to consolidation of back office processes.

The resulting economies of scale and implementation of best of breed technologies will save precious resources which can be better deployed at the front line of health care delivery.

However, a word of warning. Innovation happens at the fringes not at the centre. We must not lose our learnings but find ways to capture, test, and roll out innovations that enhance service and/or reduce the cost to serve. It is unreasonable to expect one model to be able to be adopted by all of the countries DHB's as they all have such diverse characteristics and population needs. Instead, we should learn from the UK by adapting the national model to take into account the characteristics of the different districts and populations. Likewise, we commonly find "one size" does not fit all. The solutions which will be successful in metropolitan Auckland may not best serve the West Coast of the South Island.

In this issue we will talk about the MRG report and other trends, challenges, and innovations, that may directly affect your organisations. There is also an update on the changing needs of consumers and the importance of protecting patient information.

We are always interested to hear what issues, challenges and opportunities you are facing and what the wider stakeholder group thinks about these topics. Please feel free to contact us or be a part of one of the discussion forums hosted by the Deloitte Health team.

We hope you will find this issue thought provoking and useful, as we go "back to the future" to move the sector forward.

Kind Regards,

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Ground Hog Day
Report of the Ministerial Review Group

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The 16th of August could have bought forward a raft of different ideas and options for the health sector. However the release of the Ministerial Review Group (MRG) report signals further significant health reforms - reforms that would likely revisit health funding models comparable with those of the mid 1990s.

We know the past informs the future, so what could the impacts of the reforms be on these key areas:

Technology

- Fragmented back office processes can now be consolidated, standardised and supported. There have been significant technological advancements since the last attempt so using a single powerful technology platform is a viable option
- Further alignment of Ministry of Health (MoH) information systems with others such as Accident Compensation Corporation (ACC), creating economies of scale within the sector

People

- It will be important to align HR strategy with business strategy. Attention will need to be on key issues such as, but certainly not limited to, communication, organisational structure, leadership, training, retention, retrenchment and remuneration
- The creation of the National Health Board will see the transfer or outplacement of people from the MoH. This needs to be managed appropriately to ensure key skills and institutional knowledge is retained
- A change in culture is certain. Time and effort needs to be invested into ensuring the transition runs smoothly and that the risk of disruption to the front line services are mitigated

Governance

- Although the MoH will still hold ultimate responsibility, there will be a large impact on governance, especially with the transfer of functions from the MoH to the NHB and the introduction of the an independent national quality agency
- Centralisation will reduce autonomy within District Health Board's (DHBs) as there will be more input into how they must carry out their activities

Even with this level of reform there are visible benefits

- A reduction in total management and administration FTE's at both the MoH and DHBs
- Reduced growth seen in Multiple Employer Collective Agreement's (MECA'S) and the future funding track
- An increase in spending on frontline resources
- Reduced waiting times for elective surgery as increased collaboration between the public and private sectors improves access
- The development and opening of family health centres

The MRG recommendations have shown that this is a 21st century reincarnation of an earlier centralised structure, however now the health sector has the technological ability to execute strategies in a more efficient way.

We expect to see some of the MRG's recommendations make it through cabinet in the next few weeks. After that? A multi-year programme to follow for full implementation.

Watch this space...

Graham Naylor

Are your records secure?

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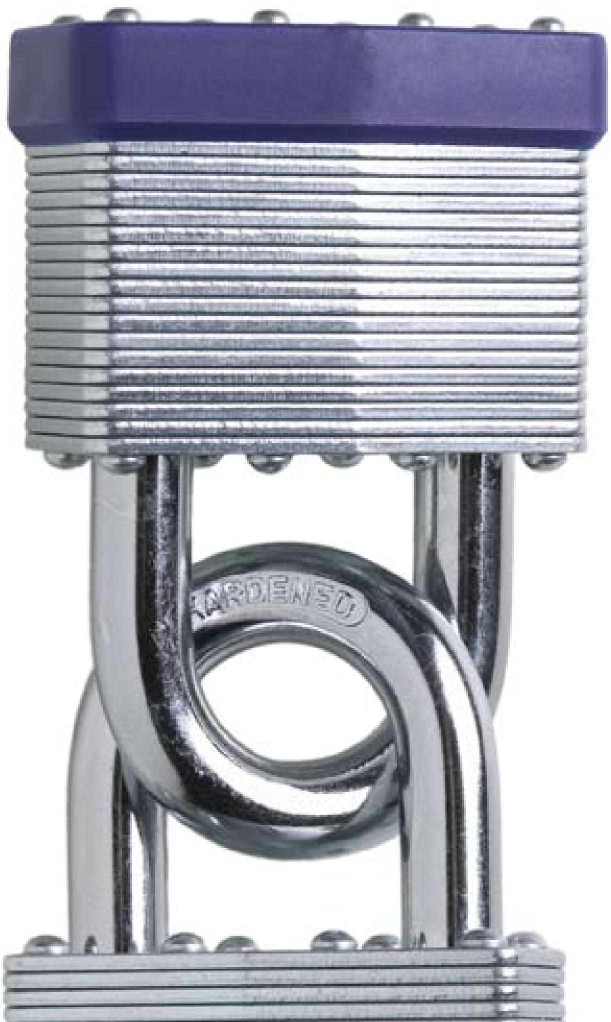
The time is now: 2009 LSHC Security Study

A global perspective on cyber security, privacy and data protection in the life sciences and health care industry

Information security is becoming an increasingly important issue to consider especially as the level of data sharing between organisations increases.

