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New health minister Shane Reti sets to work implementing the Sapere capitation report



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New health minister Shane Reti has made a start on National's pre-election promise to 'implement' the 2022 Sapere report

“Where the intensity is, where the morbidity is – that’s where the funding should go”

New health minister Shane Reti has begun work to “implement” the 2022 Sapere report on general practice capitation but says more clarification is needed on when that will happen and how much money it will deliver.

Dr Reti says that in line with the report’s focus, it is likely that high-needs practices are “where the funding should go”.

The report on a future capitation approach to address health needs and sustainability in general practice funding, published just over a year ago, was commissioned from Sapere Research by the Health and Disability Review Transition Unit.

It did not prescribe a list of recommendations; instead, it modelled various scenarios whose implementation would first require a series of decisions by officials and/or politicians.

It found general practice was collectively running a theoretical loss of 7.6 per cent or \$137 million a year. It suggested most practices needed capitation rises of at least 10 per cent, and very high-need practices might require increases of between 34 per cent and 231 per cent.

Health agencies in the Labour Government portrayed it as a technical report and just part of the broader picture of work on general practice funding. However, the report did inform the Budget 2022 policy of equity adjustments to capitation, which is adding funding of \$86 million over four years.

General practice leaders found vindication in the report of their view that capitation was inadequate, and that the system was not fit for purpose. They continue to call for its implementation.

Sidenotes

Sapere report on future approach to capitation funding

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Officials set to work

In his first ministerial interview with *New Zealand Doctor Rata Aotearoa* yesterday, a day after being sworn in, Dr Reti says he has already spoken to officials about National's pre-election commitment to implement the Sapere report.

"What I'm interested in seeing is an implementation plan, and that's the discussion I've had with officials."

When questioned about how likely implementation was to happen before next May's Budget, Dr Reti said it would depend on the "wider budgetary outlook" and "how quickly systems could accommodate what is likely to be a staged approach".

Asked if implementing the report suggests there will be substantial funding increases for some practices, Dr Reti says, "We can't tell that until we've got the formula and people can apply it into their practices."

“But the principle which we’re codifying here, which everyone agrees with, is where the work is done, where the intensity is, where the morbidity is, that’s where the funding should go. And on that principle, those who have high intensity, high morbidity practices, one would expect they will do well, because they have higher need for resources.”

When asked about the report’s findings on theoretical losses and unpaid work, Dr Reti replies: “That’s a consequence of two things. Funding, general practice funding is existing capitation funding and then new money; two sorts of discussions there that need to be had and this first part is what does Sapere report implementation look like, how quickly, what are the stages... everything you’d expect in implementation. That’s what in the first 24 hours I’ve picked up and moved along.”

The vanishing ACT promise

On Monday, the ACT Party confirmed to *New Zealand Doctor* that it hadn't been able to get its pre-election promise of a 13 per cent increase in general practice capitation funding through the coalition negotiations. It will be raised again during the Budget process.

When Dr Reti was asked yesterday about the ACT promise, he said: "We'll have to have that discussion with our coalition partners. It's not one of the things that, in this first 24 hours, I've been briefed on. So, I'll be having discussions with them on that."

The promised ACT boost of \$163 million for 2023/24 was a response to the \$137 million annual shortfall identified in the Sapere report.

The 2022 Sapere report

The report is named **A Future Capitation Funding Approach: Addressing health need and sustainability in general practice funding.**

It was commissioned from Sapere Research by the Health and Disability Review Transition Unit.

It analyses general practice income, excluding ACC, and finds theoretical financial losses each year are masked by measures including voluntary work.

The report says the core issue is funding not aligning with patients' health needs, so practices with a higher-than-average proportion of high-needs patients are not adequately financed.

A broader set of capitation criteria was recommended, including morbidity. Although most practices' capitation income would rise under the report's modelling, it would decline for a few.

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