Regulatory Impact Statement

Implementing free doctors' visits for injured children under 13

Agency Disclosure Statement

This Regulatory Impact Statement has been prepared by the Ministry of Business, Innovation & Employment.

It provides an analysis of options to implement Government's policy to provide free doctors' visits for injured children under 13, which was announced in the Budget in 2014, to be implemented by 1 July 2015.

Contracted Accident and Medical Clinics (A&Ms) and rural GPs, and those GPs paid under the Cost of Treatment Regulations[1] have been included in the analysis because the policy cannot be achieved by contracts or Regulations alone.

A range of options was considered for an estimated coverage of free visits:

- a smaller increase providing 82 per cent coverage of free visits
- a medium increase providing 89 per cent coverage of free visits
- a larger increase providing 90 per cent coverage of free visits
- a very large increase providing for 100 per cent coverage; and
- an option of requiring free visits through legislation or regulation was also included.

Options also need to ensure that injured and sick under-13-year-olds were able to access the same or similar level of free visits. This is difficult to determine given the very different funding methods used by ACC and the Ministry of Health. The Ministry of Health bulk funds on a capitation basis while ACC pays a fee for service.

Funding is limited as children's injury visits are paid for from the Non-Earners' Account which is funded by Government and subject to Government priorities.

Some of the information on the amount of co-payments children under 13 pay for visits is limited. However we are satisfied the recommended option is the best option in the circumstances.

The Ministry is satisfied that, aside from the risks, uncertainties, and caveats noted in this Regulatory Impact Statement, the regulatory proposals recommended in this paper are required in the public interest.

Bronwyn Turley
Manager, Health, Safety and Compensation Frameworks Policy

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[1] Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003

Status quo and problem definition

Status quo

1. The Government announced its intention to provide free doctors visits for children under 13 in Budget 2014. Funding of $90 million was provided over three years in Vote Health for this policy. No additional funding was provided for ACC to implement this policy. To implement this policy, ACC needs to provide additional funding to practitioners to cover co-payments they charge for under-13-year-olds' visits.

2. ACC is expected to pay general practitioners (GPs) and others a rate commensurate with funding for health r-related visits by children under 13 years. The Ministry of Health (the Ministry) funds on a capitation basis ie funding is based on an approximate number of visits the population over a year (ie utilisation). An approximate per visit funding (estimated using total per person funding divided by utilisation rate) for under-13-year-olds of between $64 and $73 (excluding GST) is proposed by the Ministry to implement free doctors visits. The Ministry expects 93.9 per cent of health-related visits by children aged under 13 will be able to access free doctors visits under this proposal. ACC pays GPs on a per visit basis and separately for specific treatments both under contracts and the Cost of Treatment Regulations.

3. According to a recent report[2] "General practice continues to be an area of particular need, especially in certain rural and provincial areas." According to the report, demand for GPs is expected to increase as models of care move out of hospitals and part-time work increases.

4. ACC is required under the Accident Compensation Act 2001 (AC Act) to pay or contribute to the cost of treatment for ACC claimants who have cover for injury. In most cases ACC either contracts with providers or pays providers at a regulated rate rather than paying the claimant directly.

5. ACC contracts directly with Accident and Medical Clinics (A&Ms) and rural general practitioners (rural GPs). Other general practitioners (GPs) are paid at rates set in regulations. Contracted rates are generally higher than regulated rates because the contracts have additional requirements relating to quality, and co-payment[3] restrictions. Approximately 66 per cent of under-13-year-olds visit contracted A&Ms or rural and 34 per cent visit GPs paid under the Cost of Treatment Regulations.

6. The Cost of Treatment Regulations and contracts with A&Ms and rural GPs specify a standard rate for visits (see the table below). There is an existing separate rate for visits by under six year olds to reflect current Government policy to provide free care to under sixes. There is also a rate for a combined GP/nurse visits in the Cost of Treatment Regulations, which also has a separate rate for under six year olds. Nurse practitioners and nurses also provide treatment for injured under-13-year-olds and are paid by ACC for their services. There is no separate rate for under six years olds' consultations for nurses or nurse practitioners.

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[2] Health Workforce New Zealand. 2014. *Health of the Health Workforce 2013 to 2014*. Wellington: Ministry of Health, pgs 2-6.

[3] A co-payment is the additional amount charged a claimant by a provider over the ACC contribution to treatment.

