

# Overseas Medical Services Investigation Terms of Reference

April 2011

## Background and purpose

A member-initiated resolution was put to the Society's 2010 AGM requesting the appointment of "an independent and suitably qualified agency to investigate suitably qualified and more cost effective medical services overseas with the overall objective of providing choice, containing costs and introducing a competitive medical environment whilst maintaining standards of care for Members".

Comments from the initiating member published in the Notice of Meeting in support of the resolution referenced the challenges in New Zealand associated with keeping health insurance premiums affordable. The member opined that accessing overseas treatment options will save millions of dollars, drive down local specialist costs and provide members with more choice.

Comments from the Board in the Notice of Meeting acknowledged the challenge of rising healthcare costs faced by funders around the world and the need to pursue initiatives that can enhance competition and price moderation among providers of healthcare services. The Board's comments also pointed out a range of significant questions and potential issues that have arisen when the Society's management has previously considered greater use of overseas treatment options.

Nevertheless, the Board did not oppose the resolution and invited the membership to indicate (through the voting and AGM process) whether it felt such an investigation was justified.

The resolution was passed at the AGM and the Society's Board decided at its February 2011 meeting to proceed with an investigation.

## Goal

To assess whether use of overseas treatment options can reduce costs to the Society, and hence moderate premiums, while maintaining the standards of care expected by members.

## Objectives

The project will encompass five key objectives, each coinciding with a phase of the investigation:

**1. Provision** - identify viable options for accessing appropriate, cost-effective, overseas-sourced, healthcare services. Considerations are likely to include:

- which countries may be acceptable options to focus on for the purposes of this investigation
- factors (eg. procedure cost, volume, complexity/recovery time, complications) that may indicate whether specific procedures may be more likely to yield cost savings
- relative costs of those procedures in New Zealand and selected other countries
- members going overseas for treatment and/or overseas providers coming here to provide their services

**2. Protection** - identify specific factors relating to overseas treatment provision that will be important in ensuring acceptable outcomes for members. Considerations are likely to include:

- quality assurance
- dealing with medical complications
- travel and treatment injury insurance cover
- additional costs for the member such as travel and accommodation

**3. Product** - find mechanisms that could be used in current or alternative health insurance plans to deliver cost effective overseas treatment for the membership. Considerations are likely to include:

- mechanisms that give members the choice of either NZ or overseas sourced services
- mechanisms that require members to use the overseas-sourced option as a condition of cover
- estimates of cost and/or premium savings (if any) that these mechanisms might deliver
- assess the likely effect these mechanisms may have in enhancing competition within the practitioner market

**4. Perception** - determine the acceptability and/or appeal to members of product options that incorporate overseas treatment.

**5. Recommendation** – discuss the investigations findings in relation to the objectives stated in the member-initiated AGM resolutions, namely:

- providing choice
- containing cost
- introducing a competitive medical environment
- maintaining standards of care for members

and conclude whether there is value for the membership in the Society actively pursuing overseas treatment options and, if so, on what basis.

## Team

The AGM resolution makes reference to the appointment of “an independent and suitably qualified agency” to conduct this investigation. The reality is that most individuals or organisations in New Zealand that are suitably qualified (ie, able to readily understand and work their way through this complex subject matter) are likely to have relationships or allegiances that might call their independence into question.

The cost of the investigation to the membership is another important consideration.

Consequently, a team structure has been selected that will use internal knowledge and expertise combined with external independence and perspective.

The internal resource will undertake all aspects of the investigation and report preparation, subject to the following points.

The external resource will provide regular (fortnightly) peer review and feedback in relation to the methodology, information gathering, analysis and conclusions of the internal team from the inception to conclusion of the investigation.

The external resource will provide an assessment to the Board, for inclusion in the final report, of the degree to which the investigation process was appropriate and reasonable in order to achieve the goal and objectives of the investigation in the available time frame and reasonable budget.

The external resource will provide a statement to the Board, for inclusion in the final report and for subsequent communications to members, endorsing the report's findings and/or noting aspects of those findings that they do not endorse.

## **Governance**

The Board, as sponsor, has overall ownership and responsibility for the investigation and its outputs (including these terms of reference and the final report).

The Board will commission the investigation's external resource, which will have a direct reporting line to the Board.

The Board delegates the leadership of the investigation team, and implementation of the investigation, to management. This includes all necessary liaison with the external resource to achieve the ongoing independent peer review and feedback.

Management will provide updates to the Board through the Chief Executive Officer's monthly reports.

## **Outputs /Timeline**

April	Confirmation of Terms of Reference and Project Team
April	Commencement of investigation
July	Initial findings to the Board
August	Final report to the Board
September	Communicate findings to the membership via Annual Report and website