Briefing

The health of older people and aged care in New Zealand

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To:	Hon Dr Shane Reti, Minister of Health		
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Minister's office to complete:

☐ Approved ☐ Decline ☐ Noted

☐ Needs change ☐ Seen ☐ Overtaken by events

☐ See Minister's Notes ☐ Withdrawn

Comment:

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Purpose of report

1. This briefing sets out the strategic context for healthy ageing in New Zealand, and the role of the health system in caring for our ageing population. It provides initial advice on opportunities to progress your priorities.

2. Te Whatu Ora - Health New Zealand (HNZ) can also provide you with a briefing on the Ageing Well portfolio, to outline the current state of the aged care system, priority work underway and challenges and opportunities.

Summary

3. People over the age of 65 are a significant and growing population group in New Zealand, with older Māori, Pacific and Asian populations growing at faster rates. There are disparities in health outcomes with Māori and Pacific peoples experiencing lower life expectancy and higher health needs.

4. Ageing is associated with higher rates of disability and long-term chronic health conditions that require support on a daily or regular basis. As our population ages, we can expect increasing numbers of people to live longer with more complex conditions and comorbidities that require more specialised care and support.

5. The World Health Organisation defines healthy ageing as 'the process of developing and maintaining the functional ability that enables wellbeing in older age.' Supporting healthy ageing can improve quality of life for older people, and reduce downstream demands on the health system, consistent with an investment and life course approach.

6. The health system plays a key role in enabling healthy ageing by addressing the determinants of health, promoting wellbeing, and providing primary and community healthcare services, including aged residential care services, hospital-based services, palliative and end of life care. Various other agencies across government (including local government) also contribute to enabling healthy ageing.

7. The growing and ageing population is expected to increase demand, cost and workforce pressures across the health system. A challenge for the health system is to meet this demand, improve wellbeing and reduce health disparities, whilst ensuring the sustainability of the health system.

8. There are opportunities to promote healthy ageing, and in so doing, prevent and respond to increased demand on primary and community healthcare, hospitals and the aged care sector through:

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a. supporting people to age well in their communities

b. improving access[1] to primary and community health services

c. continuing to improve acute care and end of life care

d. futureproofing the aged care system, through longer-term system and service design work, to meet increased demand and diversity of needs, and to be financially sustainable.

9. A priority for the health system is to help people to stay as healthy as possible, as they get older, while living in their communities. This can be enabled by a greater focus on prevention and addressing the broader determinants of health and vulnerability as people age such as social connection and housing. It also requires access to timely, quality and coordinated services to delay the onset or progression of illness, and to build and maintain people's physical and mental function as they get older. It will also require a focus on improving the quality of services and models of care to support the needs and aspirations of diverse communities.

10. We will support you to deliver on your priorities of targeting access to free prescriptions to those on low incomes and those over 65, and immunisation incentive payments to help achieve increased coverage for specific immunisations, including for influenza vaccination rates (65 years and over). We plan to provide you with further advice as part of the primary and community healthcare work programme on options, including costs and risks, to progress these priorities on 7 December 2023 (H2023032867 refers), and to meet with you on 21 December 2023 to discuss the longer-term work programme.

11. We will also work with HNZ to provide you with advice as required to meet your commitments relating aged residential care beds, dementia beds and a Health Select Committee inquiry into asset thresholds for aged residential care.

Recommendations

We recommend you:

a) **Note** that New Zealand's population is ageing, with Māori and Pacific populations are ageing faster than other populations and experiencing lower average life expectancy and poorer health outcomes.

b) **Note** there is a need for the health system to enable people to stay healthy and to adapt to meet the needs of a growing and increasingly diverse older population, to improve health outcomes and address future fiscal and sustainability challenges.

c) **Note** that alongside challenges, there are key opportunities to support older people to stay healthy as they age in their communities, and to respond more effectively and efficiently to the increasing demand on the health system arising from an ageing population.

[1] Access encompasses uptake and accessibility of services, and includes such as cost and transport barriers, disability accessibility, cultural safety and responsiveness, hours of operation.

