

6 November 2017

Hon. Dr David Clark
Minister for Health
Private Bag 18888
Parliament Buildings
Wellington 6160

Dear Minister

Further to my letter dated 25 October 2017 I am now writing on behalf of the Executive Committee and members of the Primary Health Alliance (the Alliance) to share our thoughts on the future development of the New Zealand health system and in particular, the crucial role which primary health care has to contribute.

We believe New Zealand's primary health sector has much to be proud of. We are the envy of many elsewhere in the world. However, our success is tarnished by significant barriers to providing the truly first class service which New Zealanders should rightfully expect. We have woeful inequalities in access and outcomes. We have a financial framework which is undermining the future sustainability of the sector. We have policy settings which fail to align with or support the objectives of the New Zealand Health Strategy and, we have a health system that does not support the effective and optimal use of our highly skilled workforce.

Following our discussion during your attendance at the full member meeting of the Alliance in June 2017 we know you agree with many of our concerns. We therefore have pleasure in enclosing the following 4 one-page appendices covering:

- A. The Primary Health Alliance
- B. Reducing Inequalities
- C. Fixing the Primary Health Funding Framework
- D. Supporting Integration

We hope our initial thoughts are helpful. We would like to take this opportunity to invite you to discuss these issues in further detail at our next members meeting being held on Friday 1 December 2017 at the Waitangi Copthorne Hotel, Bay of Islands. I will take the liberty of asking Philip Grant, our Chief Executive, to liaise with your office in this regard.

In the meantime, please do not hesitate to contact me if we can offer our support to the delivery of our mutual agenda. Our Executive Committee are keen to do so and put themselves at your disposal.

Yours sincerely



John Ayling
Chair

About the Primary Health Alliance

Our organisation:

Now in its 11th year as a registered charity, the Primary Health Alliance is a national multi-disciplinary membership body with a strong focus on delivery of integrated patient-centred care, equity of access, improvement in outcomes and optimisation of the workforce. We believe we are unique in New Zealand with our national and truly sector-wide approach.

What we do:

The Primary Health Alliance has an underpinning population health focus to:

- Promoting primary and community health through integrated multi-agency and multi-disciplinary partnerships
- Fostering effective partnerships between providers and communities
- Fostering and nurturing key strategic relationships at a local and national level
- Encouraging collaboration and the sharing of resources, good practice and information across members and the wider sector (including an annual Primary Health Care symposium in partnership with the Heart Foundation and Health Promotion Agency provided free of charge to around 200 delegates from across primary health care)
- Contributing to the development and implementation of health policy at a national level (including our series of well-received discussion papers)
- Promoting and supporting enrolled list-based primary and community care

Our membership:

Our significant expertise and growing multi-disciplinary membership includes pharmacy, midwifery, allied health, NGOs and PHOs encompassing general practice in the country's most vulnerable and rural communities from Cape Reinga to Bluff. As well as having strong strategic partnerships with sector wide partners and stakeholders including ACC and the Health Promotion Agency, our membership specifically includes:

- Allied Health Aotearoa New Zealand
- Asthma and Respiratory Foundation New Zealand
- Christchurch PHO
- East Health Trust
- Health Hawke's Bay
- Heart Foundation
- Kidney Health New Zealand
- Manaia Health PHO
- Nelson Bays Primary Health
- New Zealand College of Midwives
- Occupational Therapy New Zealand
- Pharmaceutical Society of New Zealand
- Pharmacy Guild of New Zealand
- Rural Canterbury PHO
- Te Tai Tokerau PHO
- WellSouth Primary Health Network
- West Coast PHO
- Western Bay of Plenty PHO

Reducing Inequalities

The issue:

New Zealand's health system is failing the more vulnerable members of our society. We are failing to address unacceptable gaps in health outcomes and life expectancy, especially for Māori. Over half a million high-need New Zealanders cannot access affordable primary health care because the funding that is intended to directly help them is inappropriately subsidising care for more affluent and healthier individuals.

Objectives:

We believe we should:

1. Ensure equitable and affordable access to health services for all
2. Deliver equitable health outcomes, in particular for Māori
3. Promote, facilitate and incentivise healthy life choices
4. Incorporate action on the wider determinants of health, such as cold and damp housing

Proposed action:

We propose:

1. A fundamental review of the primary health funding framework (see Appendix C).
2. Prioritising more services and funding to those most in need.
3. Removing the barriers to access and eliminating perverse incentives.
4. Reversing the funding cuts imposed on the Energy Efficiency and Conservation Authority's evidence based housing programme 'Warm Up New Zealand' (Healthy Homes).
5. Making all primary health care consultations affordable.
6. Giving patients the choice about who they would like to address their health concerns.
7. Abandoning perverse health targets which do not have an evidenced link to patient outcomes.

