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21 June 2024

s 9(2)(a)

[redacted] [redacted]
Ref: H2024042077

Tēnā koe s 9(2)(a)

Response to your request for official information

Thank you for your request under the Official Information Act 1982 (the Act) to the Ministry of Health – Manatū Hauora (the Ministry) on 23 May 2024 for:

> *Any advice, directions or similar to or from Manatū Hauora Ministry of Health regarding the findings in the Sapere Report [Sapere Methodology for estimating the underfunding of Māori Primary Health Care (6 July 2021)]*

On 7 June 2024, you were contacted by the Ministry to seek a clarification on the scope of your request. On 10 June 2024, you responded to note that:

> *We seek any advice, directions or similar that Manatū Hauora received from other Ministers, officials, and stakeholders, or advisors/contractors, as well as any advice, directions or similar that Manatū Hauora has provided to Ministers (including Min Reti), officials and stakeholders (eg in other Ministries/departments) since July 2021.*

Two documents have been identified within the scope of your request. These are itemised in Appendix 1 along with my decisions on release:

- Briefing: The future of primary and community healthcare
- Draft document provided to the office of the former Minister of Health.

Where information is withheld under section 9 of the Act, I have considered the public interest in release of this information and do not consider that it outweighs the need to withhold it in this case.

I trust this information fulfils your request. If you wish to discuss any aspect of your request with us, including this decision, please feel free to contact the OIA Services Team on: oiagr@health.govt.nz.

Under section 28(3) of the Act, you have the right to ask the Ombudsman to review any decisions made under this request. The Ombudsman may be contacted by email at: info@ombudsman.parliament.nz or by calling 0800 802 602.

Please note that this response, with your personal details removed, may be published on the Manatū Hauora website at: www.health.govt.nz/about-ministry/information-releases/responses-official-information-act-requests.

Nāku noa, nā

Emma Prestidge
Group Manager, Family and Community Health Policy
Strategy, Policy and Legislation | Te Pou Rautaki

Appendix 1: List of documents for release

#	Date	Document details	Decision on release
1	13 December 2023	Briefing: The future of primary and community healthcare (H2023032867)	Released with some information withheld under the following sections of the Act: • 9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials; • 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty; and • 9(2)(b)(ii) – to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
2	19 August 2022	Draft document to the Minister's Office of the previous Minister of Health	Released in full

MANATŪ HAUORA
MINISTRY OF HEALTH

Briefing

The future of primary and community healthcare

Date due to MO:	13 December 2023	**Action required by:**	21 December
Security level:	IN CONFIDENCE	**Health Report number:**	H2023032867
To:	Hon Dr Shane Reti, Minister of Health		
Consulted:	Te Whatu Ora: ☒ Te Aka Whai Ora: ☒		

Contact for telephone discussion

Name	Position	Telephone
Emma Prestidge	Group Manager Family & Community Health Te Pou Rautaki | Strategy, Policy & Legislation Manatū Hauora	s 9(2)(a)
Maree Roberts	Deputy Director-General, Te P u Rautaki | Strategy, Policy & Legislation Manatū Hauora	

Minister's office to complete:

☐ Approved	☐ Decline	☐ Noted
☐ Needs change	☐ Seen	☐ Overtaken by events
☐ See Minister's Notes	☐ Withdrawn	

Comment:

The future of primary and community healthcare

Security level:	IN CONFIDENCE	**Date:**	13 December 2023
To:	Hon Dr Shane Reti, Minister of Health		

Purpose of report

1. This report sets out the current state of primary and community healthcare and the case for change to ensure the sector can respond effectively to current and future nee s and deliver equitable outcomes for all New Zealanders. It seeks your initial views on t e future of the sector, and the scale and scope of work required in he short and longer term.

Summary

2. As the entry point into New Zealand's health system, primary and community healthcare has significant potential to reduce health inequities, respond to pressures on providers, and contribute to building a sustainable health system that can address current and future needs. The role of community healthcare is critical to mitigating pressures elsewhere in the health system, and to addressing the determinants of health as part of a social investment approach.

