

Reference: 20160213



THE TREASURY

Kaitohutohu Kaupapa Rawa

13 July 2016

Alexandra Marett
Senior Researcher
Office of the Leader of the Opposition
LabourResearchOIA@parliament.govt.nz

Dear Alexandra Marett

Thank you for your Official Information Act request, received on 13 June 2016. You requested the following:

- “1. Copies of all emails to the Ministry of Health that substantially mentioned primary health care funding and/or discussing changes to any subsidies delivered through primary health organisations since August 2015*
- 2. Copies of all aide memoires, briefings, reports that mention primary health care funding and/or discussing changes to any subsidies delivered through primary health organisations sent to Ministers offices since August 2015.*

Where information is withheld, I request you provide the title and date of the communication/document withheld, the reason for refusal and the grounds in support of that reason as required by section 19(a)(i) and (ii) of the Official Information Act.”

Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	12 November 2015	Email to Ministry of Health on Primary Care Working Group report	Release relevant information
2.	4 February 2016	Aide Memoire: Views on VLCA/Primary Care Funding Options	Release relevant information
3.	21 March 2016	Aide Memoire: Meeting with PHO Alliance	Release relevant information

I have decided to release the relevant parts of the documents listed above.

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Information Publicly Available

The following information is also covered by your request and will soon be publicly available on the Treasury website:

Item	Date	Document Description	Website Address
4.	29 September 2015	Treasury/Ministry of Health Joint Report: Vote Health and Budget 16	http://www.treasury.govt.nz/publications/informationreleases/budget/2016/
5.	25 February 2016	Treasury Report: Vote Health: Financial Management and Budget 16	http://www.treasury.govt.nz/publications/informationreleases/budget/2016/

Accordingly, I have refused your request for the documents listed in the above table under section 18(d) of the Official Information Act – the information requested is or will soon be publicly available.

Some relevant information may be removed from documents listed in the above table and should continue to be withheld under the Official Information Act, on the grounds described in the documents.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Ben McBride
Manager, Health

TOIA 20160213

Information for Release

1.	<u>Email - Comments on PCWG Report</u>	1
2.	<u>Aide Memoire Views on VLCA Primary Care Funding Options</u>	3
3.	<u>Aide Memoire Meeting with PHO Alliance</u>	6

From: Bevan Searancke [TSY]
Sent: Thursday, 12 November 2015 5:38 p.m.
To: Pinaman_Owusu-Banahene@moh.govt.nz
Cc: Ben McBride [TSY]
Subject: Comments on PCWG Report

[IN-CONFIDENCE]

Hi Pinaman

Here are our comments related to the Primary Care Working Group's draft report. Hopefully this still counts as close of play. Some of them are not directly on the report itself but relate to the process and/or to help us get a better understanding. Given the short turnaround time they are pretty high level. Our comments/questions focus on the funding options and shifting services components.

Funding options

- What is the current evidence about the problem of access to primary care: who it affects, why it arises, what consequences it has? This did not seem to come through clearly enough in the report.
- Some of the funding options suggest that additional funding would be required. This may be challenging given the government's other priorities. For any new funding proposals there would need to be robust analysis done of the impacts, costs, benefits and expected outcomes based on evidence. All new initiatives for the social sector in Budget 16 are due on 4 December. They will then be considered under the social investment track by a Social Investment Panel and by Social Sector Ministers in Feb/March next year. Is there any intention to progress anything through Budget 16 and if so what is the plan for doing this? It would appear to be quite late in the process to do anything for this Budget but anything's possible? Would the Ministry look at reprioritisation to fund this?
- Is there good evidence that support the funding options and that it would actually benefit high need/low-income groups and reduce disparities in health outcomes e.g. for Maori and Pacific people
- Did the PWCG evaluate any other funding options/models e.g. what else is being used internationally?
- Did the PWCG explore giving DHBs more flexibility to fill gaps in accessibility of primary care?

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Regards, Bevan

Bevan Searancke | Senior Analyst | The Treasury

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RELEASED UNDER THE
OFFICIAL INFORMATION ACT

BUDGET-SENSITIVE

Reference: T2016/117 SH-1-6-11

Date: 4 February 2016

To: Minister of Finance (Hon Bill English)

Deadline: None
(if any)



Aide Memoire: Views on VLCA/Primary Care Funding Options

This briefing provides our initial views on work underway to improve access to primary health care for high needs populations.