Payment type	Service	Over 6	Under 6
Regulations	Medical practitioner[4] visit	$30.85	$37.53
	Medical practitioner/nurse visit	$33.73	$40.37
	Nurse practitioner visit	$26.45	$26.45
	Nurse visit	$14.45	$14.45
Contract	Accident and Medical Clinics	$44.46	$48.88
	Rural GPS	$48.88	$53.50

7. Surveys have been undertaken of existing co-payments made by injured children under 13 for visits to GPs. The results of the surveys show that a significant proportion, 30 to 35 per cent of under six year olds and 80 per cent of six to 12 year olds visiting GPs paid under regulations, pay a co-payment for doctors visits. 70 to 90 per cent of 6 to 12 year olds visiting a GP paid under contract also pay a co-payment. Co-payments can be as high as $60 per visit. GPs paid under regulations are private businesses and as such are free to charge a co-payment at any level they choose. GPs paid under contract do not charge a co-payment for under six year olds because the terms of their contracts forbid it.

8. It is estimated that currently 90 per cent of under six year olds do not pay a co-payment. That is 100 per cent of visits to A & Ms and rural GPs who are contracted to provide free visits to under six year olds but only 64 per cent of visits to GPs paid under regulations.

9. The co-payment rate for children visiting a nurse for treatment averages $3.34 to $5.17 (excluding GST). Co-payments for nurse practitioners range from $0 to $25 per visit. There are only 22 nurse practitioners working in primary health care.

10. Rates paid under contract are increased each year according to an index stated in the contracts. The rates paid in regulations are increased periodically but not on an annual basis, are subject to Cabinet agreement and because of the regulatory process are usually a year in arrears. Rate increases are based on indices such as the LCI and CPI. Increases made in the rest of the health sector are also considered.

Problem definition

11. To meet the Government policy to provide free doctors visits to under-13-year-olds the contribution made by ACC to GPs, nurse practitioners and nurses in general practice needs to be at a level where a large majority of children under 13 receive free visits.

Under six year olds

12. The results of the co-payment surveys show that ACC's contribution for under 6 years olds, whose visits should already be free, is too low to cover costs for up to 35 per cent of these children who visit GPs paid under regulations (10 per cent of the total under sixes). As well some of these children may have to pay a small co-payment for nurse visits.

[4] GPS are referred to as medical practitioners in the regulations.

Six to 12 year olds

13. ACC's current contribution for injured six to 12 years old is not sufficient to incentivise access to free visits as evidenced by the co-payment survey results (70 to 90 per cent of 6 to 12s). It is likely that these children will also have to pay a small co-payment for nurses visits.

14. Taken together the current payments for visits to GPs, nurses and nurse practitioners are not sufficient to provide a sufficient level of free visit coverage particularly for 6 to 12 year olds.

15. There is evidence that making more free visits available will increase usage over time. When the $4.35 additional contribution for under six year olds for free visits after hours was introduced in 2012, the number of visits by under six year olds to A&M clinics doubled. But visits to GPs paid under regulations, many of whom still charge a co-payment, have decreased. This is affecting the total cost to ACC.

16. Increasing ACC's contribution to GPs without increasing the nurses' contribution is likely to result in suboptimal use of the primary practice workforce with GPs and nurse practitioners undertaking treatment where a nurse might have been more appropriate. A number of submissions noted this effect.

17. If the contribution rate is too low, adult 13 years and over may subsidise free visits in some practices. The most recent co-payments surveys [5](2013) show that the average co-payment for adults increased more than the rate for under 18 year olds and under six year olds from 2011 to 2013. While this result is not robust enough to prove cross-subsidisation, it is indicative. ACC cannot prevent GPs from transferring costs to other claimants when free visits are required. Submissions support this view.

Objectives

18. The main objective is to enable free doctors' visits for injured under-13-year-old children to the greatest degree practicable taking into account in order of importance that:

    - The policy provides a sufficient incentive for GPs to provide free visits for injured under-13-year-olds. It must be at a sufficiently high level for GPs to be able to offer free visits.
    - Costs remain affordable given that the cost of all payments is borne by the Government funded Non-Earners' Account[6].
    - Older claimants should not subsidise claimants under 13 through additional co-payments.
    - An increase in contributions does not affect usage more than estimated (5 per cent for under six year olds and 15 per cent for six to 12 year olds.
    - It does not have an undesirable impact on the health sector as a whole including access to visits commensurate with that of sick children and profitability of GP practices.