3. However, growing pressures and a numbe of barriers mean that accessing care in the sector is becoming increasingly difficult. I is particularly the case that current primary and community healthcare is not working for many New Zealanders. This was recently emphasised in the deve opment of the Pae Ora Strategies in relation to Māori, Pacific peoples, disabled people, women, and people living rurally. We also know a range of other people experience inequit es including children and young people in care, rainbow people, people living rurally, former refugees/recent migrants, and that inequity is compounded by factors such as low-income. The impact of difficulties accessing care is being felt in communities and in consequent increased demand in hospitals.

4. The current sector, centred around general practice, is not being supported to deliver comprehensive prevention-focused primary and community healthcare. Creating a sector that fully utilises the roles and functions of the entire workforce and broad range of he lthcare services based in the community can deliver integrated care and public health functions.

5. There are options for the direction that you wish to set for change in primary and community healthcare, and how your priorities are delivered over both the short and longer term:

s 9(2)(f)(iv) [redacted]

b. In the longer term, there is a strong case for a more strategic programme to review and redesign how the primary and community system is designed, funded, structured, monitored, and evaluated.

6. Our advice below sets out options for actions over the short and longer term, and seeks your initial views on direction and priorities to support further discussions.

Recommendations

We recommend you:

a) **Note** the current challenges and case for change in primary and community healthcare.

b) **Provide any initial feedback** on your broad priorities for primary and community healthcare:

i. over the next three years, including through priorities for short term improvements and investment

ii. over the longer term, including opportunities to address foundational and structural issues.

s 9(2)(f)(iv)

[redacted]

c) **Indicate** whether you wish to discuss the key areas of focus and medium and longer-term opportunities for the primary and community healthcare policy work programme. **Yes/No**

Dr Diana Sarfati

Director-General of Health

Te Tumu Whakarae mō te Hauora

Date: 13 December 2023

Hon Dr Shane Reti

Minister of Health

Date:

The future of primary and community healthcare

Background

7. **Community healthcare** is an umbrella term that refers to a broad sector that encompasses a range of generalist and specialist services and practitioners based in the community. This includes Māori and Pacific providers, mātanga rongoā and rongoā service providers, general practitioners, pharmacists, midwives, allied health professionals, dentists and dental therapists, aged care and home care workers, disability support service providers, nurse practitioners, community and practice nurses, the non clinical workforce, district nurses, community mental health and addiction services public health nurses, ambulance services, and in some circumstances rural hospitals which operate as de facto primary care providers in their communities.

8. Community healthcare is generally characterised by both its location (being delivered locally, within the communities which it serves), and by the nature of the design of the services (with an emphasis on locally informed design, engagement with communities and devolved decision-making). It is provided in la ge part by a mix of private and charitable organisations.

9. **Primary care** is a key part of community healthcare, that provides a first point of access into the wider healthcare system, first-level treatment and health advice, and navigation and coordination through the system for patients The current delivery model for primary care is often centred around general practice. However, this is not the only potential model for primary ca e and we can learn from good practice in delivering more integrated and mixed approaches rom parts of our community healthcare system as well as international sy tems that have adopted a more mixed approach (for example, through greater use of pharma ies).

10. There is an opportunity to start dopting a social investment approach to primary and community healthcare. A shift in the focus of the health system as a whole towards greater ommunity healthcare has been a longstanding policy ambition of successive governments, since it provides opportunities for delivering services at scale in lower-cost settings, preventing ll health and the high costs of secondary treatment, strengthening the voice of communities, and addressing inequities, in particular for Māori. Delivering this shift means utilising data and evidence to respond to pressures in the current system, changing the models of care available, tackling key workforce issues, and positioning the health system to sustainably deal with future health needs by adopting a preventative approach to healthcare.

