

In Confidence

Office of the Minister of Health
Office of the Minister for ACC

Chair, Cabinet Social Wellbeing Committee

Reconfiguration of the National Air Ambulance Service

Proposal

- 1 At Cabinet's invitation, this paper reports back on the outcome of Phase One procurement and provides information on the planning and design for Phase Two of the Reconfiguration of the National Air Ambulance Service (now renamed the Aeromedical Commissioning Programme)

Relation to Government priorities

- 2 The Reconfiguration of the National Air Ambulance Service project aligns directly with Government priorities for the health system by seeking to achieve better population health outcomes, supported by a strong and equitable public health and disability system.
- 3 The Health and Disability System Review highlighted that fragmentation and a lack of cohesion exists across the health system, leading to unwarranted variation in performance and outcomes. This programme supports changes to local, regional, and national health service models, by connecting communities to the services they need, when they most need them. It will also support the Health and Disability System Reform objective "that emergency and specialist care is accessible and consistently outstanding."

Executive Summary

- 4 The National Ambulance Sector Office (NASO), on behalf of the Ministry of Health and the Accident Compensation Corporation (ACC), is part way through a substantial reconfiguration of the national air ambulance service that will move the service from a collection of disconnected operations using aging aircraft and infrastructure to a high-quality, equitable service that delivers better outcomes for patients across the country.
- 5 In March 2018, Cabinet approved the first phase of a 10-year service reconfiguration of national air ambulance services [CAB-18-MIN-0085 refers], with improvements to be made through two phases. Each phase was designed to improve standards while maintaining service provision and minimising risks to patient care.
- 6 The first phase resulted in a new service specification for rotary wing (helicopter) services being introduced in November 2018, which led to a number of improvements in aviation and clinical safety.

- 7 The second phase, now known as the Aeromedical Commissioning Programme (the Programme), was launched on 3 February 2022. The Programme will result in a transformation of the current aeromedical service system supported by long-term s 9(2)(j) contracts.
- 8 There are a number of issues that need to be addressed to ensure the long-term sustainability of aeromedical services. Work is underway to identify a range of options that could address the outstanding issues with minimal disruption to current services. The analysis of the options will include the level of authorisation required to proceed, including whether or not a business case for Cabinet approval will be required.

Background

- 9 The air ambulance service provides emergency patient treatment and transport services throughout New Zealand, using rotary wing and fixed wing aircraft with on-board clinical capability. The rotary wing air ambulance service is commissioned nationally by NASO, on behalf of the Ministry of Health (the Ministry), ACC and DHBs. Fixed wing services are primarily planned and funded by individual DHBs. ACC, and to a lesser extent the Ministry, also fund fixed wing services for eligible inter-hospital transfers.
- 10 The air ambulance service is one part of the wider ambulance system supporting the initial treatment and transfer of patients from medical or injury events in the community to hospital, and transporting patients between lower and higher-level hospitals. The rotary wing aircraft used for the air ambulance service are also used for rescue (Search and Rescue, Marine, Police) missions.
- 11 Nationally, air ambulance services are supported through a combination of public sector funding and ad-hoc community initiatives. Public sector funding sources include ACC, the Ministry of Health, DHBs, New Zealand Police, and rescue services. All air ambulance service providers are reliant on community fundraising, including sponsorship, to some degree with the split between public sector funding and community fundraising varying across the country.
- 12 In March 2018, Cabinet approved the Reconfiguration of the National Air Ambulance Service business case [CAB-18-MIN-0085 refers], which outlined a process to modernise and integrate air ambulance services over a 10-year period. This was to be achieved through a significant service redesign that would ensure compliance with health and safety legislation, improve clinical effectiveness, and improve operational efficiencies.
- 13 The 10-year transformation of the air ambulance service is a substantial undertaking. The two-phase approach was adopted as it was not considered feasible to introduce the extent of change required through a single phase, while retaining market and service stability and continuity.
- 14 The risks driving the need to reconfigure the service were identified in the business case. These included:

- 14.1 variability of patient service quality, clinical outcomes, and access across the country
 - 14.2 increasing pressure on community donations resulting in some trusts not wanting to take on the financial risk of holding a contract with NASO
 - 14.3 concern from the Civil Aviation Authority regarding an aging rotary wing fleet and regulatory non-compliance (especially where single-engine rotary wing aircraft were being used); and
 - 14.4 non-compliance with the New Zealand aeromedical and air rescue standard and the New Zealand ambulance, paramedicine, and patient transfer services standard (NZS: 8156), resulting in an increased risk of an adverse clinical or aviation event.
- 15 While Phase One set a foundation for continuous improvement in the rotary wing air ambulance sector, Phase Two is critical to realising transformational change across the wider aeromedical service system.

