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The “Double Whammy” of the general practice funding framework

As primary health care nurses and administrators commence an eight hour strike, it is the Government, through its DHB agents, who controls general practice income and holds the power to resolve this industrial action. That's according to GenPro, the General Practice Owners Association, whose objectives include improving the health of the population and advocating for high quality, accessible and equitable patient care.



Primary health care nurses (and their Reception colleagues who are also members of NZNO) are today striking following the failure of last-minute mediation aimed at addressing their claims for pay parity alongside their hospital based colleagues. The Chair of GenPro, Dr Tim Malloy (pictured), is disappointed that this industrial action appears to target employers and continuity of patient care, including New Zealand's vital front-line COVID response. He believes there may be widespread misunderstanding about the ability of general practices to cover such costs, “There are two main sources of income for general practice businesses and the Government controls them both. That funding has not kept pace with the rising costs of running general practice – such as primary health care nursing costs – yet at the same time the Government has funded significant pay awards for their own DHB employed nurses and created this inequity.” he said.

The two main sources of general practice income are:

- Government subsidy, through DHBs, based on the number of patients registered with each practice for each year (known as the “capitation” payment)
- Patient fees/co-payments (which vary from nil to \$50+ per consultation)

The value of the Government subsidy is not subject to an annual negotiation as may be expected with any other commercially based service contract – instead DHBs now simply impose the annual payments which general practice owners’ state are repeatedly failing to cover rising costs such as those needed to address pay parity for primary health care nurses or to cover annual inflation.

At the same time, the Government has either capped patient fees or set them at zero (e.g. free visits for under 13 year olds) which means general practices are unable to recover higher costs through their other main source of income. The result, according to Dr Malloy, is that, “General practice owners are increasingly subsidising an essential public service due to the Double Whammy of the Government controlled funding arrangements. Matching the DHBs 10% pay award for their practice nurses is simply unaffordable for these small businesses whose finances are totally controlled by the Government”.

As a newly established representative association GenPro has not been directly involved in contractual negotiations to date, but with the significant impact that such negotiations have on each and every general practice business owner, Dr Malloy says that the process has to change “..and GenPro is keen to work in collaboration with the Government to ensure that future generations can rely on the availability of a sustainable, viable and high quality general practice service.”

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