Options and impact analysis

19. This analysis considers two issues related to the provision of free visits for under-13-year-olds:

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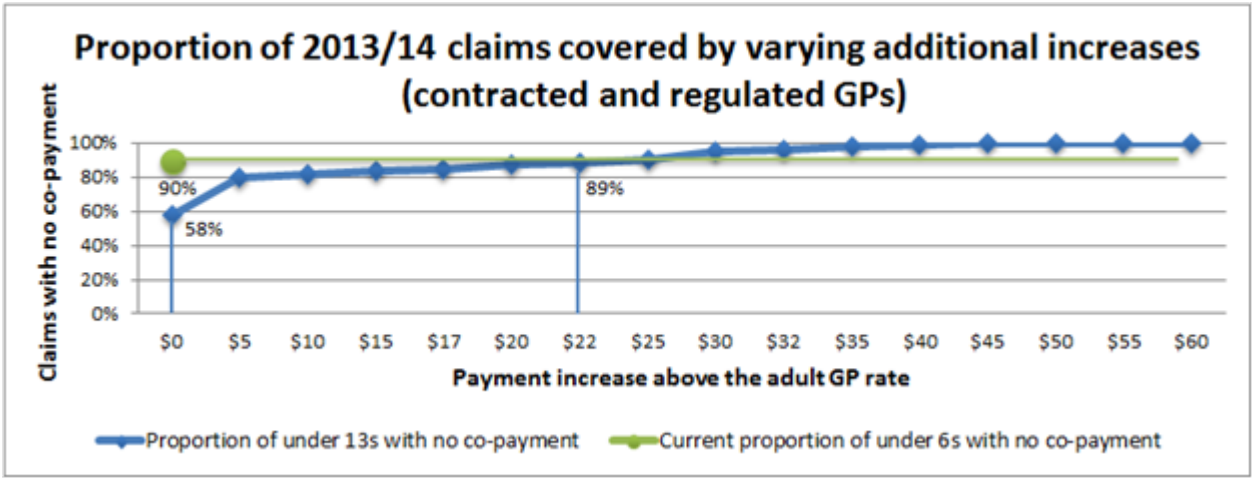
[5] Research New Zealand, *ACC Co-payments monitor – urban general practitioners and nurses,* Memorandum 20 June 2013.

[6] The Non-Earners' Account pays entitlements to all claimants not in the workforce or not injured in a motor vehicle accident and part funds treatment injury claims. The Government funds the Non-Earners' Account.

- Free visits to GPs
- Free visits to nurses and nurse practitioners

Option selection

20. Option selection was based on analysis of the effects of various contributions on the availability of free visits (coverage). The figure below shows the effects of different contributions on coverage. It includes all GPs including those paid under the Cost of Regulations and contracted A&M clinics and rural GPs. One hundred per cent coverage may be achieved with an additional contribution of $60 per visit, but this cannot be guaranteed, as GPs still have the option to charge a co-payment. On the basis of 330,000 visits each year (2014 number of visits by under-13-year-olds) $60 per visits would cost around $64 million over three years with very small increases in coverage. The preferred option provides reasonable coverage at an affordable cost to Government.



21. The table below sets out the costs and coverage of options from a $22 increase for GPs which also assisted option selection. The table particularly shows the substantive increase in cost as coverage nears 100%.

Additional contribution (excl. GST)	Marginal increase (total)	Total coverage for under 13s	Approximate cost (over 3 years)
$22		88.7%	$25.2m
$23	0.37%	89.1%	$26.2m
$24	0.88%	90.0%	$27.2m
$25	0.66%	90.7%	$28.2m
$26	0.55%	91.2%	$29.3m
$27	1.37%	92.6%	$30.3m
$28	1.00%	93.6%	$31.3m
$29	0.34%	93.9%	$32.3m
$30	0.76%	94.7%	$33.4m
$60	5.34%	100.0%	$64.2m

Issue 1: Options for access to free GPs visits for under-13-year-olds

22. This analysis also relates to the combined rate paid to GPs and nurses under the regulations.

23. Five options were considered:

- Option 1 - increase rates at a lower level ($17 excluding GST with coverage of 82%) for all GPs (less emphasis on coverage, more on cost)
- Option 2 – increase rates at a medium level ($22 excluding GST with coverage of 89%) for all GPs – this option was consulted on
- Option 3- increase rates at a higher level ($24 excluding GST for GPs with coverage of 90%) to ensure good coverage at an affordable cost.
- Option 4– Increase rates to a level to provide 100 per cent coverage (estimated at $60 per visit).
- Option 5 - Legislating or regulating to require GPs to offer free visits.

