Executive Summary Martin Jenkins Report: Sustainable Funding for Hospice Services

1. Current Situation

Hospices support **a third of all the people who die** from a life-limiting illness in New Zealand. In 2023 this was 10,880 people and this number is rising annually. Whilst Hospices are delivering **essential specialist palliative care in the community** to these people, they face **severe financial instability**. Urgent action is required to maintain current services as:

1. **Hospice care reduces the burden on the health system via reduced ED visits and hospitalisations.**
2. **Conservatively, Hospices deliver a Return on Investment (ROI) of $1.59 for every $1 of government funding, and are currently saving the health system $110m per year**
3. **Funding shortfalls** – The average Government contribution to services has been **50% of hospice operational costs** over the last 5 years.
4. **Rising demand and complexity of deaths** – **Need** for Hospice services will **increase by a further 53% by 2043.**
5. Lack of a national workforce plan, combined with increasing wage costs, are **escalating workforce pressures**, and threatening service continuity.

2. Financial Metrics & ROI

Current Funding Shortfall: The hospice sector **annual funding shortfall for clinical service components** alone was **$9.4m in 2024**. Under the **current model** this **will grow to an estimated $196m by 2043** to maintain services at current levels.

- **Government Funding**: On average covers only just over 50% **of operational costs**, leaving **> $100 million funding gap (YE 2023) filled by retail, community fundraising and philanthropy.**
- **Return on Investment (ROI): $1.59** – Every **$1 invested by the Government in hospice care** delivers **$1.59 in economic and social impact value**.
- Critical in the ROI is the impact on **reducing patient admissions and hospital costs, ED visits**, and community clinical care events.
- **Annual Cost Increases**: on average, operating expenditure rises by **6-8% per year**, driven by **inflation, workforce costs, and service demand**

3. Policy & Funding Challenges Funding Variability

Regional inconsistencies create **inequities in service provision**.

- **Lack of a national pricing model, service specifications, or outcomes -** No **dedicated national palliative care funding model**, leading to **fragmented funding and inequitable access to services.**

- **Workforce Crisis**: underfunded wages and training create attraction and retention issues.
- **Volunteer contribution:** contribution of patient facing roles and appropriateness in model of specialist palliative care.

4. Recommendations for Sustainable Funding

Increase Government Investment: Immediate boost in funding to **stabilise the sector**

A. **Standardise Health NZ Contributions**: Implement **consistent regional funding allocations**.
B. **New Revenue Models**: Develop a hospice sector co-designed commissioning model to secure long-term financial sustainability.
C. **Invest in Workforce Sustainability**: Support **wage increases, training, and retention strategies**.
D. Expand social enterprises and commercial partnerships for value add.

5. Conclusion – The Urgent Need for Action

Without urgent action-oriented reform hospice services face service reductions or closures.

- Investing in hospice care is **not just a moral obligation, but an economic necessity that makes good sense for Government**, with a **proven ROI of $1.59** per dollar spent and a conservative estimate of **$110m per year in savings across the health system**

- **Immediate government investment and a national funding framework are required** to **ensure long-term sustainability and maintain current service levels**

Call to Action

Sector leaders must advocate for increased government investment now and a deliverable action-orientated plan of policy reform.

MartinJenkins. 2024. *Sustainable funding for hospice services: Health and social impacts of specialist hospice palliative care and an economic case for investment*. Report commissioned by Otago Community Hospice, Nelson Tasman Hospice, Hospice Waikato, Tōtara Hospice, and Harbour Hospice.

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