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d) **Note** that we will provide you further detailed advice next year on how the health system can deliver on your manifesto commitments relating to primary and community healthcare and aged residential care.

e) **Note** you may wish to share this briefing with Hon Casey Costello, in her capacity as Minister for Seniors and Associate Minister of Health

f) **Indicate** if you would like to discuss your priorities and the challenges and opportunities raised in this briefing with senior officials. **Yes/No**



Dr Diana Sarfati

Director-General of Health

Te Tumu Whakarae mō te Hauora

Date: 8 December 2023

Hon Dr Shane Reti

Minister of Health

Date:

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The health of older people and aged care in New Zealand

New Zealand's population is ageing, and the older population is becoming more diverse

12. Our population is ageing, which is a trend seen in other developed nations. New Zealand has approximately 875,000 people (or around 17 percent of the population) aged over 65 years. This number is projected to increase by 50 percent over the next 15 years and will continue to increase over the next 50 years.[2]

13. The number of people aged over 75 is expected to increase by 75 percent over the next 15 years – from 384,000 in 2023 to 675,000 in 2038.[3] This is the age where people tend to require more support from the health system. The population aged over 85 is projected to double by 2038.

14. New Zealand's older population is becoming increasingly ethnically diverse, with faster growing Māori, Pacific and Asian populations. Life expectancy at birth is significantly lower for Māori and Pacific peoples and people living in deprived areas. Life expectancy for Māori is 73.4 years for males and 77.1 years for females. For Pacific peoples it is 75.4 years for males and 79 years for females. This compares to 81 and 84.5 years respectively for New Zealand European/other males and females.

Health and disability needs increase with age and there are disparities

15. As people live longer, they are more are likely to spend a portion of their later years with some form of functional limitation or disability, such as lack of mobility and strength, eyesight or hearing loss, loss of ability to communicate, or reduced cognitive functioning. Many 65–75 year-olds have long-term physical health conditions such as diabetes, hypertension, and dementia.[4] These, along with adverse events that occur in later life such as falls, are key reasons for older peoples' hospital admissions. Twenty-four percent (167,900) of older people experience two or more physical or mental health conditions.[5]

16. The incidence of dementia is expected to more than double to approximately 167,500 people in 2050: comprising 2.7 percent of the total population and 10.8 percent of the population aged over 65.[6] Interventions to address modifiable risk factors (physical health, diet, hearing loss, education status and social isolation) can reduce the incidence of disease and delay onset of dementia.

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[2] Statistics NZ, 2022. National population projections, by age and sex, 2020(base)-2073, extracted 30/10/2023

[3] IBID

4 Older people experiencing vulnerability and multiple disadvantage in New Zealand, Social Wellbeing Agency 2023.

5 Based on 2018 Ministry of Health data. Denominator based on health datasets = 686,600 older people.

6 Dementia Economic Impact Report – Final – September 2021.

17. Māori and Pacific peoples experience higher rates of disability and long-term conditions than non-Māori/non-Pacific, and fewer years of good health despite having a younger population. Māori and Pacific populations are growing at a faster rate than the overall population. In 2019, the population of Māori 65 years and older was estimated to increase from 50,000 in 2019 to 90,000 in 2029. In addition, projections to 2028 show that the number of Māori needing critical and high levels of care will increase by 195 percent. This has implications for the health system to meet the health needs of Māori in future, address health disparities and respond to the needs of these groups.[7]

18. While women have a higher life expectancy than men, they live longer with disability than males for which they need support (16.7 years and 14.3 years respectively).[8] For women 70 years and older, conditions with the highest disease burden include ischaemic heart disease, Alzheimer's disease, and other dementias, as well as stroke, chronic obstructive pulmonary disease, and falls.

19. Approximately 60 percent of over 65-year-olds are disabled.[9] To improve health outcomes for the growing older disabled population in New Zealand, the health system will need to better understand and meet their health needs, including physical, cognitive, sensory impairment and cultural needs. This will support people to live with a better quality of life within their communities. It will require increased capability and capacity of the health workforce, resulting in increased demand on the workforce. For further information, see the Tier 2 Health of Disabled People report [H2023032785 refers].