24. The total contribution per visit injured under 13 year children for each option is in the following table for GPs paid under regulation. The total cost includes GPs paid under the Cost of Treatment Regulations and under contract. Contracted A&M clinics and rural GPs are expected to receive the same increase in contribution as GPs paid under regulations. Costs exclude GST.

Service	Age (years)	Status quo	Option 1	Option 2	Option 2	Option 4	Option 5
GPs paid under regulations (GP rate only)	Under 6	$37.53	$47.85	$52.85	$54.85	$90.85	$0.0
	6-12	$30.85					
*Additional cost (over 3 years) with usage increase at 5% for under 6s and 15% for 6-12s		NA	$15.2 million	$25.2 million	$27.5 million	$64.2 million	$0.0

* Includes contracted providers

Options analysis

Option 1

25. Option 1 would provide an improved level of coverage of free visits over the status quo for under 13s with about 82 per cent of under 13s having access. It would be affordable for Government and is likely to reduce some cross-subsidisation by adults with the increased contribution. All contracted A&M clinics, rural GPs and GPs paid under the Cost of Treatment Regulations will be treated the same. Some GPs have confirmed that this contribution is too low. 18 per cent of children will still have to pay a co-payment although there may be reductions if these GPs wish to retain clients.

26. Depending on the number of health-related visits each year by children aged under 13, GPs may be slightly better funded than for visits by injured children to the same GPs who receive payment under the Cost of Treatment Regulations for injury-related visits.

27. Because A&M clinics will be required to not charge under-13-year-olds a co-payment as part of their contract, there may be a shift away from visits to GPs paid under regulations (where co-payments may continue to be charged) towards visits to A&M clinics. This trend occurred when the free after hours' visits for under sixes was implemented in 2012.

Option 2

28. Option 2 would provide coverage for 89 per cent of injured children under 13 (100 per cent of visits to contracted A&Ms and rural GPs and 67 per cent of GPs paid under the Cost of Treatment

Regulations). This improves on Option 1 but at a reasonable cost to Government ($25.2 million over the next three years). It may reduce some cross-subsidisation by adults by some GPs. 11 per cent of injured children under 13 are estimated to still pay a co-payment, which is expected to be a lesser amount than current co-payments, given the increased contribution. More GPs paid under the Cost of Treatment Regulations may offer free visits to retain clients, but there is no evidence that this would occur.

29. This option is closer to the contribution provided by the Ministry for children's health-related visits than Option 1, although there may still be more children who have free health visits, as the Ministry's expected coverage is higher.

30. With contracted A&M clinics and rural GPs required to offer free visits, there may still be a shift to A&M clinics from GPs paid under the Regulations, but this will be less pronounced than the shift that would occur under Option 1. However, because the uplift is likely to incentivise more GPs to provide free visits, there is likely to be an overall increase in the number of visits by children under 13 years.

31. Usage and demand on GPs is likely to increase more than the status quo with a higher proportion of free visits being available. Submitters indicated that this option was too low to meet costs.

Option 3 (preferred option)

32. Option 3 would provide coverage for 90 per cent of injured children under 13 years (100 per cent of visits to contracted A&M clinics and rural GPs, and 71 per cent of GPs paid under the Cost of Treatment Regulations). This improves on Options 1 and 2 and is still at a reasonable cost to Government ($27.5 million over the next three years). It is likely to reduce cross-subsidisation by adults to a greater extent than Option 2. An estimated 10 per cent of injured children under 13 are likely to still pay a co-payment, which is expected to be a lesser amount than current co-payments, given the increased contribution. More GPs paid under the Cost of Treatment Regulations may offer free visits to retain clients, but there is no evidence that this would occur.