Analysis

Improved Safety and Effectiveness

- 16 Phase One took place between March and November 2018 and aimed to immediately address the known aviation and clinical risks in the rotary wing air ambulance service. It also established the foundation from which the comprehensive transformation of the aeromedical service system could be addressed through Phase Two (the Programme).
- 17 Achievements from Phase One are:
 - 17.1 improved aviation safety and clinical care through the elimination of single-engine rotary wing aircraft
 - 17.2 service contract consolidation to three regional providers (down from 10) for rotary wing air ambulance, which reduced service variation and improved relationship and performance management between NASO and providers, as well as increasing cooperation between providers
 - 17.3 development of a standardised national contract for pre-hospital retrieval and inter-hospital transfer services (previously there was significant variation in service specifications for inter-hospital transfers which were developed individually by DHBs)
 - 17.4 rotary wing air ambulance providers taking responsibility for clinical governance in the aeromedical environment, including the establishment of a Medical Director role
 - 17.5 clarified and increased expectations of rotary wing air ambulance providers regarding aviation and clinical capability and standards

- 17.6 a reduced proportional dependence on community fundraising to support service financial sustainability due to increased public sector contributions
 - 17.7 improved performance monitoring and data collection in general across the national ambulance service to support current service delivery and inform future design work
 - 17.8 increased Air Desk¹ (dedicated coordination and tasking) coverage for the pre-hospital service to 24 hours per day (up from 15 hours); and
 - 17.9 recognition at the New Zealand Procurement Excellence Awards 2019 for effectively managing procurement complexity while focusing on patient outcomes, and winner of the Supreme Procurement Award.
- 18 The planned procurement of a national clinical coordination and dispatch function for rotary wing services was not achieved in Phase One. This sought a single point of clinical coordination and dispatch for pre-hospital and inter-hospital transfer services. The required engagement and collaborative design work with DHB stakeholders to incorporate the inter-hospital transfer component could not be completed within the given timeline. This will now form a critical part of Phase Two work.
- 19 A review of Phase One in 2021 provided insights on improving the approach for Phase Two. These include: allowing suitable time for meaningful collaboration with stakeholders on the future operating model; detailed engagement with hospital-based stakeholders on service design; and a suitable timeframe between the conclusion of the procurement process (signed contracts) and new service start date. In the event a new provider is successful through that process, this gives them time to establish services (two years is industry standard).

Programme challenges and opportunities

- 20 In the Cabinet minute [CBC-18-MIN-033 March 2018 refers] relating to the business case, the Minister of Health and Minister for ACC were invited to report back on completion of the Phase One procurement process. This report back was delayed due to operational difficulties in the northern region related primarily to the onboarding of four new aircraft and managing the subsequent impacts on service delivery (operational and relationships). By the time these operational difficulties were addressed, the emergence of the COVID-19 pandemic resulted in further delays to the report back to Cabinet.
- 21 These delaying factors have also led to a need for NASO to secure s 9(2)(j) contract extensions with existing service providers. Efforts to secure these contracts and ensure service continuity are presently underway. This is being managed at a NASO operational level and is separate to the Programme.

¹ The Air Desk, located in the ambulance emergency communications centre, is responsible for the identification and dispatch of rotary wing air ambulances for pre-hospital retrievals.

- 22 The Programme aims to leverage the momentum built during Phase One to collaboratively develop a future operating model that addresses the outstanding challenges in the aeromedical service system.
- 23 The table below describes the challenges and proposed deliverables anticipated through the Programme. Note that the deliverables below are subject to modification as the Programme develops:

Table 1: Aeromedical challenges and Programme deliverables

Challenges	Deliverables
The rising age profile of rotary wing assets remains a risk to aviation safety, reliable service coverage and service availability as the maintenance burden becomes greater with age.	An appropriately funded rotary wing asset replacement plan.
s 9(2)(j)	
An absence of national information on fixed wing provision and cost due to local DHB contracting arrangements makes an assessment of current state and future options analysis difficult.	A comprehensive assessment of fixed wing ambulance services in New Zealand, informing a national funding and planning approach for fixed wing services.
Clinical governance across the aeromedical, DHB, and broader ambulance sectors requires significant development and change management support to ensure risks associated with patient transfers between services are identified and mitigated.	The establishment of a clinical governance function across the aeromedical system (air, road and hospitals).
Further planning is required to ensure the network of bases, aircraft, and crew are fit for purpose and deployed across the country to best meet population needs.	The establishment of a national resource deployment plan that covers the configuration of bases, standardised airframe specifications and aviation and clinical crewing models.
Fragmented dispatch and coordination processes across rotary wing and fixed	Creation of a national dispatch and clinical coordination function

Challenges	Deliverables
wing services can result in patient harm and significant waste of scarce resources	incorporating prehospital and interhospital transfers, through rotary wing and fixed wing (with associated road ambulance transfers) assets.
There is no standardised data and digital infrastructure across the aeromedical system to understand drivers of volume or to measure patient outcomes.	Establish the data and digital infrastructure to enable the measurement of patient outcomes and service system performance.