The case for change in primary and community healthcare…

11. While aspects of current primary and community healthcare work well for some people, evidence shows that the system fails to provide equitable access and outcomes for many New Zealanders, particularly Māori, Pacific peoples, disabled people, women, and people living in rural areas. We also know a range of other people experience inequities including children and young people in care, rainbow people, people living rurally,

former refugees/recent migrants, and that inequity is compounded by factors such as low-income.

12. Key current challenges include:

    i. Increasing demand for healthcare and complexity of need, which is resulting in increased workloads and placing significant pressure on existing services.

    ii. A lack of availability of community healthcare, including general practice services, with particular issues in areas of the country with highest need. One third of general practices have closed their books to new patients and were limiting services due to staff shortages, and 6.2% of health users are not enrolled with a GP.[1] [2]

    iii. Significant barriers to access for individuals, including relating to financial cost, transport, digital and communication limitations. These barriers are particularly acute for low-income communities (who also tend to have the greatest health need). Eleven and a half percent of adults reported not acces ing a GP due to cost barriers in 2021/22, while 39.7% reported not accessing den al care because of cost.[3]

    iv. A reliance on legacy models of care and limited innovation at scale, which has not kept pace with demand for more flexible services. Primary ca e services are centred on the traditional GP model, and the wider range of c mmunity-based services are often poorly integrated. This has led to fragmented se vices, a sub-optimal use of resources and poorer outcomes for m ny communities.

13. The consequences of these challenges are being experienced across the care continuum – in particular through increased pressure on hospitals and the acute sector. The interconnected nature of the health system m ans that limits to access and poorer outcomes in communities directly affect the flow of patient pathways to other services. This is being seen in both

    i. Increased dem nd for hospital services,[4] in particular in emergency departments owing to a l ck of available after hours care in community settings. The effects of this are d sproportionately felt by Māori, for example, avoidable hospitalisations amongst Māori 0-4 year-olds are over one and a half times higher than the rate amongst non-Māori non-Pacific children, and two out of three Māori hospitalised because of gout had not received preventative medication during the 6 months prior to being admitted.

    ii. Increased delayed discharges from hospital, due to a lack of available support for people to return home safely (including aged care and homecare). This 'bed blocking' constrains the effective flow of patients through hospital, and leads to sub-optimal use of hospital beds.

[1] Workforce Survey 2022
[2] Manatū Hauora data 2023
[3] Health and Independence Report 2022, Ministry of Health 2023
[4] Te Whatu Ora – Health New Zealand. 2023. Clinical Performance Metrics, published in October 2023. Clinical-Performance-Metrics-Q4-2023.docx (live.com)

14. The impact of primary and community-based healthcare on the hospital sector, as well as the uneven and often poor outcomes achieved, presents a compelling and urgent case for intervention.

These challenges are likely to increase without intervention…

15. While the system is struggling to respond effectively to current health needs, future needs and responses to them are being shaped by demographic change, including an ageing, more ethnically diverse population, changing patterns of disease with more people living longer with multi-morbidities. This brings not only challenges in terms of delivering care and achieving better outcomes but also increases the financial pressures on the system. Health expenditure is projected to grow from 7% of GDP in 2021 to over 10% by 2061 without policy intervention, posing questions for affordability in the context of wider public services.

16. Workforce trends also pose a further medium-term challenge. Over one third of GPs indicated through the Workforce Survey that they intend to retire in the next five years, and 9% said they intend to leave New Zealand in the next five years (20% did not know if they would leave or not).[5]

17. The current primary and community healthcare system is poorly designed to respond to these challenges. For instance, there are issues with the current general practice funding model including how we fund the sector using capitation (including how well funding is targeted at need, and the incentives created for service re-design) and the effects of part charges and co-payments on access to health s rvices for people who cannot afford to pay. These structural elements ar likely to furth r compound challenges over the coming years if not addressed

18. The Waitangi Tribunal found that the Crown has breached Te Tiriti in relation to the design of primary and community healthcare, and that legislative, strategy, policy, funding arrangements, account bility settings for health entities, and the partnerships that the Crown has with Māori re not Tiriti compliant. Ongoing work programmes, including w rk in primary and community healthcare, will need to continue to respond to the recommendati ns of the Tribunal's *Hauora* report.

