



Media Statement: 1 June 2022

Family doctor services at risk as Government announces real-terms decrease in funding

New Zealand's general practice association, GenPro, says that the safety of the country's network of family doctor services can no longer be guaranteed following the Government's announcement of a real-terms funding reduction.

The government, Ministry of Health officials and repeated reviews have all acknowledged the historic underfunding of family doctor services. Current increases in costs to provide those services, including Inflation levels running at 6.9% and a 5.4% pay gap for most nurses working in the family doctor service, means that services will need to be cut or reduced to ensure they can be provided safely with the limited funding now available.



Chair of the GenPro Board, Dr Tim Malloy (pictured), said "Following the announcement of the latest 6.9% inflation figures in April, we warned of the risk to family doctor services for our communities if funding for those services didn't keep pace with rising costs. At that time, the Minister of Health specifically responded saying that family doctors have the ability to negotiate their own funding. That is simply not true and today's meeting confirmed that with Government representatives giving notice that they will be prescribing a funding increase for family doctors of just 3% as of 1 July 2022 without negotiation or the availability of any dispute process. That's a significant reduction in funding in real terms and I worry for what that means for future essential health services for New Zealanders.

GenPro believes that the Government has breached elements of good faith expectations during the recent talks; including the last-minute provision of papers which allowed less than 24 hours to consult with all family doctor providers and, offering no opportunity whatsoever to negotiate the baseline funding increase - despite the Minister of Health's own assertion to the contrary.

Dr Malloy states that it is ironic the Government has prioritised hundreds of millions of dollars to restructure multiple tiers of management, as well as more than half a billion dollars to wipe-clean DHBs deficits, whilst effectively cutting the funding for essential front line family doctor services. "These are the dedicated nurses, doctors, receptionists and health care assistants who for the last 2 years have tirelessly put themselves directly in harms way as this country's first line of defence against COVID. This funding announcement will do nothing to ensure the retention of our highly skilled and highly valued nursing workforce in particular.

"If patient access to services is now compromised from 1 July, it will be as a direct result of unsustainable funding from the government, and this is happening at the same time as the whole health system is under pressure and encouraging more patients to go to their family doctor rather than ED at their local hospital".

GenPro will now be issuing advice to its members outlining their options and summarising legal advice already received from its lawyers. At the same time, it will canvas members to better understand the likely impact of the real-terms funding cut on local family doctor services.

Dr Malloy advises that GenPro did not want to be in this position and feels that this situation could have been avoided, adding “I am making an open offer for the Government to come back to the table with a genuine funding offer that ensures safe family doctor services can be maintained”.

ENDs

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Notes for Editors:

1. The government’s patient-level funding paid to general practices mainly includes “Capitation funding” which is based upon patient numbers enrolled with each general practice and weighted according to their age and gender.

The government’s non-negotiable annual increase in Capitation funding is informed by a process and methodology called the Annual Statement of Reasonable Fee Increases (ASRFI) which includes a lag of between 6 and 18 months during which general practices have to carry the cost of any increases. That methodology has been agreed as being flawed (November 2021) by the Ministry of Health, District Health Boards and General Practice Contracted Providers.

Further information regarding ASRFI is contained here: <https://genpro.org.nz/docs/asfri19-may-2021.pdf>