The ageing population will place more demand on the health system

20. As our population ages, demand on the health system and associated cost is projected to rise. If we continue to fund health services in the way we currently do, care of over 65-year-olds will account for approximately 50 percent of (HNZ) expenditure by 2025/26.[10]

21. Key challenges for responding to the health needs of our ageing population include

    i. improving quality and responsiveness of services to diverse needs

    ii. managing the increasing demand for healthcare and aged residential care (ARC)

    iii. providing sufficient home and community support to meet rising demand, and

    iv. ensuring sufficient access to palliative care services.

22. Underpinning the challenges above are broader systemic ones such as preventative and timely interventions in to keep people well (and divert demand where possible) and responding to existing domestic and global health and aged care workforce shortages (para 48 refers). Further, managing transitions between acute care, community and

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[7] Source: https://www.hqsc.govt.nz/assets/Our-work/Improved-service-delivery/Aged-residential-care/Publications-resources/Older_Maori_and_ARC_report_Dec2021_final.pdf

8 https://www.health.govt.nz/system/files/documents/publications/independent-life-expectancy-new-zealand-2013-jul15-v2.pdf

[9] Stats NZ. 2014. *Disability Survey: 2013*. Wellington: Stats NZ

[10] https://www.tewhatuora.govt.nz/our-health-system/data-and-statistics/nz-health-statistics/health-statistics-and-data-sets/older-peoples-health-data-and-stats/dhb-spending-on-services-for-older-people/

residential aged care settings effectively is critical for the ongoing sustainability of the healthcare system.

The Aged Care Commissioner will publish a report in early 2024 on the health and disability system's performance for older people

23. The Aged Care Commissioner's role was established under the Health and Disability Commissioner in 2021. The role includes advocating for quality of health and disability services on behalf of older people and their whānau, providing strategic oversight and leadership to drive quality improvement and to monitor how well the health and disability system responds to the needs of older people.

24. The Aged Care Commissioner is expected to publish in the new year her first annual report on the performance of the health and disability system in response to the needs of older people.

25. The Health and Disability Commission expect to be able to share the draft report in the new year with you, Manatū Hauora - Ministry of Health (the Ministry) and HNZ, for early sight ahead of publication. We will provide you with further advice on this in the new year.

Setting a clear direction around healthy ageing

26. The six Pae Ora strategies set the long-term direction for the New Zealand health system, and provide focus on prevention, population health and addressing the drivers of poor health and health disparities. This includes strengthening life course approaches that prevent, reduce or delay the onset of health needs, and action to address the wider determinants of health that contribute to poor health in later life.

27. The New Zealand Health Strategy provides direction for agencies to lead and support actions that promote independence in older age and protect against frailty, within environments enabling people to 'age in place.' The Women's Health Strategy 2023 includes a priority around living and ageing well, outlining the need for health services to meet the healthcare needs of older women in a timely and effective way, and support women to live well for longer.[11]

28. The Healthy Ageing Strategy 2016 (the Healthy Ageing Strategy) sets out the strategic vision for healthy ageing that "older people live well, age well and have a respectful end of life in age-friendly communities". To achieve this vision, we need to ensure our policies, funding, planning and service delivery:

    a. prioritise healthy ageing and resilience throughout people's older years
    b. enable high-quality acute and restorative care, for effective rehabilitation, recovery and restoration after acute events
    c. ensure older people can live well with long-term conditions
    d. better support older people with high and complex needs
    e. provide respectful end-of-life care that caters to personal, cultural and spiritual needs.

[11] https://www.health.govt.nz/publication/womens-health-strategy

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29. The Healthy Ageing Strategy includes a cross-agency action plan. the Ministry has led two phases of implementation to date, with progress made in many areas, some actions embedded into agency core work programmes, and others adjusted in line with changing priorities. This strategic direction in this strategy remains relevant.

30. The health system contributes to the implementation of Better Later Life – He Oranga Kaumātua (Better Later Life) 2019 to 2034. This is a cross government strategy with a vision of older New Zealanders living valued, connected and fulfilling lives. The Strategy is led by the Office for Seniors (which sits within the Ministry of Social Development (MSD)). The strategy identifies five key areas of action to guide the work of central government, local government, iwi, NGOs, and the wider community:

    a. achieving financial security and economic participation

    b. promoting healthy ageing and improving access to services

    c. creating diverse housing choices and options

    d. enhancing opportunities for social connection

    e. making environments accessible.

