Reducing copayments for general practice (2)

Country: New Zealand
Partner Institute: The University of Auckland
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Health Policy Issues: Access, Remuneration / Payment

Current Process Stages

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Featured in half-yearly report: Health Policy Developments 7/8

1. Abstract

The government has been progressively rolling out higher subsidies for general practice consultations in an effort to reduce patient co-payments. The latest phase of subsidy increases (for people aged 45 - 64 years) met with some opposition from GPs because it was accompanied by a requirement for GPs to report any increase in their fees. The subsidy levels for practices which charge very low fees has also been increased. This marks a reversal of government policy to remove subsidy differentials.

2. Recent developments

3. Characteristics of this policy

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<th>Degree of Innovation</th>
<th>traditional</th>
<th>innovative</th>
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<tr>
<td>Degree of Controversy</td>
<td>consensual</td>
<td>highly controversial</td>
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<tr>
<td>Structural or Systemic Impact</td>
<td>marginal</td>
<td>fundamental</td>
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<tr>
<td>Public Visibility</td>
<td>very low</td>
<td>very high</td>
</tr>
<tr>
<td>Transferability</td>
<td>strongly system-dependent</td>
<td>system-neutral</td>
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4. Purpose and process analysis
Initiators of idea/main actors

- Government
- Providers: Some GPs are supportive, others are opposed

Stakeholder positions

The ongoing increase in GP subsidies - and resultant decrease in co-payments - has obviously been welcomed by most patients.

GPs are also mostly supportive of the policy of improving access to their services by reducing or removing financial barriers. However this time around the government added a requirement that all GPs accepting the increased subsidy levels will be required to report any increases in fee levels and participate in a process for reviewing these co-payments that they charge their patients. Some GPs have opposed this system on the grounds that it is fee-setting: they are concerned that all practices that increase their fees above the specified “reasonable” levels may be referred to a review committee as a matter of course.

Those practices which charge very low fees have welcomed the additional subsidies for their services. Most of these practices are serving high needs populations.

Actors and positions

Description of actors and their positions

**Government**

Minister of Health

very supportive

![very supportive]

strongly opposed

![strongly opposed]

Providers

General practitioners

very supportive

![very supportive]

strongly opposed

![strongly opposed]

![current]

![previous]

Actors and influence

Description of actors and their influence

**Government**

Minister of Health

very strong

![very strong]

none

![none]

**Providers**

General practitioners

very strong

![very strong]

none

![none]

![current]

![previous]

Positions and Influences at a glance

Adoption and implementation

The main actors involved in implementing the subsidy increases are:

- The Minister of Health who is responsible for implementation of the Primary Health Strategy, of which increased subsidies are a key component.
District Health Boards who must decide whether any increase in the fees charged by GPs should be referred for independent review.

The Primary Health Organisations who negotiate contracts with DHBs on behalf of their GP members.

GPs who set their own fees.

The Fees Review Committee to be established by the Minister of Health which will be responsible for determining what fee levels are “reasonable”, and for reviewing fee increases that fall outside of these levels.

Given the opposition by some GPs to the proposed fee review process, it may be a challenge for the Minister and the DHBs to manage the process over time, with appropriate adjustments being made to both subsidies and fees.

5. Expected outcome

This latest round of subsidy increases represents one more step towards the government's objective of lowering GP fees, thereby removing some of the financial barriers to primary health care. However as noted in the previous survey on this topic (Survey No. (4) 2004), as long as GPs retain the right to set their own level of co-payment, universal access to low cost care may be difficult to sustain in the long term.

Health care by postcode?

Some commentators have pointed out that the second round of increases (which pays additional subsidies to practices which charge very low fees) is contrary to a second objective that was originally specified by the government. That was, to move away from a regime of targeted subsidies towards equal subsidies for all. Instead,
differential subsidies have been reintroduced.

While the previous system targeted subsidies towards high needs individuals and families, the new arrangements target subsidies towards particular practices. These low fee practices have traditionally served deprived sections of the population such as low income workers and immigrants. Even so, this is a relatively crude method of targeting funds which has drawn criticism from political parties in opposition as well as from some GPs. Claims have been made of "healthcare by postcode", with critics pointing out the inequities associated with the fact that wealthy people attending low fee practices receive higher subsidies than lower income people living in other areas.

The ongoing increase in subsidy levels of GP consultations should improve the quality of care by encouraging earlier intervention.

Equity will be improved if the cost barrier for those who cannot afford to visit a GP is reduced. The reintroduction of differential subsidies means that some unfairness may remain if some higher income people attend a low fees clinic and hence pay lower fees than some low income people. However GPs have traditionally charged differential prices across their own patients to iron out inequities of this type and there is no reason to assume that this practice will not continue.

This policy should also improve cost-efficiency if lower fees (a) encourage people to attend a GP clinic rather than a hospital emergency department and (b) reduce the costs of treatments that could have been prevented by earlier intervention.

6. References

Sources of Information

- Details of the funding changes are given in a cabinet paper: www.moh.govt.nz/moh.nsf/0/ec272299eccbf6e1cc256c4f00028d15/$file/cabinetpaperlowcostaccess.pdf

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