- 24 The Programme will determine how funding, governance, and operational settings can be adjusted to support improved outcomes for patients, reduce inequities, and support the broader health and disability system. The Programme will have a strong focus on equity and standardising how hospital services interface with aeromedical services.
- 25 If the Programme did not proceed, the benefits of Phase One would only be partially realised and the transformational impact of the Programme would not be achieved. This would have a negative impact on clinical and aviation safety, service reliability and patient experience at a time when system changes arising from the Health and Disability System Reform are likely to increase the need for clinically capable air ambulance services to move patients from regional, rural and remote areas to more centralised specialist services.
- 26 The Health and Disability System Review highlighted that fragmentation, and a lack of cohesion exists across the health system, leading to unwarranted variation in performance and outcomes. The Programme will support changes to local, regional, and national health service models, by connecting communities to the services they need, when they most need them. It will also support the Health and Disability System Reform objective “that emergency and specialist care is accessible and consistently outstanding”. A national network will ensure that excellent care doesn’t depend on where you live. It will provide fast, clinically capable transport for regional, rural, and remote New Zealanders to access that care.

Programme progress

- 27 Initial scoping of Phase Two by NASO identified the scale and complexity of the transformation, within a complex and often conflicting stakeholder environment. This combined with a high-risk rating through a Risk Profile Assessment (confirmed by The Treasury) led to redefining Phase Two from a project to the Aeromedical Commissioning Programme (the Programme).
- 28 The high-risk rating also resulted in the Programme being subject to Treasury Gateway Review. The Gateway team has deemed a Detailed Business Case is the appropriate mechanism for seeking Cabinet approval for the investment

required and market approach to achieve the Programme outcomes. We are reviewing the options and authorisation levels in determining what approvals will be required.

- 29 The Gateway Zero review was completed in February 2022 and resulted in a report with a Red/Amber rating. A subsequent review was undertaken in May 2022, which resulted in a shift down to Amber. Priority actions include the immediate engagement with interim Health New Zealand and the interim Māori Health Authority around the Programme, refining governance arrangements, and putting in place appropriate longer term programme resourcing. An action plan has been developed and implementation is being supported and monitored by the Ministry, ACC, interim Health New Zealand and the interim Māori Health Authority. Representatives from the Ministry, ACC, Health New Zealand and the interim Māori Health Authority sit on the governance board for the Programme.
- 30 A number of workstreams have been identified to support the Programme objectives, which are driven by improving patient outcomes and experience. These include: integration of aeromedical services; assets (helicopters, planes, clinical equipment) and infrastructure (bases, helipads, navigation); dispatch and coordination; hospital services standardisation; and the development of a data and digital system.
- 31 The integration workstream will focus on service (equipment interoperability and logistical alignment across transport modes), clinical (skills, treatment guidelines, destination policies), and digital (patient records, service performance) integration.
- 32 The asset and infrastructure workstream will result in a plan to standardise and modernise the national rotary wing fleet to meet aviation safety and performance requirements; and identify and mitigate current risks in the supporting infrastructure (bases, helipads, navigation).
- 33 The dispatch and coordination (logistical and clinical) workstream will result in a national function that can effectively prioritise air ambulance responses (rotary wing and fixed wing (with supporting road ambulance transfers)) to patients with the highest needs, while ensuring the most efficient utilisation of the combined aeromedical service capacity. s 9(2)(j)
- 34 The hospital services standardisation workstream will review the current distribution of dedicated hospital flight resources, practices, and processes nationally to improve equity of patient access and outcomes.
- 35 The data and digital workstream will focus on standardising data collection and integrating the various digital information sources to enable the measurement of patient outcomes and system performance.
- 36 The Aeromedical Commissioning Programme was launched on 3 February 2022 through an online presentation to DHBs and other sector stakeholders.

- 37 More intensive stakeholder engagement on the Programme has begun and is being led initially by PricewaterhouseCoopers (PwC). The Programme team will be leading stakeholder engagement around detailed service design to support the future operating model.