Avoid:

Allocating additional funding to providers (in all sectors of the system) for high-needs patients without making that funding conditional upon the delivery of outputs linked to better outcomes for those individuals and communities (i.e. do not award funding just for having high-needs patients on a registered list without addressing their health needs).

Further reading and recommendations:

1. Targeting resources: Strengthening New Zealand's primary care capitation funding formula – December 2015. <http://primaryhealth.org.nz/targetingresources.pdf>
2. A time to act: Implementation solutions – May 2015. <http://primaryhealth.org.nz/atimetoactsolutions.pdf>
3. A time to act: 7 actions which will help sustain the New Zealand health service for future generations – February 2015. <http://primaryhealth.org.nz/atimetoact.pdf>

Fixing the Primary Health Funding Framework

The issue:

The funding framework is fundamentally flawed. It fails to serve those individuals and communities most in need. It fails to support sustainable primary health care and it encompasses significant perverse incentives which prevent effective integrated care closer to patients' homes.

Objectives:

We believe the primary health funding framework should:

1. Encourage and incentivise a multi-disciplinary 'one team' approach
2. Be based on a patient list
3. Be based on the needs of individual patients
4. Incentivise outcomes
5. Be as low on bureaucracy and administration as possible

Proposed action:

We propose:

1. An immediate and short review of the current [general practice] capitation funding formula to incorporate our recommended factors relating to patient-level need – thus targeting resources to start to address New Zealand's unacceptable inequalities (including the well intentioned, but seriously flawed VLCA scheme and the vagaries of various unaffordable co-payment arrangements).
2. A more fundamental and longer multi-disciplinary review of the broader primary health care funding framework to investigate the potential for a funding framework which encourages and incentivises a multi-disciplinary 'one team' approach and incorporates a greater focus on outcomes.
3. The direct distribution and allocation of funding to primary and community health care.
4. The introduction of longer term formal three-year funding allocations in place of the short-termism of the current annual cycle.
5. Fully transparent year-on-year funding increases in respect of fair indexation, cost pressures and compliance costs.

Avoid:

Implementing an across the board \$10 reduction in patient co-payment without addressing the VLCA inequities. That would exacerbate the unsustainable access differential between neighbouring practices which have VLCA and non-VLCA status respectively.

Further reading & recommendations:

1. One team, many businesses: Supporting delivery of the 2016 New Zealand Health Strategy – June 2017. <http://primaryhealth.org.nz/oneteam.pdf>
2. Targeting resources: Strengthening New Zealand's primary care capitation funding formula – December 2015. <http://primaryhealth.org.nz/targetingresources.pdf>
3. Review of the General Medical Services global sum formula (UK) – February 2007. British Medical Association and NHS Employers. http://www.nhsemployers.org/~media/Employers/Documents/Primary%20care%20contracts/GMS/GMS%20Finance/Global%20Sum/frg_report_final_cd_090207.pdf

Supporting Integration

The issue:

The New Zealand Health Strategy anticipates a ‘One team’ approach to the delivery of patient-centred integrated care yet under the current policy and financial framework different health professionals, providers and organisations are often forced into competitive behaviours to protect their contracted revenue streams. Such policy settings and behaviour are preventing a ‘One team’ approach as well as preventing any meaningful shift of services from secondary to primary and community settings.

Objectives:

We believe the policy and financial framework should:

1. Support a ‘One team’ patient-centred and integrated approach to health care
2. Enable all health practitioners to operate at the top of their professional scope of practice
3. Be underpinned by a nationally consistent integrated IT platform
4. Fully align health funding streams with national policy intent, in particular to remove inherent perverse incentives across the system

Proposed action:

We propose:

1. A fundamental review of the primary health funding framework (see Appendix C).
2. An independent review and refocus of the national IT strategy.
3. The co-design of an agreed change management framework to underpin required model of care changes.
4. The collective agreement of a code of conduct to embed the principles of trust and respect between all practitioners that empowers the practitioners who are better placed to meet an individual patient’s needs.

Avoid:

Implementing policy changes which are helpfully intended to increase patient access (e.g. increasing pharmacist provided services such as flu vaccinations or minor ailment services) without an appropriate financial framework which avoids the traditional providers of such services being financially destabilised or forced into unhelpfully competitive behaviours.

Further reading and recommendations:

1. One team, many businesses: Supporting delivery of the 2016 New Zealand Health Strategy – June 2017. <http://primaryhealth.org.nz/oneteam.pdf>
2. An Integrated Health Care Framework for Pharmacists and Doctors – April 2017. Pharmaceutical Society of New Zealand and the New Zealand Medical Association. <http://primaryhealth.org.nz/intpharm.pdf>
3. Targeting resources: Strengthening New Zealand’s primary care capitation funding formula – December 2015. <http://primaryhealth.org.nz/targetingresources.pdf>
4. A time to act: 7 actions which will help sustain the New Zealand health service for future generations – February 2015. <http://primaryhealth.org.nz/atimetoact.pdf>