



18 February 2009

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**HEALTH MANAGEMENT SYSTEM COLLABORATIVE OF NZ DISTRICT HEALTH BOARDS: REQUEST FOR INFORMATION DECEMBER 2008**

**1. INTRODUCTION**

The NZ Health IT Cluster is an alliance of organisations interested in health IT. The Cluster has a contractual obligation with the Ministry of Health to act as a conduit to represent the views of the NZ health IT vendor community on matters of strategic importance.

The Health Management System collaboration vision represents a significant step up from that provided by current health information systems, and the collaboration of 7 or more DHBs in this RFI has the potential to profoundly alter the market both now and in the future. The RFI and its potential impact is therefore of significant interest to the NZ health IT community.

The Cluster wrote to all members bringing their attention to this RFI and requesting their feedback. In particular we sought their views on the potential impact on their organisation, the NZ health IT sector, and the NZ health sector. The following commentary summarises the views of the Cluster Executive and the responding health IT vendors. Unsurprisingly, not all views solicited from members were complimentary – where there was clear commonality, this review denotes this by the use of ‘we’. Where such commonality did not exist, we use the term, ‘some members’.

**2. SUMMARY**

We strongly support the general thrust of the vision articulated in the Health Management System Collaborative RFI. We congratulate the 7 DHBs for agreeing to collaborate on this vision and understand the challenges this will entail, particularly regarding the degree of service delivery transformation required. We wholeheartedly agree that there is a need for significant investment in health IT systems to improve the health and wellbeing of New Zealanders. Such investment is long overdue.

Within this supportive context, a number of questions and concerns have been raised. There is a clear preference expressed by the RFI for proposals that meet all of the requirements stated (paragraph 2.7). We see this, and the significant recent interactions by key players with large US based suppliers of monolithic solutions, as strong indicators of a preference for a strategy that will move away from the current best of breed standards based interoperable approach. Our concern is that, whether or not this is in fact the best approach to the health sector’s needs, there has been little or no public debate about

what would be the most significant change in health IT strategy seen in New Zealand for at least a generation.

Moreover this direction seems to us to have been taken in advance of the completion of the update of the national health IT strategy, which should form the basis of the debate that we feel is required, as well as providing the articulation, promulgation and sector agreement in respect to the key supporting architectures.

The direction being set also seems somewhat in isolation from its impact upon our local health IT industry. According to a just published RFP from New Zealand Trade and Enterprise, this industry has been identified as representing 'a large opportunity to generate wealth and improve health outcomes by building on New Zealand's current capabilities in this sector and that there is a sufficient groundswell of support across the public and private sectors to pursue it'.

The Health IT Cluster representing over 70 New Zealand organisations would greatly welcome an opportunity of discussing these issues of fundamental importance to our country with key stakeholders; not simply to pursue narrow sectional interest, but to ensure that all voices are heard before commitments are made that will alter for the next generation the way healthcare is delivered in New Zealand.

### **3. STRATEGY**

We are supportive of the vision, and strongly support the concept of a solution across primary and secondary care settings.

Collaboration amongst organisations and their IT and clinical domains is strongly supported. The more DHBs and other providers work together to align strategies, solutions and processes, the more cost effective the outcomes will likely be, leading to improved health and wellbeing for New Zealanders. The biggest challenge will be to align this process across disparate clinical areas in primary, secondary and community settings, and across DHBs of varying sizes, and degrees of maturity.

The concept of individual-centric health, is aligned with mainstream international developments in respect to the provision of care. However, the expression of this in a solution term such as, 'EHR', implies a solution principle which in our view is not yet established as the basis for the optimum approach. It also leaves open many questions about what is meant by an EHR, its architectural context, what it contains, who is its custodian, what are the implications in respect to security and confidentiality etc.