Developing a new direction for primary and community healthcare

19. There is significant opportunity for the health system as a whole in setting a new direction for primary and community healthcare. Addressing health inequities and system pressures, and achieving financial sustainability, requires primary and community healthcare that functions effectively, utilises the entire workforce, and achieves the greatest value from public investment.

20. There is widespread support for setting a new direction for primary and community healthcare. This has been evident through recent engagement with the health workforce and with communities across New Zealand, which has reaffirmed the value of primary

[5] Workforce Survey 2022, RNZCGP (2023)

and community healthcare and expectations from the sector. Key aspirations identified through engagement include:

a. access to high-quality affordable care of their choice – and continuity of care by a team they trust – that protects and promotes health and wellbeing, and prevents illness, injury, and harm throughout the life course;

b. a strong view that care needs to be designed to meet local needs, be individual and whānau-centred and delivered faster and in convenient local settings;

c. the need to enable individuals, whānau, and communities to take charge of their own health, and to address the wider determinants of health through multi-sectoral action;

d. the importance of creating a system that actively addresses Māori health – through whānau-centred services in non-clinical settings that are focused on wider wellbeing and comprehensive support – and guarantees tino rangatiratanga. The system would respond more effectively to the unmet health needs o Māori, taking into account their social, cultural, linguistic and geographic needs.

21. Comprehensive and integrated primary and community healthcare will enable the health system to adapt and respond to complex and rapidly changing needs, and work with other sectors to provide people with appropriate support. An emphasis on prevention through population health can effectively and efficiently address the main causes of, and risk factors for, poor health, as well as ensuring that the health system as a whole can handle emerging future challenges.

22. There is scope to learn from and build on pract ce that already occurs in parts of the sector, including from Māori provide s providing comprehensive care with a focus on wider wellbeing. For decades, and despite inadequate funding and support, Māori health providers have played a key role in reducing access barriers and delivering effective, culturally safe c re to Māori. These services are led by Māori, grounded in mātauranga Māori (Māori knowledge) and are well placed to understand and meet the needs of whānau.

23. Working towards these aspirations universally will take time, necessitate sector-wide support, and require change to many of the foundational elements of the current system. However there are opportunities in the shorter-term for Ministers to set direction and use system levers to make immediate changes that align with longer-term aims. In our view, there is a strong case for adopting a twin-track approach to primary and community healthcare that combines:

i. a strategic and longer-term programme than enables you to set a clear direction for the future, engage with the sector and develop options for change that will be implemented over the coming years;

ii. a more targeted set of shorter-term actions that help to support the primary and community healthcare system and harness opportunities to begin the shift towards your strategic objectives.

Opportunities for change over the short term

24. There are several ways to advance your objectives for primary and community healthcare over the next three years. These include opportunities to refine and exploit the current system re-design that is underway, and to use new levers to direct health entities and target investment.

Setting direction and investment for the next three years

25. In relation to system accountability settings, the **Government Policy Statement on Health** 2024-2027 is your opportunity to set the direction and priorities for the health system, including for primary and community healthcare. This could include setting expectations for system objectives (e.g. to focus on shifting certain service models into community settings) and other specific actions for entities (such as a review of fund ng arrangements, including capitation). You will receive separate advice from Ministry as Ministry of Health | Manatū Hauora on the GPS.

26. The GPS will set parameters for the **New Zealand Health Plan | Te Pae Tata**, which you will also approve as Minister of Health. The development of Te Pae Tata provides an important opportunity for you to steer the direction of ervice improvements and initiatives for primary and community healthcare and to ensure that actions are aligned and consistent with your aims.

