Doctors often left in dark over mergers

By NZMA General Practitioner Council Chair Dr Mark Peterson

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If you have read the last few issues of NZ Doctor you will be reminded that there is something happening with PHOs around the country. Your PHO may be affected, yet you probably know nothing about it.

Changes to the management funding formula for PHOs has changed, and the fiscal advantages of smaller PHOs, at least in terms of the amount of management funding per enrolled patient, have now disappeared. This has placed many smaller PHOs under considerable financial pressure.

At the same time it is this Government’s view that PHOs need to be more capable organisations to better manage the possible increased functions that might be devolved to PHOs and primary care as described in the Government’s policy document “Better Sooner More Convenient.”

While the Government has stated that it will not be forcing amalgamations of DHBs and PHOs, at least in its current term, the changes in funding have made this somewhat inevitable. DHBs have also been active in encouraging, to the point of requiring, PHO mergers.

In response to the current environment, PHOs are merging and many of these are reasonably well known in the sector, although others are happening more quietly. The mergers that have had more publicity include the Southern DHB region where Otago and Southland DHBs have merged, and all the PHOs in the area have been combined to a single PHO.

Waitemata DHB is reported to be keen on rationalisation of PHOs with the expectation of two PHOs for the area. Some of the Capital Coast PHOs have merged and the latest reports are of what sounds like a single PHO in the Midlands region which is part of their business plan within the EOI process.

Members in all these regions have told the NZMA that they have had little input, and often little information about what is happening in their area. This lack of information is also reported, and I have noted in a previous article, as being typical of the EOI Business Plans.

This sounds as though I am being critical of the lack of information being given to GPs who are, most often, the key stakeholder in PHOs. I am, but some personal experience tempers that somewhat.

In this regard it is something of a mea culpa. One of my local roles in Hawkes Bay is as a member of the Hawkes Bay PHO and we are “suffering” from DHB pressure to merge the three PHOs into a single PHO for the DHB region. We now have a transitional Board in place, although the actual merger has yet to occur.

Even with my significant local connections I know that GPs in my region are feeling a lack of communication in regard to the PHO merger. Hopefully this has been at least partially ameliorated by having a recent meeting of GPs where the issue was discussed. Possibly because of these concerns this meeting was well attended. A communications plan has now been put in place but it does highlight some of the difficulties of communicating with GPs.

The difficulties of communicating with GPs however should not be seen as an excuse not to do so when PHOs have potentially significant control over General Practice income streams.
It need not be a one-way street and GPs need to have an awareness of the changes happening around them and to exert some pressure on their representatives on these boards and committees, and on their PHO and DHB management to ensure that information is shared.

The NZMA has the view that rationalisation of PHOs (and DHBs) is a good thing. New Zealand is a small country and the 80 plus PHOs (and 21 DHBs) have over-stretched the number of skilled health managers available, and added to the health dollars spent on management and governance rather than on health provision.

Consequently we are supportive of the current process but will continue to call for greater transparency in the process. We will continue to monitor the situation from a national perspective and will need our members to inform us of potential problems occurring.

It would be heartening to hear about some of the good processes that are taking place. These need to be replicated.