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New GPNZ report repeats call for major funding overhaul



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GPNZ chair Bryan Betty says implementing the report's recommendations would help practices to thrive

“We’re in a desperate and growing crisis”

Declining practice profitability has been highlighted in a major report by General Practice New Zealand on the sector’s sustainability.

GPNZ has today published the report, *Securing sustainable general practice in Aotearoa*, which includes an analysis commissioned from the Sapere Research Group.

The report looks into issues including the declining value of capitation funding, rising patient complexity, pay parity, burnout and the workforce crisis, and issues a summary of 22 recommended actions.

The first six recommendations cover funding and are sought to be implemented from 1 July:

- implement a new general practice funding model
- address historic underfunding
- focus funding on equity
- match funding to need
- fund non-clinical time
- create a financial model that supports team development.

A 'desperate' crisis

“We’re in a desperate and growing crisis,” GPNZ chair Bryan Betty, a Porirua specialist GP, says in a media release about the report. “People are increasingly unable to access the care they need when they need it, and that is felt most sharply by people who need support the most.”

Dr Betty says the solutions recommended by the report will enable practices not just to recover, but to thrive, delivering the kind of care they want to give their communities.

The report is the sector’s latest effort to secure a better funding deal from the Government and follows last June’s **20-point plan** from General Practice Leaders Forum members, and the GenPro survey results release in August showing more than a third of participant practices had been posting financial losses.

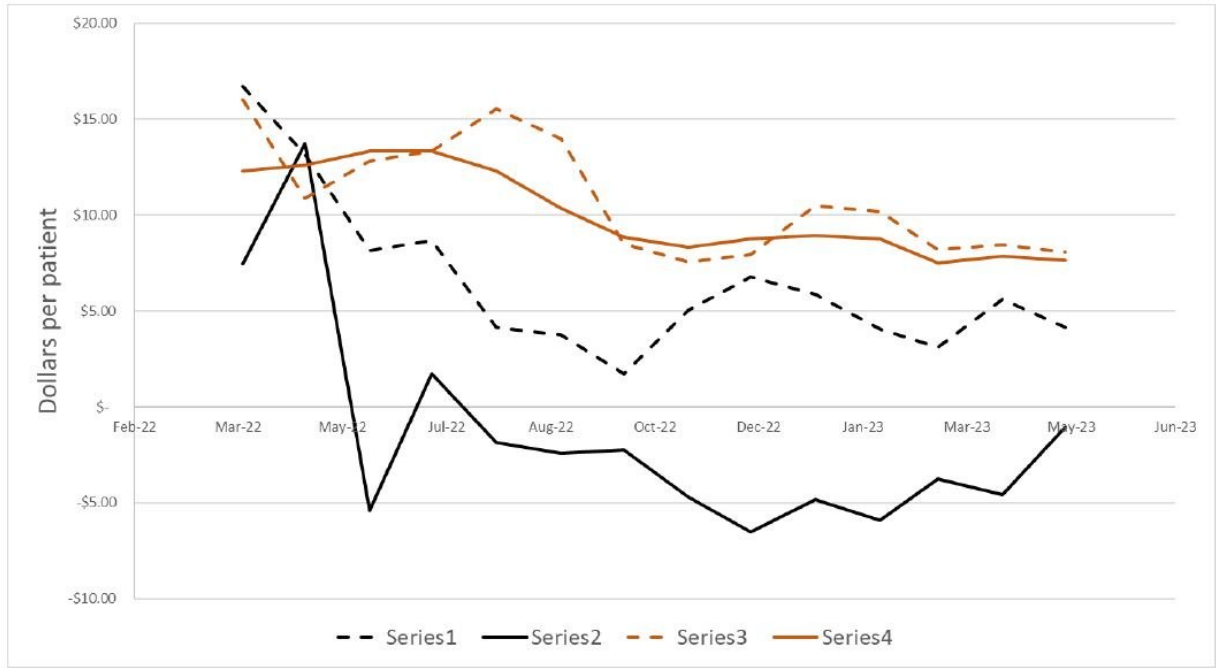
Sidenotes

Sustainable general practice in Aotearoa New Zealand 2024

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Figure 1: Surplus per patient – recent trends



Surplus per patient for four general practices from March 2022 to May 2023 [Source: Sapere, GPNZ]

Profits down

Sapere researchers interviewed 22 stakeholders, including GPs, and were supplied with some financial data from four unnamed practices from a larger group of practices.