27. Both the GPS and Te Pae Tata will be underpinned by your decisions on investment in the health system. The **Budget 2024** pr cess is a means to reprioritise funding and provide new investment in the system o deliver your objectives. Decisions at Budget 2024 will then be reflected in the GPS and Te Pae Tata.

28. Collectively, these accountabi ity arrangement allow you to set your objectives and target investment in primary and community-based healthcare over the next three years. Given the current pressur s in the prim ry and community-based system, and their impact on wider h alth services, we expect there will be a strong case to prioritise activity and funding growth in this area. This might include, for example:

s 9(2)(f)(iv) [redacted]

29. We w ll provide further advice on Budget strategy and options in due course. We will also provide you with advice on delivering the Government's relevant manifesto commitments in this area:

s 9(2)(g)(i) [redacted]

s 9(2)(g)(i) [redacted]

30. s 9(2)(f)(iv), s 9(2)(b)(ii) [redacted]

We welcome your steer on the short-term opportunities and your initial priorities for focus on primary and community healthcare. We will provide further advice on options later this year.

Opportunities for change over the medium and longer term

31. While changes in the short term can help to address immediate pressures and issues facing primary and community healthcare, they will not fundamentally reorient the system to address health inequities, improve outcomes, and help reduce the demand for secondary and specialist services.

32. The pressures and barriers in the system that lead to a failure to deliver accessible care, which in particular affect Māori and other underserved populations, are caused by intersecting factors requiring coordinated changes across a number of settings in primary and community healthcare and the wider health system to respond in a sustainable way to current and future needs. For example, research identifies that poor access to healthcare is caused by a number of often overlapping barriers, and therefore solutions need to consider financial and contracting settings, models of care available, workforce suitability, and other issues.

33. Creating a sustainable primary and community healthcare system will take time. Drawing on our understanding of the pressures and barriers in the sector, as outlined in the case for change above, our view is that a strategic programme should focus on four key areas:

    i. **Comprehensive and accessible primary and community healthcare** – ensuring that people can access a diverse range of high-quality health programmes and services that are designed and delivered in ways that fit the needs of our communities. This includes increasing the use of data and digital technologies to deliver care and developing a range of evidence-based models of care and multi-disciplinary approaches. Services will be clinically and culturally safe, accessible, protective, preventive, curative, rehabilitative and palliative.