33. This option would provide a similar contribution to that provided for children by the Ministry for children's health-related visits, although there may still be more children who have free health visits as the Ministry's expected coverage is higher. With contracted A&Ms and rural GPs more likely to offer free visits, the shift to A&M clinics (in particular) will continue although at a lesser degree than Options 1 and 2. Usage and demand on GPs is likely to surpass current volumes with a higher contribution for children under 13 years. Option 3 is the preferred option as it meets the objectives the best.

Option 4

34. Providing 100 per cent coverage would cost ACC around $64 million over the next three years. This option would provide a much higher contribution for visits by injured children than children's health-related visits and would provide many GPs who have lower costs with a windfall, which may result in subsidising adult visits. However, it would provide the best outcome for children's health. Usage is likely to increase with on-going workforce issues. The cost means that this option is not feasible.

Option 5

35. Legislating or regulating to make GPs provide free visits for children under 13 years is likely to require monitoring of the GPs to ensure they comply and would result in considerable resistance from the sector to the proposal. Submitters have indicated that the current payment is insufficient to incentivise free visits to all children under 13. It is very likely that clients 13 years and over will have to subsidise children under this option or some GP practices may find it

difficult to continue in business. Children under 13 would benefit from free visits if it could be successfully implemented, however, there is likely to be an increase in usage which would threaten the viability of general practices and costs for visits by clients 13 years and over. This option is not feasible.

Costs and Benefits

36. The costs and benefits of this proposal can be difficult to quantify such as improved child health, or good information is not available on some of the possible costs such as the degree of cross-subsidisation of children's free visits by adults. The following table provides a summary of expected and possible costs and benefits.

Options	Costs	Benefits
Option 1	18% of children under 13 will continue to pay a co-payment. The cost to the Non-Earners Account will be $15.2 million over three years. Increased usage will exacerbate the shortage of GPs with increased costs for training or importing more GPs. Some children may visit GPs unnecessarily because it is free.	82% of children under 13 years will have access to free doctors' visits which is likely to lead to improved rehabilitation and recovery outcomes. Co-payments for all injured children under 13 will be less (estimated to be a maximum of $40 to $43 per visit).
Option 2	11% of children under 13 will continue to pay a co-payment. The cost to the Non-Earners' Account will be $25.2 million over three years. Increased usage will exacerbate the shortage of GPs with increased costs for training or importing more GPs to a greater extent than Option 1. More children may visit GPs unnecessarily because it is free to a greater extent than Option 1.	89% of children under 13 years will have free visits to doctors which is likely to lead to improved rehabilitation and recovery outcomes. It is less likely that clients older than 12 years will have to cross-subsidise under-13-year-old visits in comparison to Option 1. Co-payments for all injured children under 13 will be less (estimated to be a maximum of $37 to $40 per visit).
Option 3	10% of children under 13 will still have to pay a co-payment. The cost is increased to the Non-Earners' Account by $27.5 million over three years. Increased usage will exacerbate the shortage of GPs with increased costs for training or importing more GPs to a greater extent than Options 1 and 2 Usage is likely to increase more than Options 1 and 2 with children visiting the GP unnecessarily.	90% of children under 13 years will have free visits to doctors which is likely to lead to improved rehabilitation and recovery outcomes. It is less likely that clients older than 12 years will have to cross-subsidise under-13-year-old visits in comparison to Options 1 and 2. Co-payments for all injured children under 13 will be less (estimated to be a maximum of $35 to $38 per visit).
Option 4	The cost is increased to the Non-Earners' Account by $64.2 million over 3 years. A greater cost than Options 1, 2 and 3 to provide more GP services such as	It is estimated that 100% of children under 13 years will have free visits to doctors (although GPs could still charge co-payments if they wish) which is likely to lead to improved rehabilitation and recovery outcomes.

Options	Costs	Benefits
	training more GPs or encouraging more GPs to immigrate with increased usage. Sick children will be less well funded than injured children. Usage is likely to increase more than Options 1, 2 and 3 with injured children visiting the GP unnecessarily.	Adults should not have to subsidise children and may in some cases benefit from cross-subsidy from children's payments. GPs will benefit from increased income in some cases.
Option 5	A greater cost than Options 1 & 2 to provide more GP services such as training more GPs or encouraging more GPs to immigrate with increased usage. GPs will be funding the Government's under 13s free visits policy and will not be able to sustain the cost. Adult rates will increase, in some cases up to $60 more per visit as GPs are likely to use adult payments to subsidise children. Usage is likely to increase as much as Option 3 with increased demand on GP services. Government and ACC relationships with the sector will worsen considerably. Cost of legislating.	The Non-Earners' Account cost will not be increased. 100% of children under 13 will have free visits to doctors with child health expected to improve as much as Option 3.