The data (see the graph), shows a decline in the monthly financial surplus per enrolled patient from around \$12-\$13 in April 2022, to between around \$8-\$9 and -\$1 (a loss) in May 2023. The practice showing a loss declined sharply in May 2022 for unexplained reasons and was consistently below zero from July 2022.

Profitability at the four practices was high, probably artificially so, at the start of the period owing to funding of COVID-19 work, Sapere says in the report. Profitability dropped away as COVID activity declined. The practice showing losses “appears to be trending back towards break-even” at the end of the period.

“These practices report that they have faced an increase in computer support fees as well as advertising costs due to job vacancies, which have driven up costs and therefore lowered net income. Furthermore, practices are facing additional recruitment costs and reduced income due to GP turnover inefficiencies.”

This illustrates how the wider workforce shortage can cause direct costs, Sapere says, and how workforce instability can reduce financial sustainability as well as clinical sustainability.

Below inflation

The GPNZ report says funding increases have failed to match inflationary pressures.

“With **20 million general practice encounters** [with patients] a year, the consequences to the wider health system and to population wellbeing of continued neglect are catastrophic. A growing number of practices are struggling to survive.

“A revised funding structure could be based on a core capitation contract (with appropriate recognition of complexity and allocation of funding to match need); some fee-for-service funding to drive uptake of targeted new initiatives and service improvements (flowing into the capitation formula once proven); and investment in ongoing improvement and change management.

“Practice funding needs to take account of staffing, including physical space for workforce training and development and infrastructure costs such as IT development and security.

“The starting point for a significant uplift in funding should be the findings of Sapere’s evidence-based review of capitation [in 2022] which found that general practice was underfunded by 9 per cent on average, before adjustments for need.

“Funding simply doesn’t match need and the pressure of growing complexity and demand create a more difficult working environment that fuels burnout and attrition. Consequently a growing number of practices are facing an immediate threat to their viability.”

The Sapere section of the report recalls the research firm’s 2022 capitation review for the Health and Disability Review Transition Unit which proposed deprivation and morbidity should be added to the current factors in the funding formula, age and ethnicity.

“Under this structure,” Sapere says in the new report, “high-need general practices would need funding increases of between 34 per cent and 231 per cent to function sustainably and to fund the additional capacity required to respond to unmet need.”

Sector 'grossly under capacity'

An interviewee told Sapere: “When [general practice] is allowed to do what it does well, it does it very well, but it’s grossly under capacity.

“Closed books are an issue for our community as we take the complex patients that people don’t want. Quality of care is a risk and there are times where we as clinicians don’t feel safe. We are constantly burnt out and there is stress to our own mental wellbeing.”

Another interviewee commented on the rising quantity of unpaid administrative work, which is a key theme of the overall report and is widely said to be contributing to New Zealand’s high rate of GP burnout.

“They say you need 3.5 hours for clinical and 0.5 hours for paperwork, but we looked and it is more 50/50. There is 8 hours’ worth of mundane paperwork for every 1,000 patients. This could easily be outsourced.

“Pressure is accelerating. I did GP training in 2007 and I have counted hours and it was increasing by 1–1.5 hours a day each year. So that is why people drop sessions... Paperwork should be done within the job like in a DHB it is allowed for but not a for a GP.”

Officials, minister reading report

The new report has been sent to health minister Shane Reti.

An emailed statement from his press secretary Charlotte Gendall says he is considering the report and looks forward to discussions with GPNZ in the weeks ahead.

Te Whatu Ora officials, too, are reading the report.

‘We need that long-awaited new funding model’

Dr Betty says in the GPNZ release that the solutions proposed in the report cover funding, complexity, models of care, rural general practice, workforce, integration, and primary care development and structures.

“In essence we need that long-awaited new funding model – one that will tackle inequity and truly recognise all drivers of demand and complexity. We also need initiatives to expand, develop and truly value a multi-disciplinary primary care workforce, and support for technology as an enabler.”

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