Very Low Cost Access (VLCA) funding is under review...

In previous discussions with you, we have highlighted that VLCA, which provides funding for high need at practice rather than patient level, has resulted in poor targeting.

The 2014/15 New Zealand Health Survey results released in December 2015 indicate that access is still a significant issue. There is still a prevalence of 27% for rates of adults experiencing unmet need for primary health care. There continue to be higher rates of unmet need for Maori and those in the most socioeconomically deprived areas.

The Minister of Health established an independent primary care working group (the PCWG) to provide advice on ensuring affordable, equitable access to sustainable general practice. The PCWG has recently publicly released the report it prepared for the Minister of Health. We think that, overall, the report is useful and provides some good recommendations. However, it highlights that there is much more work that can be done to improve funding arrangements and shifting services to provide more integrated care and better outcomes for patients.

The PCWG recommends that VLCA funding should be more targeted to individual high need patients using factors such as ethnicity, deprivation and the community services card (CSC)¹.

The Ministry of Health wishes to do its own detailed modelling on the implications of the PCWG's proposed changes. We understand that it expects to provide further advice to Ministers by the end of this month.

¹ The Ministry of Health alongside the Ministry of Social Development and Inland Revenue have established a project team to review the CSC utilising \$250k from the Better Public Services Seed Fund.

BUDGET-SENSITIVE**...and this could be extended to a wider review of primary care funding**

The PCWG also recommends that in the medium-term, the base primary care capitation formula be reviewed. The majority of primary care funding is distributed to general practices through this capitation model via DHBs and PHOs. A recent report released by the PHO Alliance² also highlights issues with the current capitation model. It calls for a new patient level, needs based formula, targeting resources to where the need is greatest, incentivising quality patient outcomes and reducing inequalities.

We are supportive of changes to improve outcomes for those with high need...

The current primary care funding arrangements are not well targeted to those with high need. VLCA was supposed to be a way to improve this but it is not working and this situation needs to improve. As highlighted in the most recent NZ Health Survey results, there is still a significant unmet need for access to primary health care.

We also agree with the PCWG and the PHO Alliance that the base capitation model, through which the bulk of primary care funding is distributed via DHBs and PHOs, should also be reviewed. It is not well targeted to enrolled populations with current distribution factors limited to gender and age only. We think there is an opportunity to use a greater range of weightings such as ethnicity and deprivation in the distribution model to improve the targeting of resources.

Improving outcomes for those with high need is also consistent with the social investment approach, the direction of the health strategy refresh to improve equitable access and shifting services away from hospitals to primary care, and Murray Horn's funding review.

...and think that the sector should be more ambitious

We understand that issues with access and funding arrangements have been known in the sector for some time and we think the sector needs to show greater urgency to resolve them. We initially pushed the Ministry of Health to prepare something on VLCA in time for the Budget 16 process but as yet the Ministry has not signalled anything.

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² Targeting Resources: Strengthening New Zealand's primary care capitation funding formula, December 2015

BUDGET-SENSITIVE

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Next Steps

We understand that the Ministry of Health is currently working through the recommendations of the PCWG report and the implications of any potential changes and will be preparing further advice to Ministers by the end of this month.

We are scheduled to meet the Ministry shortly to discuss progress on the above matters and to discuss the primary care work programme more broadly.