The ability to store and track data has improved - greater internet access, improved database technology coupled with the desire for trend analysis. Organisations have been provided the opportunity to easily share information. However, with this comes an awareness of potential threats to data record security, and greater responsibility.

The emergence of the electronic medical record (EMR) that combines elements from many data sources is a prime example. The EMR may eventually be hosted by "cloud computing" in the internet so high level security will be paramount to create trust in the information.



Health organisations, more than any other, need to be particularly stringent due to the highly personal nature of their patient records. Legislative protection gives confidence to patient confidentiality and it is up to the organisation to ensure that their patient is protected.

What are the greatest threats to your information security?

According to a recent Deloitte survey , respondents have as much concern of threats from error as from intentional data hacking:

Interestingly, 83% of respondents to the survey are equally or more concerned with internal security threats than with external threats. And threats are as much from personal error, such as accidentally sending an electronic file to the wrong recipient, as intentional data hacking – "human error is one of the top three root causes of failure" p.13

One of the common threats that your organisation is exposed to, is the use of USB data devices. The level of information that is carried around on USB devices can be high, and commonly includes: customer data, financial information, business plans, employee data, marketing plans, intellectual property and source code. These types of information are highly sensitive and, if fallen into the wrong hands, can leave your organisation vulnerable and potentially liable.

How do you stop information unintentionally falling into the wrong hands? There are a range of options – but the two most common areas are restricting the use of portable devices or automatically encrypting data carried outside your network. Talk to our Enterprise Risk Services people to see what options there are for your organisation, as there is no silver bullet.

So what is your organisation doing to protect your records?

Please follow this link to access your copy of the survey:

http://www.deloitte.com/view/en_US/us/Industries/Health-Care-Providers-Healthcare/article/0292959ebac92210VgnVCM100000ba42f00aRCRD.htm

Related article in Deloitte Forensic Focus: How secure is your data? http://www.deloitte.com/view/en_NZ/nz/services/forensics/article/4beec90e26d63210VgnVCM100000ba42f00aRCRD.htm

Simon Burson

Are you providing health consumers with what they want?

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Healthcare Consumerism - 2009 survey results

In the first edition of Health Headlines we shared the results of the Healthcare Consumerism survey. Many of you reported that the survey findings touched on many of the pressing issues you face - that the information provided by the report was very helpful as it gave you a better understanding of consumer demand and how you could best meet this demand. The survey has been repeated this year with further analysis on consumer behaviour, consumers unmet needs and the impact consumer demand has on health care organisations.

Something old, something new

Historically, most people thought that health care was visiting their doctor, their doctor prescribing them medicine and them doing exactly what their doctor told them to do in a bid to get well. However, today many consumers book appointments online, opt for alternative treatment and even choose the hospitals for their surgery.

As a result, the 2009 survey goes beyond the conventional boundaries of what health and health care are commonly thought to encompass. It focuses on six of the most prevalent zones of health care consumer activity wellness and healthy living, alternative health services, health insurance, health policy, information resources and traditional health services.

This survey provides you with a valuable insight about how to best prepare your business and make informed decisions. Although the study was conducted in the United States, New Zealand organisations will be faced with similar issues in the near future. History has shown that NZ consumer behaviour tends to follow overseas trends. Therefore, the insights in the survey can inform our strategic positioning and investments here in NZ.

The key finds of the 2008 and 2009 survey are:

2008

- Health Care is a consumer market.
- There are six unique consumer segments groups within the market.
- Consumers want providers to provide them with the "right information".
- Consumers are looking for alternative treatment and innovative service offerings.

2009

- Consumers are informed and are regularly making their own health care choices.
- The Sick & Savy, Online and Onboard and the Shop & Save segments have grown over the last year (refer to 2008 survey for segment definitions).
- Consumers are embracing innovation that enhance self-care, convenience, personalisation and control of their personal health information.
- Consumers are pursuing wellness and healthy living and are therefore demanding holistic non-traditional medicine and care.
- Consumers are becoming more cost conscious.

Link to 2009 survey

http://www.deloitte.com/view/en_US/us/Industries/US-Federal-Government-Public-Sector/Center-for-Health-Solutions-Federal-Government/Federal-Government-Health-Care-Consumerism/article/5735e23a4b101210VgnVCM100000ba42f00aRCRD.htm

Link to 2008 survey

http://www.deloitte.com/view/en_US/us/Industries/US-State-Government-Public-Sector/Center-for-Health-Solutions-State-Government/article/a635ebf4c52fb110VgnVCM100000ba42f00aRCRD.htm

Andrew Boyd

We hope you enjoyed the read.

We're always keen to hear your feedback, if you have any suggestions for content or topics you would like us to explore in the newsletter please email us on **gnaylor@deloitte.co.nz**

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Talk to one of the team about how we can help you achieve your goals:

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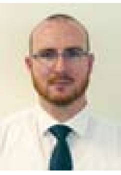

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