



6 July 2016

Hon Jonathan Coleman  
Minister of Health  
Parliament Buildings  
Wellington

Dear Minister

### **Primary care funding model**

The Royal New Zealand College of General Practitioners writes in support of the letter from GPNZ and Primary Health Alliance expressing concern about your recent statements on Very Low Cost Access (VLCA) funding at the New Zealand Medical Association's GPCME conference in June 2016.

The inequities of current funding models for primary care have been clearly identified in the Primary Care Working Group's *Sustainability of General Practice* report. The College's view is that the current model, including – but not limited to – VLCA funding – is no longer fit for purpose. We believe that a complete overhaul of the way in which primary care is funded is necessary.

As the *Sustainability of General Practice* report demonstrates, current systems for funding of primary care are not equitable. Our view is that this inequity is only likely to worsen over time. Much of the funding for primary care is location-based, and since the model was introduced the population has moved, become older and developed more co-morbidities.

It is also important to view the current funding model in the context of the new *New Zealand Health Strategy*. The changes envisaged by this Strategy cannot be achieved without the introduction of appropriate investment mechanisms – mechanisms that are capable of shifting funding towards new models of care and which ensure that care is delivered to those most at need. These models need to ensure that investment follows the patient, rather than the health service or health practitioner. Critical to a new investment approach will be flexibility to enable innovation, and local autonomy to ensure that models of care are the best fit for the communities that they serve.

We support the suggestion from GPNZ and the Primary Health Alliance that the primary care funding model needs to be reviewed in its entirety - looking at ethnicity, age bands and utilisation - in order to better reflect the needs of subgroups within the population. This review would also serve to address general practice sustainability and could provide for lower co-payment adjustments.

We look forward to having an ongoing dialogue with you on this topic.

Yours sincerely,

Tim Malloy  
**President**