

'No more reviews' says Reti: But health minister tight-lipped over funding



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Will a tight Budget 2024 delay capitation funding and increased support for GPs? [Image: Simon Maude NZD]

Health minister Shane Reti says he's not interested in any more primary care reviews, so what's happened to the 'roadmap', and what will he do to address the problems facing the sector? **Stephen Forbes** reports

Health minister Shane Reti is remaining tight-lipped on his plans to address the urgent problems facing the primary healthcare sector, but insists he's working on a funding overhaul.

In the face of increasing headlines on the crisis in primary care, and finance minister Nicola Willis ordering all departments to cut spending – including a directive to the Ministry of Health to cut 6.5 per cent of its budget – Dr Reti is coming under pressure to secure funding for the sector in the lead up to this year’s Budget.

He has so far insisted that front-line health services will not be impacted, but in a statement in response to questions from *New Zealand Doctor Rata Aotearoa*, Dr Reti declined to comment on whether there would be new funding in Budget 2024 or more details on the Government intentions in the Budget Policy Statement, ahead of its release by the finance minister on 27 March.

“The Government has repeatedly made it clear that any reduction in public sector spending does not impact on front-line health services,” Dr Reti says.

The specialist GP says he doesn't need another review to tell him what's wrong with primary healthcare funding, and what is important now is making progress towards implementation.

“As I've said previously, I agree that a lot of the recommendations in the Sapere report are valid,” he says. “A couple of specific examples – we know there aren't enough doctors currently in general practice, and I'm already on the record as saying that the overall funding model for general practice isn't fit for purpose.”

Dr Reti is working with his ministerial colleagues around “funding and other matters”, he says.

“We’ve got the Sapere recommendations to work on and other initiatives like the MOU [memorandum of understanding] on the third medical school,” he says. “We all want a sustainable solution for primary care providers – we know what a vital role primary care plays in health.”

University of Auckland professor in health systems Tim Tenbenschel says it could come down to whether the Government plans to make an exception for health in the face of widespread public service cutbacks.

“There’s got to be a discussion within National’s kitchen Cabinet about whether it wants to make an exception for health in its austerity Budget or whether there are no exceptions,” Professor Tenbenschel says. “And it will be an interesting test of what clout, if any, Shane Reti has in Cabinet.”

The Sapere report was an important study, he says, providing more information on the funding of primary healthcare than any other report in the past 20 years, but further work was required before a new formula for capitation funding could be enacted.

“[You] still need to design a funding formula. You can use the information from the report to do that. But designing the actual formula is something else,” Professor Tenbensen says.

“You can’t design this thing overnight. There are technical implications, political implications; how is it actually going to work in practice? Eighteen months might be how long it takes to do it properly, rather than just putting it out there and seeing what hits the fan.”

In August last year, the ministry released a Cabinet paper on behalf of then health minister, Ayesha Verrall, describing her vision for primary and community care – the so-called primary care roadmap.

Ministry of Health chief medical officer and specialist GP Joe Bourne said at the time it was the first step in an 18-month programme to look at how primary and community healthcare providers were funded, including settings for capitation funding.

New Zealand Doctor asked the ministry if work on the roadmap programme was continuing given Dr Reti's assertions that he doesn't need another review into primary care. A statement provided on behalf of Dr Bourne, said progressing a work programme to address the challenges in primary and community care "remains a key priority".

The ministry's advice to Dr Reti had included "recommendations on how he may wish to take forward" the work programme started last year, Dr Bourne says.

No consultants are currently involved in this work, he adds.

What is the Sapere report? aka A Future Capitation Funding Approach

The Sapere report was commissioned by the Department of the Prime Minister and Cabinet, and the Health and Disability Review Transition Unit.

A Future Capitation Funding Approach was published in July 2022, and outlined not only how the current capitation funding model works, but also its shortcomings.

According to the report, general practice was collectively running a theoretical loss of 7.6 per cent or \$137 million a year.

Although it didn't prescribe a list of recommendations, the paper said most practices needed an increase in capitation of between 10 and 20 per cent, while some high-needs practices would require more.

“For very high-need practices, increasing the goal level of servicing to the higher levels we have modelled sees an increase in capitation revenue of between 34 per cent to 231 per cent, depending upon the level of benchmarking chosen.”

The report called for further work looking at the investment needed to address unmet need, a review of the viability of primary care services, the changing workforce roles in general practice and the complexity involved in introducing a new funding model.

More research would also be needed on the role and future regulation of copayments, the use of capitation by rural practices and after-hours and urgent care.

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