Bevan Searancke, Senior Analyst, Health, 04 890 7264

Ben McBride, Manager, Health, Health, 04 917 6184

IN-CONFIDENCE

Reference: T2016/405

SH-1-6-11



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Kaitohutohu Kaupapa Rawa

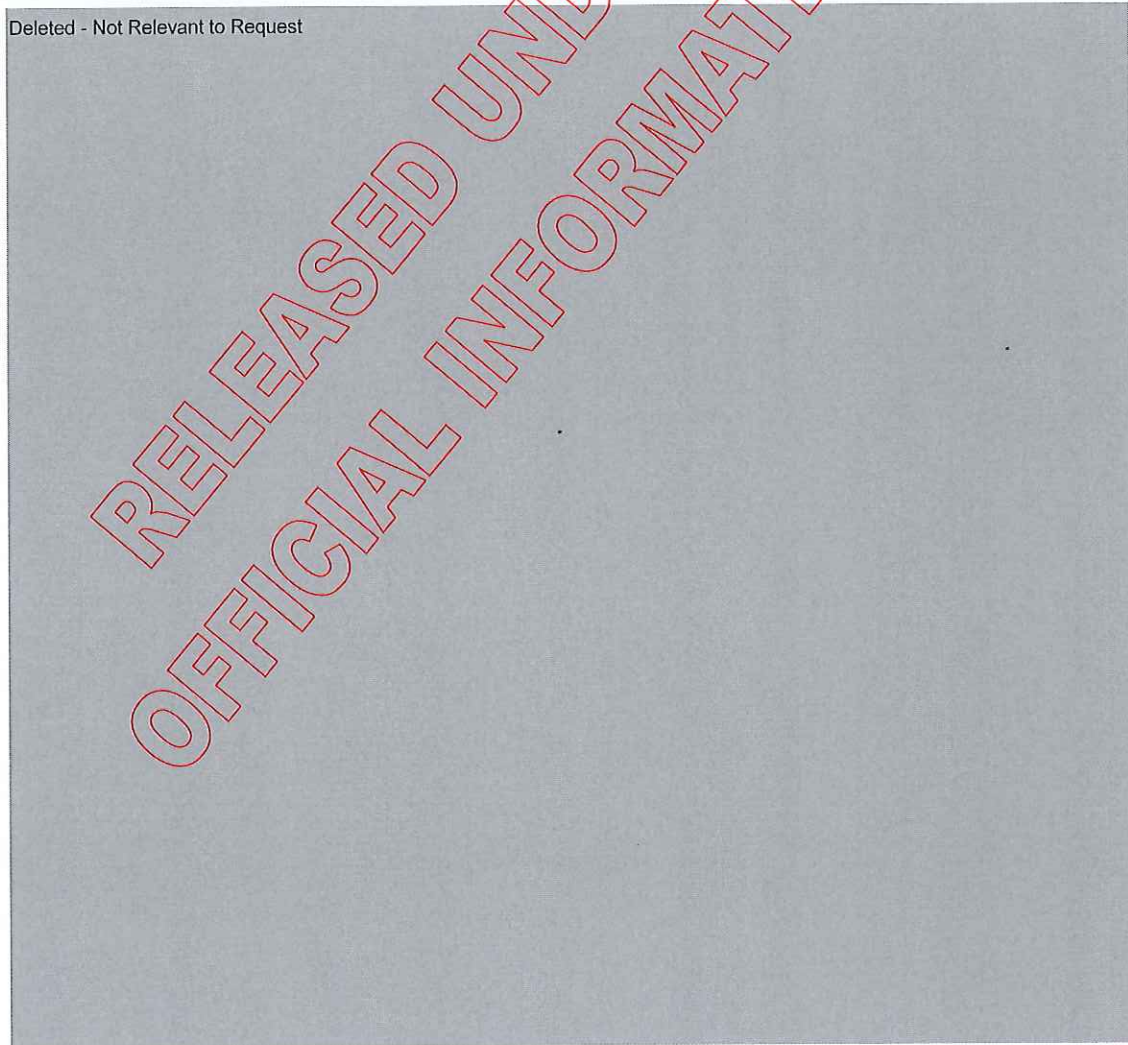
Date: 21 March 2016

To: Minister of Finance (Hon Bill English)

Deadline: None
(if any)

Aide Memoire: Meeting with PHO Alliance

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Primary care funding

The PHO Alliance has published some ideas for improving primary care funding arrangements in its paper *Targeting Resources: Strengthening New Zealand's primary care capitation funding formula, December 2015*. In summary, targeting resources to where need is greatest and reducing the unacceptable inequalities which still exist in our society.

The Ministry of Health is responding to the Primary Care Working Group report. It is progressing work on modelling options to redistribute VLCA funding and making adjustments to the capitation base funding formula. We understand the Ministry is in discussions with the Minister of Health on potential options, which we are expecting to be fiscally neutral. We have heard from the sector that making effective changes to primary care funding will create losers, they suggested that a quick transition would be preferable to a gradual adjustment.

Bevan Searancke, Senior Analyst, Health, 04 890 7264
Ben McBride, Manager, Health, Health, 04 917 6184