Implementation

Stakeholder Engagement

- 38 The Programme will have a number of challenges given the complex stakeholder environment and transformational nature of the work. Local communities, including Māori and iwi representation, hospital clinicians and managers, and the current rotary wing and fixed wing providers will all need the opportunity to contribute to, and be supported through, any system developments. Rural and remote health service providers and the communities they support will also be included in the planned engagement.
- 39 NASO will lead the work on behalf of the Ministry of Health/Health New Zealand and ACC and will closely involve hospital managers and clinicians. Key stakeholders will include ambulance service providers, community trusts, clinicians, the Treasury, the Ministry for Disabled People, the Ministry of Business, Innovation and Employment (MBIE), local government, the Civil Aviation Authority, and rescue services (eg, New Zealand Search and Rescue, Maritime New Zealand, New Zealand Police, Fire and Emergency New Zealand).

Next steps

- 40 The Programme team is progressing work to identify a range of options that could address the outstanding issues with minimal disruption to current services, and to determine what level of authorisation will be required to proceed.
- 41 The Programme will be aligned with the locality planning work being undertaken by Health New Zealand and the Māori Health Authority.

Financial Implications

- 42 There are no immediate financial implications arising from this paper.
- 43 There is an expectation that the service enhancements for the future service will require additional funding. This will require funding through future Budget processes and, where necessary, a Detailed Business Case for Cabinet approval.
- 44 Any cost implications for ACC's levied accounts would also be considered at that time.

Legislative Implications

- 45 There are no legislative implications arising from this paper.

Impact Analysis

Regulatory Impact Statement

46 A Regulatory Impact Statement is not required.

Climate Implications of Policy Assessment

47 There are no climate implications arising from this paper.

Population Implications

48 Aeromedical services enable every person in New Zealand, regardless of their location, to access the highest level of care to meet their needs through a clinically capable transport service.

49 Aeromedical services improve health equity by facilitating access to specialist services for people in regional, rural and remote communities, including rural Māori communities, through fast, clinically capable transport.

50 A responsive aeromedical service will be able to rapidly adapt to changes across the system resulting from the Health and Disability System Reform enabling patients to be treated appropriately in the right place, at the right time.

Human Rights

51 This proposal is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

52 The Treasury, the Department of the Prime Minister and Cabinet, the Infrastructure Commission and New Zealand Government Property and Procurement were consulted.

53 Interim Health New Zealand (iHNZ) and interim Māori Health Authority (iMHA) were consulted. iHNZ have provided feedback on the phasing of programme deliverables and ensuring a greater focus on equity and on Māori health gain, and the particular issues Māori and other priority cohorts face in receiving an appropriate and responsive service. This feedback has been incorporated into the Programme. iHNZ endorses the need to modernise and standardise the aeromedical fleet across NZ.

Communications

Not required at this stage.

Proactive Release

- 54 Following Cabinet consideration of this paper, the 2018 Reconfiguration of the National Air Ambulance Service Business Case will be released on the Ministry of Health website.
- 55 Content to be released will include the strategic direction outlined for Phases One and Two. A significant portion of the 2018 Business Case includes budget and commercially sensitive information. This material will be withheld.
- 56 We intend to proactively release this paper with appropriate withholding grounds under the Official Information Act.

Recommendations

We, as Minister of Health and Minister for ACC recommend that the Committee:

- 1 **note** that NASO is part way through a substantial reconfiguration of the national air ambulance service that will see a clinically appropriate service based on improved quality, safety, and patient outcomes.
- 2 **note** that in the Cabinet minute (CBC-18-MIN-033 March 2018 refers), the Minister of Health and Minister for ACC were invited to report back on completion of the Phase One procurement process.
- 3 **note** the reported outcomes of Phase One of the reconfiguration of the national air ambulance service:
- 3.1 improved aviation safety through the removal of single engine helicopters from service
 - 3.2 service consolidation from ten to three rotary wing providers
 - 3.3 increased aviation and clinical capability for rotary wing services; and
 - 3.4 increased service availability and improved response times.
- 4 **note** that Phase Two, renamed Aeromedical Commissioning Programme, aims to develop a nationally integrated air ambulance service that is financially sustainable, coordinated, interoperable across ambulance services and supports the wider health service into the future.
- 5 **note** that the Minister of Health and Minister for ACC may return to Cabinet to table a Detailed Business Case and procurement pathway if required.

Authorised for lodgement

Hon Andrew Little
Minister of Health

Hon Carmel Sepuloni
Minister for ACC

PROACTIVELY RELEASED