31. The implementation of Better Later Life is supported by a 3-year cross-government action plan (2021-2024), which sets out 35 actions focused on 3 priorities – employment, housing, and digital inclusion. The Office for Seniors will provide advice to Hon Costello, as Minister for Seniors, on options for a further Action Plan to be implemented from 2025.

32. There are opportunities to connect across Ministerial and agency portfolios to implement these strategies to enable the health and wellbeing of older people.

Opportunities to deliver on your priorities

Supporting people to age well in their communities

33. Most people want to maintain their independence and remain at home, closer to their family and community as they age. In most cases, this can be more cost-effective than residential care. Supporting people to 'age in place' requires the health entities, government agencies and communities to collaborate to build enabling environments that address the broader determinants of health and vulnerability as people age. These determinants include nutrition, housing, social isolation, age friendly communities and financial wellbeing.

34. To build an evidence base for supporting future policy and commissioning decisions, the Ministry has been working with MSD and the Social Wellbeing Agency to explore how experiences relating to hardship in health, housing, finance, social connection and access to services contribute to compounding disadvantage for older people, through the Integrated Data Infrastructure. This work is delivering on two actions under the Better Later Life Strategy 2019-2034[12] by using data to draw attention to and quantify the size and scale of disparities which can arise both in later life and across the life course.

[12] These actions are: improve support for socially isolated and other vulnerable people, and address the physical and social determinants of health (joint lead with the Ministry of Health).

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35. This work is moving into a phase of utilising the data, as well as feedback from communities of older people themselves, to explore, in line with a social investment approach, options to improve services and supports for older people and intervene earlier in the life course to both improve outcomes for people as they age while also alleviating cost pressures across government systems.

36. Opportunities we could explore with other agencies include working across government effort to develop proposals aimed at reducing social isolation and loneliness, which has a strong association with poor mental and physical health outcomes. It could also include creating enabling environments, such as modifications to homes so that they are healthy, safer and more accessible, and ensuring urban and environmental policies support older communities to thrive. Improving access to primary and community health services for older people.

37. The primary and community healthcare system plays a key role in supporting people to remain independent in their communities and helps to reduce pressure and costs on other parts of the health system. Primary and community healthcare is especially important within rural communities, where a quarter of people aged over 65 years live, making up 20 percent of the total rural population in 2018.

38. While older people report fewer issues getting general practice (GP) appointments, there are disparities within the older population with older Māori having more difficulty getting GP appointments than non-Māori.[13] Hauora Māori providers can support kaumātua to stay in their communities by providing a wide range of tailored services using a whānau-centred model of care to meet the needs of this group and support positive aging.

39. Our focus needs to be on supporting older people to continue living independently in their homes and communities through:

    a. timely interventions for addressing physical and mental health and addiction needs to delay the onset or progression of symptoms and poor health

    b. enabling coordinated care and support for people to live with long term conditions

    c. timely referral to acute services, rehabilitation, coordination of supports with aged care services.

40. There are opportunities to set a new direction for primary and community healthcare to address healthcare outcome disparities, address rising demand pressures and meet the emerging needs of a growing, diversifying and ageing population. Some of these changes can be made in the short term, through the Government Policy Statement 2024-2027, New Zealand Health Plan 2024-2027 and Budget 2024 and in the longer term through the strategic policy programme.

41. We have provided you with initial advice on the current state of primary and community healthcare and the options for short and long-term work to ensure the sector can respond effectively to current and future needs [2023032867]. As the incoming Minister,

[13] Use of health services by older people – Te Whatu Ora - Health New Zealand.

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we look forward to meeting with you on 21 December to discuss your priorities for the primary and community health care sector.

42. s 9(2)(f)(iv) [redacted]

Continuing to improve acute care and end of life care

43. As in other developed countries, the demands on New Zealand's acute care services are growing, due in part to our growing and ageing population and resulting increases in long-term conditions like cardiovascular disease and diabetes.

44. Improvements to the timeliness and integration of acute services benefit older people by assisting them to get the care they need, at the time and location they need. These improvements can also improve patient flow in the secondary care system and enable timely care for others needing acute care.