We are concerned that given the preference for a single sourced option, there is an assumption that the current strategy based on interoperable standards with 'best of breed' solutions has not worked and therefore must be abandoned in favour of a monolithic single sourced solution. The underlying view seems to be that standards are too hard, we cannot progress them fast enough and that the number of interconnections, expanding exponentially as more applications are added to the ecosystem, create levels of complexity that are unmanageable. However, the reality of health IT in New Zealand for the last 15 years is that there has been no serious commitment at any level to make the decisions, develop the strategies or make the investments needed to attain the success of these strategies. No-one would deny the challenges, but we would direct you to England, where they have tried and failed to impose a single sourced option on the regions of their NHS, at a cost of about \$60B to date, and where they are now committing to a standards based interoperable 'best of breed' strategy. We acknowledge that the fact that one jurisdiction has adopted a particular strategy is not of itself sufficient reason to follow it slavishly, but we do believe a serious comparison between the effective and properly funded enactment of these alternative strategies should be undertaken.

Some of our members support having one national solution in certain domains. With appropriate contracting and management structures this can work well, resulting in a scaled business for the vendor that can be well serviced. This strategy also reduces the interoperability issues because of the reduction in different systems.

We would prefer to see priority be given to the development of the necessary architecture and infrastructure to enable data interchange across all care settings. This Services Orientated Architecture approach, along with a standards certification regime, would enable healthcare providers to select the best product for any given application area, confident in the knowledge that interoperability would be designed into the application.

#### **4. PROCESS**

We understand the urgency related to the age and associated risk of some the DHBs' current systems, however the RFI process is at risk of pre-empting what may be critical dependences. These include the development of requirements, except at the very high level articulated in the RFI. Such definition of needs should be based on a clinically led process involving a wide spread of representatives (Kaiser Permanente for example talk of over 300 clinicians being actively involved in their requirements definition and design processes). Also of importance is the Ministry of Health's initiative to revise HIS NZ under the banner of the e-health refresh programme. If this has the objective of providing a national vision of need, strategy, design and architecture, then this should provide the template for the DHBs in its strategic execution. The fact that the RFI precedes the published results of this exercise by as much as 6 months, is of concern in terms of addressing the need for a conformant strategy in New Zealand.

Some members have expressed concerns around the process, in particular what is perceived by some as being an exercise in which the choices have already been narrowed to the point of effectively excluding their participation. The release of an RFP soon after the current RFI process, would support the view that a decision has potentially already been made. Furthermore, this would preclude a full transformation programme of health services in NZ, which is considered by some as fundamental to the success of this vision.

#### **5. IMPACT**

We are very concerned with the potential risk to the local software economy if a single offshore vendor is selected. A move in this direction may force some vendors out of business and others to focus on international markets, putting NZ at the bottom of the 'food chain' in terms of product development and support. NZ is well known for innovative solutions and we believe a vibrant partner ecosystem will deliver better health outcomes for all New Zealanders.

The impact on the New Zealand Health IT industry is possibly not a matter of overt concern to the Collaborative, but it should be to the New Zealand economy. This industry employs thousands of people and is responsible for millions of dollars of exports. The sourcing of the vast majority of solutions for the majority of DHBs from offshore suppliers would be a matter of profound concern to the industry. Previous experience (such as with SMS at Capital and Coast CHE) suggests that focussing alone on an offshore provider represents a significant risk.

This RFI/RFP evaluation process will also have adverse impacts by creating a hiatus during which other decisions are delayed pending its outcome. Once committed, a change programme of this magnitude will effectively close the market to other suppliers for at least five years. Again UK experience suggests that by driving out local suppliers as an unintended consequence of a similar strategy, the NHS was placed at risk when that strategy was abandoned and supply was once again sought from a much diluted pool of local suppliers.

## 6. CONCLUDING REMARKS

The NZ Health IT Cluster applauds the DHB collective for aligning their vision and agreeing to collaborate in this manner. We wish to play a constructive role in its development, and would welcome the opportunity to meet with the Ministry of Health and DHB collective and to provide further feedback as this RFI proceeds.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Andrea Pettett', with a stylized, sweeping flourish at the top.

Andrea Pettett  
**Chief Executive Officer**

**cc** *Alan Hesketh – Deputy Director General, Information Directorate*