

+NEWS |

Practice knocked about by system; reveals second year of debt



Martin Johnston

mjohnston@nzdoctor.co.nz

1

Friday 4 October 2024, 04:36 PM

3 minutes to Read



Practice co-owner William Ferguson has continued his frank speaking about how the health system has knocked his business about [Image: Supplied]

ESSENTIALS

- › **A GPNZ survey finds 10 PHOs had at least one practice facing closure, three had one to five in that state and one had more than five.**
- › **Sixty-one per cent of respondent PHOs said they had practices reducing services.**
- › **Seventy-four per cent of respondent PHOs said after-hours services in their network were at risk or closure of significant service reductions.**

The widespread financial fragility of general practice is mounting up at Kumeu Village Medical Centre in northwest Auckland, with a growing range of splints being applied to help it limp through.

“We ran into debt last year that has not been paid back,” says co-owner and specialist GP William Ferguson.

That was the opening line of Dr Ferguson’s comment on the *New Zealand Doctor Rata Aotearoa* website last night in response to our story on survey findings that suggest more than a dozen practices nationally are facing closure.

He spoke out last year over government underfunding and the associated rules after the unhappy coincidence of an extra, third staff payday and a GST payment date within one month forced his successful and normally stable practice into a cash crisis.

The bank overdraft was expanded, and Dr Ferguson stumped up an extra \$30,000 from his “inadequate retirement savings”. Now, he writes on *New Zealand Doctor*, “This year is going to be worse, despite drop-in-the-bucket fee increases.”

Financial patch-up job

“I had assumed for 40 years the business is fine. Well, shit, it isn’t”

The overdraft is being expanded yet further, a payment plan has been agreed upon with the Inland Revenue, the landlord has agreed to defer rent payments, and, sadly for the practice, its Christmas party has been cancelled.

Since the mid-year 4 per cent capitation increase, adult copayments have been increased to \$70 from \$65 and a \$10 charge has been introduced for people who have blood tests to cover the follow-up work the tests can generate.

“We hadn’t had a murmur till yesterday, when a patient said, ‘I was charged \$80. Is Dr Ferguson wanting a bigger boat.’ The receptionist blew up at the patient. I don’t have a boat; I couldn’t afford a boat. I have a surfboard.”

It came as a shock when he realised the practice was in deep trouble, Dr Ferguson says. “You’re in denial. I had assumed for 40 years the business is fine. Well, shit, it isn’t.”

He now winces when he sees a day's appointments full of Community Services Card holders, under-14s and patients who can't afford to pay because he knows it will be a day on which the practice's expenditure exceeds its income.

Dr Ferguson remains hopeful the business can trade through its troubles and pay its debts by mid-2025 so it will not have to close. But he adds: "If it was worse again next year, that would absolutely be on the table."

"I don't know anything else other than to keep working," the 68-year-old says.

Survey reflects sector pressure

General Practice NZ chair and specialist GP Bryan Betty says the findings of the GPNZ survey of PHOs, including that a number of practices are facing closure, reflect the pressure the sector is under.

General Practice Owners Association chair, practice co-owner and specialist GP Angus Chambers says the GPNZ findings come as no surprise and reflect what GenPro has been saying about the damage that government underfunding is doing to general practice.

“We’ve been saying it till we’re blue in the face, but nothing is changing as far as the settings are concerned,” Dr Chambers says. “I’m appalled they don’t get it.”

“New Zealand communities are going to lose their access to general practice care.”

Dr Chambers says the anonymous comment by a participant in the GPNZ survey that a fees review committee had suggested a practice open a café to make money reflects badly on the fees review process, which is poorly understood by Te Whatu Ora and PHOs, and on the unidentified committee, which should be composed of “sober accountants”.

Survey findings

In August, a GenPro survey of its members detected a similarly dire predicament in the sector to the GPNZ survey. GenPro's findings included that 70 per cent were in a worse financial position than a year ago.

GPNZ found that of the 23 PHOs that responded to its survey, 10 had at least one practice facing closure, three had one to five in that state and one had more than five.

Sixty-one per cent of respondent PHOs said they had practices reducing services, primarily by decreasing hours. Others reported withdrawal from urgent care, reducing or exiting after-hours, or decreasing the number of appointments.

Seventy-four per cent of respondent PHOs said after-hours services in their network were at risk of closure or significant service reductions.

Mary, capture your time to Read, Watch, Listen or Delve by clicking CAPTURE.

CAPTURE

You can view your CAPTURE RECORD here.