

## Provision of Laboratory Services in New Zealand

Approved 2006

The New Zealand Medical Association (NZMA) is seriously concerned at the growing threats to the long-term availability and sustainability of laboratory services in New Zealand. These services are an integral and essential part of a first world health service, and their future in this country is uncertain at best.

Our concern is based on three key and closely related factors:

- a. There is a complete absence of a comprehensive national policy framework for the provision of laboratory services.
- b. As a result, DHBs are making critical strategic decisions about services in a policy vacuum, based entirely on local or regional factors and perspectives.
- c. There is an over-riding context of trying to find cheaper ways of providing services in order to meet budgetary targets, to the potential detriment of sustainability, quality and safety. There is considerable risk that this drive to cheapness may lead to the penalising of associated clinical providers by cost-shifting.

Since September 2004 the NZMA has been pressing the Ministry of Health (MoH) and the Minister to develop a national policy framework within which the District Health Boards (DHBs) could carry out their (previously announced) reviews of laboratory services. When the reviews were conducted without such a framework being developed, we urged the MoH and the Minister to undertake a national post-review assessment of the DHB reviews and decisions, so that a national overview of the decisions and their implications could be obtained. Neither has occurred.

The result has been a fragmented approach by DHBs to their reviews of laboratory services, and to the decision-making processes which have followed. The lack of national policy combined with the quest for cost reduction has resulted in processes and arrangements which involve undue risk by overturning the status quo of established relationships and effective service in favour of unproven and potentially unstable and non-viable arrangements. This is evident with the wide range of proposed solutions being suggested, and with DHBs variously facing adverse Commerce Commission findings, local opposition, union resistance, court challenges and professional criticism. Some of these challenges have resulted in reversals of decisions by DHBs. We have observed growing public and professional concern regarding the laboratory situation, and we believe that there is considerable risk in implementing major changes to vital health services without the support of the medical profession and the community.

We have seen little evidence of international best practice in terms of either policy considerations, or review and contracting processes. The wide range of methodologies employed along with the diverse and confused outcomes of the review processes must raise serious doubts about the validity of much of the work to date. Our health system needs to be confident that its management and decision-making processes do not result in un-foreseen adverse outcomes. We cannot afford to take risks with essential health services. Overall, a great sense of uncertainty and instability has pervaded the process, with consequent risks particularly for the sustainability of the workforce, which is already under pressure, and which is in great demand internationally. The national workforce implications of local decisions have been ignored.

The NZMA believes that the risks of severely damaging the future of our laboratory services are too great to allow the current processes to continue. We call for the following actions from the Government:

- a. That an immediate moratorium be placed on the implementation of further change to the laboratory services of New Zealand
- b. That urgent steps be taken to engage all interested parties in developing a national policy framework to govern the provision of laboratory services
- c. That an independent Ministerial review be undertaken to analyse and if necessary review the DHB processes and decisions to date
- d. That a national plan for the provision of laboratory services be developed and implemented.