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Population Ageing

By international standards, New Zealand has a small and comparatively young population.

Currently 468,000 (11.9%) of people in New Zealand are aged 65 or over. Around 1.3% of the population is aged 85 or over.

However, like the rest of the world, New Zealand 's population is ageing. By 2041 the proportion of people in the population aged 65 and over will have increased to nearly 25%. The older population will also have become more ethnically diverse as life expectancy amongst Māori continues to increase and immigrant populations age.

Cost of Health Care

New Zealand's expenditure on health care is about what would be expected for an OECD country with our level of GDP.

In 2001 total health expenditure (both public and private) was 8.2 percent of GDP. This represented a per capita expenditure of \$1,733 (US\$PPP)¹.

Just under 78 percent of health expenditure is publicly funded from taxes.

The majority of older people are fit and well and live independent lives. However, with advancing age, older people become increasingly high users of health services and disability support services (e.g. home support, residential care and equipment). For example, it is estimated that in 2001 public expenditure on health and disability support services was around

\$1,330 per person aged 15 to 54,
but \$3,640 for each person aged 65-74
and \$13,570 for each person aged 85 and over.

Key Policy Initiatives in response to an Ageing Population

New Zealand is employing several strategies to meet the health needs of today's older people and to prepare for increasing numbers of older people in the future.

These include:

¹ US \$ Purchasing Power Parity provides a mechanism to compare health spending in different countries on a common basis. PPP are the rates of currency conversion that equalise the purchasing power of different currencies.

- developing and implementing a cross government Positive Ageing Strategy with goals and actions in the areas of income, housing, health, transport, ageing in place, cultural diversity, rural areas, attitudes, employment and opportunities.
- implementing a Health of Older People Strategy, which supports the Positive Ageing Strategy by setting out an integrated approach to planning and delivering health and disability support services for older people.
- establishing 21 District Health Boards (DHBs) with responsibility for the health of the population resident in their district. DHBs fund all primary health care, community health services and hospital-based services. They also fund disability support services for older people. Funding both health and disability support services for older people enables DHBs to develop a continuum of care for this age group, with incentives to focus on health promotion, disease and injury prevention and early intervention.
- implementing a primary health care strategy with the establishment of Primary Health Organisations (PHOs). PHOs receive public funding on a capitation basis. Government is progressively increasing funding to PHOs to provide low cost access. Currently all children under the age of 18 who are enrolled with a PHO have low cost access and this will be extended to include people over the age of 65 from July 2004.
- PHOs will also receive funding for Care Plus, a new programme designed to improve the management and care of people with chronic conditions. The programme is based on an active team approach to providing care, coupled with active monitoring of outcomes and effective recall processes.
- implementing a strategy to manage waiting lists for public hospital elective services. This includes nationally consistent referral and assessment tools for primary and secondary health services. These tools provide a framework to assess a patient's relative priority for assessment and treatment based on a range of medical, social and complicating factors.
- In the mid 1990s Needs Assessment and Service Coordination (NASC) agencies were established to undertake holistic assessments for people needing disability support services. NASCs actively manage entry to residential care. The majority of older people live in their own homes. Even amongst people aged 85 and over, 75% live at home. Most people entering residential care now are highly dependent and many only have a short time to live.
- Community service providers are beginning to develop a range of initiatives to enable older people to remain in their own home for as long as this is a safe and desirable option. The Government is supporting these initiatives by funding an evaluation of three pilot schemes that provide case management and ongoing support to vulnerable older people living in their own homes.
- The New Zealand Government has also strengthened quality assurance mechanisms by passing the Health and Disability Services (Safety) Act in 2001 and the Health Practitioners Competence Assurance Act in 2003.
- The Health and Disability Services (Safety) Act introduced a radical change in the way service quality is assessed – from a model that essentially focussed on inputs (such as building design and space) to a focus on outcomes for consumers of those services.

- Amongst other things, the Health Practitioners Competence Assurance Act provides for greater flexibility in how health professionals are employed by focusing on competencies rather than professional disciplines.