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Funding formula 'shortcomings' highlighted in capitation review, says Te Whatu Ora



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7

Wednesday 9

November

2022, 02:58 PM

3 minutes to

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The current funding formula's equity "shortcomings" are raised in the capitation review report, says Te Whatu Ora, but when and how the report will steer future funding remains unclear

The still under-wraps capitation review report helps clarify the "shortcomings of the current capitation formula", says a Te Whatu Ora director Rachel Haggarty.

Ms Haggarty, Te Whatu Ora's transformation and enablers commissioning director, also says the agency supports the release of the report by its original commissioners, the now disbanded Transition Unit.

New Zealand Doctor Rata Aotearoa received Ms Haggarty's emailed statement after its 9 November issue went to press.

We had asked Te Whatu Ora for clarification of the status of the report and how it would be used for a print edition article published today (see **GP funding idea lost in big picture**). We had also asked for a time line for a new primary care funding agreement and an update on how the Budget 2022 money allocated for equity adjustments to general practice funding was to be distributed.

Report noted but next steps unclear

Ms Haggarty says in her response that both Te Whatu Ora and Te Aka Whai Ora were involved with the capitation review report commissioned by the Transition Unit in 2021.

Also, she says the board of Te Whatu Ora has “noted” the report and had “noted” that it was not prepared by Te Whatu Ora. She says the board expects the agency’s executive to work with Te Aka Whai Ora, and the sector to “provide further advice”.

When asked what Te Whatu Ora specifically planned to do with the report and its recommendations, she said Te Whatu Ora “supports the release of the report by the Transition Unit”.

“The review makes an important contribution to our understanding of the shortcomings of the current capitation formula for general practice, which is based on historical use patterns rather than population need,” she says in the email response.

In particular, it shows that “populations with high numbers of Māori, Pacific or deprived populations are badly served by the current capitation formula, resulting in a worsening of health inequities”.

Budget money makes only ‘partial inroads’

She also acknowledged that Budget 2022’s allocation for making equity adjustments to the capitation formula would not resolve the issues highlighted in the report.

Distribution of the first tranche of Budget 2022's \$86 million over four years is to begin in 2023 to more "equitably allocate funding to general practices on the basis of their enrolled high needs", says Ms Haggarty in the statement.

There will be a particular focus on supporting care for Māori, Pacific and rural communities to reduce unfair variation in health access and outcomes.

"However, the modelling in the [capitation] report indicates that the Budget 2022 amounts will make only partial inroads into the overall deficiencies in the formula."

She says further work is needed on both "general practice service pricing and accountability for additional funding".

Funding model review timeline

New Zealand Doctor also asked for clarification of Te Whatu Ora chief executive Margie Apa's comments about Te Pae Tata Interim New Zealand Health Plan committing the agency to reviewing the primary care funding model for supporting localities.

Ms Haggarty's statement says achieving the aims of the Pae Ora (Healthy Futures) Act 2022 means it must consider how its funding model recognises communities' need and achieves equity alongside system sustainability.

"This will take some time and we will fully engage with primary care, our providers and communities in this process."

Replacing PHO Services agreement

No timeline was given either for consultation or finalising a replacement head agreement for the current rolled-over PHO Services Agreement.

Ms Haggarty says no decision has been made on whether the current PHO Service Agreement will be rolled over for a further year until 30 June 2024.

“Our collective focus is on ensuring that our primary care providers are supported to deliver care and contribute to the implementation of both Te Pae Tata, the localities approach and give effect to Pae Ora.”

She says a consultation timeline will need to consider “a range of interdependencies” and will take some time to finalise.

PSAAP update stalled

New Zealand Doctor also received a response after going to press on queries to Te Whatu Ora about the cancellation of the PHO Service Agreement Amendment Protocol group meetings since the disbanding of current agreement partners, the previous DHBs.

Te Whatu Ora primary care health systems group manager Adeline Cumings says in an emailed response that the 7 September PSAAP meeting was unable to proceed because a quorum could not be reached.

She also says an updated PSAAP protocol setting out the new post-reform quorum and decision-making processes has yet to be agreed to by all parties.

“The protocol needs to be amended before the next meeting, so there is a quorum to be able to meet and make decisions,” she says in the response. “Te Whatu Ora – Health New Zealand is working with PSAAP members to get a consensus in order for meetings to continue.”

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