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Up to \$1.36 billion needed for primary care funding boost Te Whatu Ora top official tells Reti



Stephen Forbes

sforbes@nzdoctor.co.nz

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The primary health sector faces a funding shortfall of \$173 million, according to an aide-mémoire to the minister of health from January this year [Image: Dikushin on iStock]

“To sustain primary care practice and enable the delivery of health targets, further investment of \$173 million is required to meet the current costs of primary care”

The primary healthcare sector needs a funding boost of between \$353 million and \$1.36 billion to address unmet need, says a Te Whatu Ora aide-mémoire to the minister of health from January this year.

It also highlights a projected \$173 million shortfall in capitation funding for 2024.

The aide-mémoire, titled ‘Deep Dive: Primary Care,’ was released under the Official Information Act and sent to the minister by Te Whatu Ora national director of commissioning Abbe Anderson. Most of the projections are taken from the 2022 Sapere report and a subsequent update, which has revised some of the original figures.

The paper comes as the Coalition Government prepares to release its first Budget on 30 May, with much anticipation about what, if anything, it will include for primary care.

The memo states: “As well as indicating a global funding shortfall, the Sapere report recommended a revision of the capitation weighting formula to include a more comprehensive set of factors that align with health needs such as age, sex, deprivation, long-term conditions, comorbidity, and ethnicity.

“The Sapere review and subsequent update also indicates that investment of between \$353 million to \$1.36 billion is required to address unmet need, which has been identified in the 2022/23 health survey as a growing issue.”

Sidenotes

Deep Dive: Primary Care

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“To sustain primary care practice and enable the delivery of health targets, further investment of \$173 million is required to meet the current costs of primary care. This may be implemented through an updated capitation formula as one lever.”

The memo then discusses the need for an “enhanced capitation formula”, which could be accompanied by enhanced accountabilities. This would include requirements for practices to use modern, secure, and interoperable information systems; share data; provide same-day acute access and routine access within reasonable timeframes; open their books to enable increased enrolment; and “report against a set of quality measures – with some funding tied to achieving health targets”.

“Funding could be phased to be a continuation and extension of the immunisation health target funding – phasing in as that payment phases out. This could be phased to start in the last quarter of FY 2024/25.”

Call to prioritise improved access to primary care

The memo also calls for prioritising improved access to primary healthcare.

“The New Zealand Health Survey 2022/23 estimated 1,034,000 people had an unmet need for general practice services because of wait times. This is almost double the number for the 2021/22 year.”

It says workforce pressures are far too often constraining access to services, driven by a current shortfall of 485 doctors in general practice, including 351 vocationally registered GPs and a pay gap for registered nurses in the sector of 14.4 to 16.3 per cent.

It says funding in the sector is constrained and not targeted to meet need.

Enhanced accountability

The memo proposes increased investment with funding better targeted to address demand and “enhanced accountabilities” for providers.

“Such an investment would buy additional clinical capacity to free up access to general practice services.

“This would address general practice access constraints by incentivising retention and support achieving the Government’s health targets.”

While additional future investment “may be required to modernise primary care, incentivise models that are more responsive to consumer needs”.

“This work should include continuing support for the trend toward multidisciplinary primary care teams able to best support rising complexity due to our ageing population.”

College response

Royal New Zealand College of General Practitioners medical director and specialist GP Luke Bradford says it is hard to disagree with the aide-mémoire.

“It shows the need is clear, and Te Whatu Ora has recognised that,” Dr Bradford says. “The current model needs to change.”

He says the talk in the memo about greater use of targets and higher accountability for practices isn't a bad thing.

“As long as they are co-designed and realistic,” Dr Bradford says.

But practices would need more funding to do the work.

The RNZCGP has been calling for a 6 per cent increase in the share of Vote Health received by primary healthcare, which would see it go from 5.4 to 11.4 per cent.

“For us, the only way we are going to change demand for health and outcomes is through more upstream funding for primary care and public health.”

Dr Bradford is a member of an advisory group established to oversee the reweighting of capitation. A new funding formula is expected to come into effect next year.

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