GENPRO
General Practice Owners Association
of Aotearoa New Zealand

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It's a fine line for PHOs and DHBs..

I'm sure we all relate to the principle of equity in relation to access to services. A patient's ability to access healthcare should not be determined by their gender or ethnicity and certainly not by where they live.

So when the continuity of vital community based general practices are at risk, whose responsibility is it to ensure those services are maintained for the local population?

There are many reasons why a practice may be at risk. Retirement, unattractive location, ill-heath of the GP(s), shortage of workforce, and, financial sustainability are just some that spring immediately to mind. There will be others.

And whilst there are many reasons why a practice may be at risk, there are equally as many parties who may have some share of the responsibility for the solution.

The issue of GP recruitment and retention for example is well documented and need not be re-examined here, other than to say that the Health and Disability System Review has highlighted the gross underfunding of primary care which needs to be addressed to ensure that general practice once again becomes an attractive career option which incentives more students to enter training and then more graduates to choose a general practice career path – particularly in under-served localities.

Separately, there has been a growing profile around PHOs buying general practices that are at risk of closure, or even establishing new general practices where they consider current capacity to be insufficient to meet local access and equity expectations.

There are some excellent examples of where PHOs have stepped in and maintained an essential service until such time as it is sustainable again in its own right or a new owner-operator takes over the business to sustain it. This is clearly a good example of the population health responsibilities placed on PHOs through their PHO Service Agreements with their respective DHBs.

Conversely, we increasingly hear concerns from the sector of examples of PHOs (or DHBs) taking similar action yet which appears to undermine existing local providers and potentially worsen access to sustainable services rather than improve it. It is obviously a fine line.

GenPro has commented previously about the difficult position in which PHOs have found themselves as servants to their DHB's population health responsibilities as well as trying to fulfil the often-conflicting responsibility of supporting their member general practice providers.

A PHO can unwittingly find itself using PHO funding to purchase and disproportionately fund or subsidise a particular provider such that it gains an unfair advantage and undermines the sustainability of existing local providers. For example, paying a workforce premium to attract the required GPs (or other staffing) and which potentially simply moves a workforce problem from one local practice to a neighbouring one as local staff in a limited pool understandably move to secure the salary advantage for themselves.

Similarly, additional PHO or DHB support to further subsidise patient co-payments will likely attract patient enrolments away from neighbouring practices who are unable to compete with the lower co-payments.

Whether such action by the PHO or DHB is intentional or whether the consequences are indeed unwittingly created, it is timely for the Health and Disability Review process to clarify the roles and responsibilities of future MESO level and funding organisations – whether they be an adaptation of existing PHO organisations or something completely new at a regional or locality level. In that regard I certainly hope, in the interests of access, equity and sustainability, that the review team take that opportunity to help prevent potential conflicts of interest that can undermine local access and equity.

It is a reasonable expectation for existing and potential future contracted providers to want to know that they are going to be able to operate on equal terms in a fair market. In fact, it is also reasonable for patients to expect a similar service regardless of the provider they choose.

At any stage, it is also important to be clear around the governance of PHO resources which could have been accumulated from funding allocated over previous years and intended to directly support the services provided by all existing local providers. The accumulated reserves of many PHOs are often highlighted as having been top-sliced from local allocations, albeit legitimately, and held by the PHO, or even a subsidiary or related entity, for use on other initiatives – such as purchasing practices in the PHOs own name.

It is understandable that existing general practice providers may feel aggrieved about such PHO action where there is a perception that their funding entitlements are being used to unfairly undermine their business and therefore also their service offering to the community.

In clarifying the roles and responsibilities of PHOs or MESO level organisations it would be helpful to consider a framework or set of protocols which underpinned situations such as risks to local access to services. For example, could existing local providers be given extra support to step-in and address any accessibility or capacity gaps prior to disproportionately funding direct PHO provision with significant perceptions of conflicts of interest. Similarly, clarity of governance and transparency around use of PHO funds would be helpful to prevent inappropriate diversion of current service funding.

I look forward to offering GenPro's support to that process and securing clarity around respective future roles and responsibilities.

Dr Tim Malloy *is an owner-operator GP, one of the founding members and chair of GenPro (the General Practice Owners Association) which was established in April 2020 to address the gap in representation for general practice business owners.*