45. As HNZ will also highlight, there are current challenges with discharge of older people from acute services to other settings such as ARC. These include those relating to workforce shortages, for example, allied health staff and home care support; needs assessment service coordination; and lack of integration with primary and community and aged residential care (ARC) services.

46. There are also challenges in how mental health and addiction services are meeting the needs of older people. These include national disparities in services, capacity issues in specialist services, and quality and capacity issues with psycho-geriatric facilities.

47. There are opportunities to explore how system settings and operational pressures can be improved to enable better coordination, continuity and quality of care of older people. HNZ is developing a work programme focused on driving improvements in acute care.

48. A national work programme for palliative care, co-sponsored by HNZ and Te Aka Whai Ora – Māori Health Authority (MHA), has been established to develop a nationally consistent model for paediatric and adult palliative and end-of-life care. It aims to strengthen equitable provision of palliative care across New Zealand and integration across the primary and community health system.

49. Depending on your priorities and direction, we can work with Health New Zealand and to provide further advice on options to prevent, manage and respond to the expected increased demand for acute care and end of life care.

Futureproofing the aged care system through longer-term system and service design work

50. The aged care system is facing challenges, staff shortages, pay disparities across the workforce, inequitable access to care and managing increasing demand pressures. Ongoing work includes pay equity negotiations for care and support workers in the aged

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residential care, home and community, disability and mental health sectors. HNZ advise that aged care providers are reporting that financial sustainability is impacting on their ability to provide quality care. Initial analysis of publicly available financial information for home and community support providers indicates that profits are greater in 2023 than they have been previously. Further detail can be provided by HNZ.

51. Trends suggest that while overall ageing and aged care services generally meet current demand, 16,000 new ARC beds will be needed by 2030 to maintain current levels of demand for our ageing population.[14] Forecasted demand for dementia beds based on the increasing population of older people and current rates of dementia indicate that dementia beds will need to increase from the current 4,700 to 9,000 by 2040.

52. It will be important to ensure that any increased ARC capacity meets the needs of Māori, including cultural, when they need ARC. It is estimated that the demand for ARC care by Māori is expected to increase fourfold between 2019 and 2030.

53. We will work with HNZ to provide you with advice next year on options to support delivery against the following National New Zealand First coalition agreement commitments:

    a) Investigate the funding formula for new residential care beds.

    b) Engage openly and constructively with the aged-care sector.

    c) Undertake a Select Committee Inquiry into aged care provision to include supporting people with early onset conditions and what asset thresholds are appropriate in 2023/24.

    d) Work on establishing bipartisan agreement to fund both care and dementia beds that New Zealand needs now and with a focus on the long term needs by 2040.

54. We are working with the Ministry of Housing and Urban Development to input into the review of the Retirement Villages Act, including proposals relating to aged residential care, and can provide you with advice on this as required.

55. HNZ are responding to urgent system pressures while also undertaking longer-term system and service design work to support the sustainability of the aged care system, including reviewing and prioritising existing funding. The review includes home support and residential care.

56. There are opportunities through this review to deliver on your manifesto commitments. The review includes consideration of what support is required for the sector to be financially sustainable, deliver quality of care and to be able to expand the number of ARC beds, to meet the expected growth in demand.

57. The review also provides an opportunity for health entities to consider how policy and regulatory settings can enable financial sustainability of the aged care system. The Ministry is responsible for regulatory policy on aged care funding settings, including funding and means testing requirements as set out in the Residential Care and Disability Support Services Act 2018. The Act is administered by MSD but places certain statutory responsibilities on the Director-General of Health. These regulatory settings determine

[14] HNZ forecast of future demand and recent trend in closures per year.

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how much an individual is required to pay towards the cost of their ARC. HNZ funds any difference in cost up to the price agreed with providers.

58. HNZ advise that additional future investment will be required, and an analysis of this need is underway through the review, due for completion in June 2024.

Next steps

59. We would welcome the opportunity to discuss your priorities and the challenges and opportunities raised in this briefing.

60. Subject to your feedback on the direction and work required, we will work with HNZ to provide you detailed advice as required on options to deliver on your priorities.

ENDS.

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Minister's Notes

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