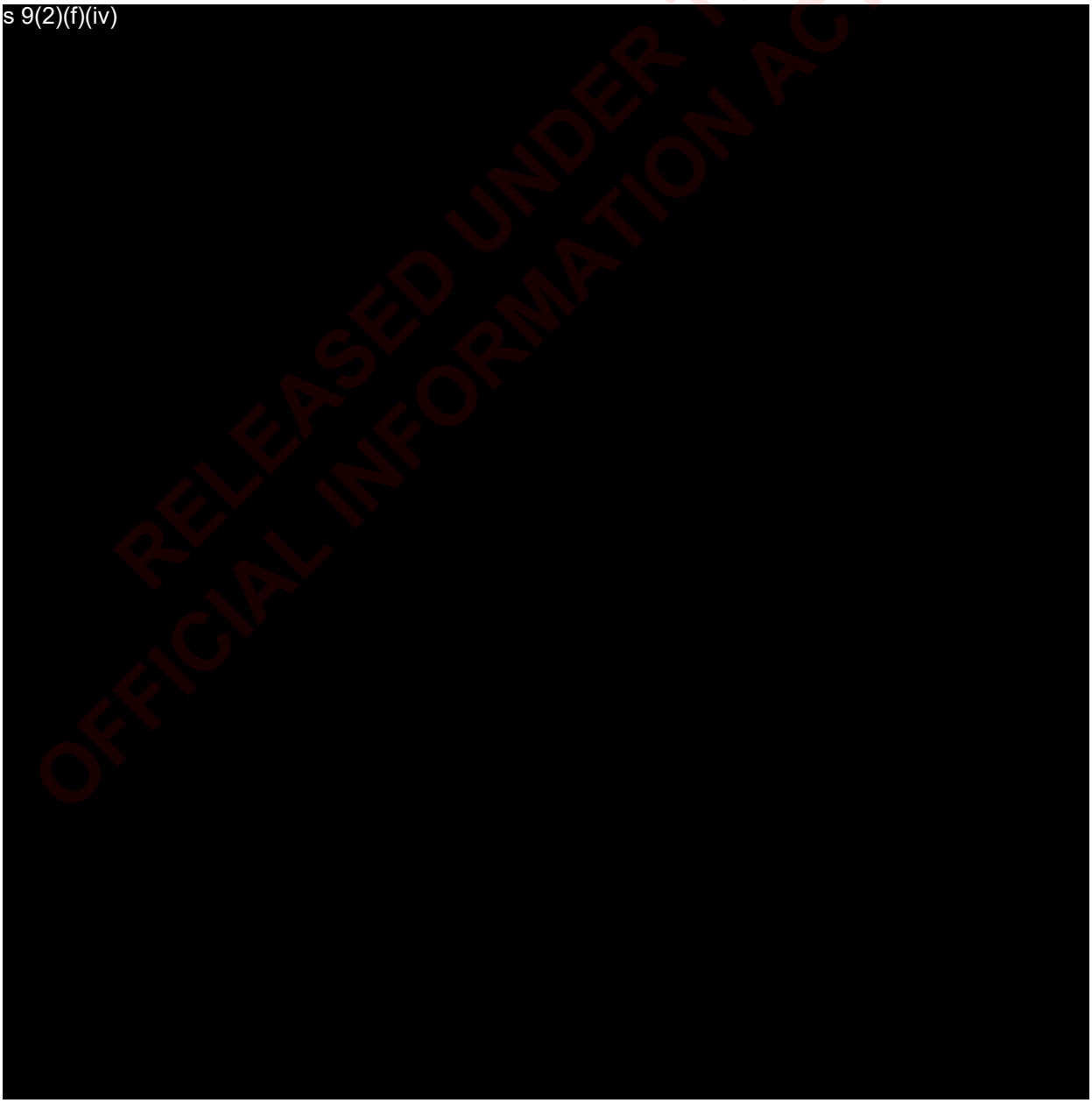
    ii. **Individual and whānau-centred care with continuous support** – enabling individuals and whānau to make decisions concerning their health and partner in the delivery of their own care. Services will be based on what matters to individuals and whānau and reflect the communities they serve. People can, if they want to, have an ongoing relationship with a community healthcare team that provides seamless care, and that effectively manages long-term conditions and focuses on preventing ill health and improving wellbeing.

iii. **Integrated and coordinated design** – ensuring that people experience smooth referral pathways and transitions between services as their needs change, across community healthcare, with hospital and specialist services, and across the social sector. This approach reduces the harm that can associated with transfers of care as well as inefficiencies such as unnecessary investigations.

iv. **Fit for purpose and continually improving** – people know that the primary and community healthcare system is sustainable, learns from whānau and community voices, research, evaluation, and innovation, and adapts and improves over time, including through utilising digital advancements.

34. Redesigning the primary and community healthcare sector requires changes to the foundational system settings, with a range of potential approaches to explore and opportunities to redesign settings and levers to support your desired goals. As part of a longer-term programme, this will include options to review, refine and deve op new approaches. s 9(2)(f)(iv)

s 9(2)(f)(iv)



s 9(2)(g)(i) [redacted]

We welcome your initial feedback on the key areas of focus and opportunities to redesign the primary and community healthcare system. Subject to your views, we will provide further advice on options and next steps.

Risks

Changes in the short-term are seen as an insufficient response to the needs of the sector…

35. Although some of the immediate actions can take us in the right direction and alleviate some of the pressures in primary and community healthca e, they will not help redesign the sector to deliver prevention and create a sustainable sec or. It is important that short-term changes and direction setting actions are al gned with the aims of a longer-term work-programme to begin the systemic change required to meet the changing care needs of our population and system sustainability challenges.

High expectations for change in primary and comm nity healthcare amongst communities and the sector…

36. The sector, including Wai 2575 claim nts, ha high expectations for far-reaching action on access, workforce, capacity and capabil y, funding approaches, and models of care that can deliver better health outcomes for all New Zealanders. For example, *A future capitation funding approach Addressing health need and sustainability in general practice funding*, published by Sapere in July 2022, increased expectations that problems with the approach to capitation nd the funding gap in primary care will be tackled. Developing a clear strategic pol y work-programme can demonstrate that we are responsive to immediate need and have a programme of fundamental change in the medium to longer-term.

Communication and engagement

37. The views of the sector, whānau, and communities, are a key part of any change process. The secto and Māori are keen to participate in the design of the new primary and community healthcare system.

38. Following your response to this briefing, we will provide you with options for engagement with the primary and community healthcare sector and communities, including Māori, to support the next steps policy work programme. Following the Wai 2575 tribunal recommendations, we would advise a partnership approach with Māori through the policy development process, including specific engagement with Wai 2575 claimants.

Next steps

39. Subject to your feedback on the direction and work required, we will:

- provide you with options for investment as part of our Budget 24 advice later this year, along with advice on the delivery of your manifesto commitments and other early priorities;
- provide you with further advice on taking forward a longer-term work programme, including a schedule of potential briefings and actions over a period of 12 to 18 months. We are happy to have an early discussion with you on your ambitions for such a programme.

ENDS.

Sapere primary care capitation review
For information (at request of Minister's office)

Background (for information)

- Sapere were commissioned by the Transition Unit in 2021 to review the primary health care capitation formula, with an emphasis on considering how appropriately it responds to unmet need and to improving equity.
- This work was envisaged an one input to support the TU to both develop options for investment at Budget 2022; and to inform the design of the future funding settings for the reformed system.
- The review was guided by a technical advisory group (managed by the TU and later interim Health NZ), who were also informed by three peer review reports.
- The final report estimates the funding needed if general practice is to be able to meet the cost of providing services to currently underserved populations, and shows how funding might be allocated between practices so that it is targeted to people with highe needs. It es imates that general practice is currently underfunded and operating at a loss of $ 37m per year, and that overall funding needs to increase by up to $1bn per year to add ess 90% of unmet need.
- The report has not yet been published, but its existence is well known in the general practice community, and it has been the subject of various articles on NZ Doctor and a recent OIA request. Until this point, it has been withheld on the g ounds that it remains under active consideration.

Ministry position on report

- We do not endorse the Sapere report or its conclusions We have a number of issues and concerns with the methodology and assumptions of the review.
- The policy questions regarding the futur funding model and financing for primary care are substantially wider than the capitation formula addressed in the report. However, the report does provide a useful input to consider in developing the future approach.
- We are taking forward the design of the wider funding model together with Te Whatu Ora and Te Aka Whai Ora. This is a key workstream as part our programme for Budget 2024, and we are in discussion with the entit es about how to deliver a joint programme, including advice to Ministers.
- The report was commissioned by the TU and is owned by DPMC. We do not see a strong reason for it to continue to be withheld, although the release of the report is a practical matter for DPMC.
- Publication will howeve create a handling issue with general practice that will need to be mitigated. We think it will be important to be clear that:
    - This was an i dependent review and not endorsed by Government.
    - This was intended as one input to the design of the future funding arrangements for the health system – and that work is ongoing.
    - Government has recently announced the first multi-year funding for the health system up to June 2024) to support transition and deliver the interim NZ Health Plan.
    - Decisions on future funding, including for general practice, will be made at Budget 2024.

Next steps

- We suggest discussing with the TU the approach to release of the report, so that this can be managed effectively. This would ideally be done before the TU is closed down.
- We will bring you further advice on our approach to Budget 2024, including the design of funding settings, in due course