The table below summarises how well the various options meet the objectives.

Objective	Option 1: rates at lower level to provide 82% coverage	Option 2: Rates at medium level to provide 89% coverage	Option 3: Rates at higher level to provide 90% coverage	Option 4: Rates to provide 100% coverage	Option 5: Legislation or regulations to provider 100% coverage
Access to free visits	√	√√	√√√	√√√√	√√√√
Affordable	√√√	√√	√√	XXX	√√√√
No subsidy by adults	X	√	√√	√√√√	XXXX
Usage is within estimates	√√	√	√	X	X
Health sector impact	X	√	√	X	XXX
Free doctors visits for under 13s	**Meets to some extent**	**Meets better than Option 1**	**Meets better than Options 1 and 2**	**Meets better than Options 1, 2 and 3 but at unsustainable cost.**	**Meets better than Option 1 and 2 but at cost to health sector and adults**

Conclusions

37. Option 3 while not fully meeting the objective of free visit coverage meets the objective better than the Options 1 and 2. Options 1 to 3 are affordable. Option 4 which provides for 100 per cent coverage is very costly and would result in a number of GPs paid under the Cost of Treatment Regulations receive more funding than their co-payment charges. Subsidy by adults is expected to be greatest with Options 1 and 5 and least with Option 4. Usage is expected to increase the most with Option 4 and consequently have the most impact on the health sector. However the primary objective is to provide free doctors visits for under-13-year-olds. Option 4 meets this objective the best, but at an unaffordable cost. Option 3 provides a middle ground where 90 per cent of children under 13 are covered at a reasonable cost. Option 5 while being very low cost would result in increased subsidy by adults, affect the viability of general practices, increase usage and result in very difficult relationships between Government, ACC and the health sector.

Issue 2: Options for access to nurses/ nurse practitioners' visits

38. Three options were considered:

- Option 1 – nurses are not paid a separate rate for under-13-year-old visits but nurse practitioners are paid the same additional amount as GPs ($24)
- Option 2 – nurses will be paid an additional $5 per visit while nurse practitioners are paid the same additional amount as GPs ($24)

- Option 3 – nurses and nurse practitioners are paid the same additional amount as GPs ($24).

The table below shows the three options with the expected payment and total cost.

Service		Status quo	Option 1	Option 2	Option 3
Nurse practitioners paid under regulations	Under 13s	$26.45	$50.45	$50.45	$50.45
Nurses paid under regulations		$14.45	$14.45	$19.45	$38.45
*Additional cost (over 3 years) with usage increase at 15%			Neg.	$280,000	$1,050,000

*Does not include contracted providers.

Costs and Benefits

39. The table below assesses the costs and benefits of the three options for providing free visits to nurses and nurse practitioners paid under regulations for under-13-year-olds.

Options	Costs	Benefits
Option 1	The cost to the Non-Earners' Account is negligible as there are only 22 nurse practitioners in general practice.	Children would have better access to nurse practitioners which may lead to improved rehabilitation and recovery outcomes to a very small degree. The role of nurse practitioners in the health workforce is recognised. GPs would have more assistance with increased workload to a small extent.
Option 2	The cost to the Non-Earners' Account would be between $210,000 and $280,000 with a usage increase of between 5 and 15%.	Children would have better access to all providers in general practice which may lead to improved rehabilitation and recover outcomes to a greater degree than Option 1. The role of nurse practitioners and nurses in the health workforce is recognised. General practices would be able to use their workforce more efficiently and GPs would have increase assistance over Option 1.
Option 3	The cost to the Non-Earners' Account would be between $910,000 and $1,050,000 with a usage increase of between 5 and 15%. The payment to nurses would be considerably in excess of the actual co-payment resulting in an unnecessary cost.	Children would have better access to all providers in general practice which may lead to improved rehabilitation and recovery outcomes to a greater degree than Options 1 and 2. The role of nurse practitioners and nurses in the health workforce is recognised but the value to nurse practitioners may be diminished to some extent given they are paid the same additional amount as nurses. General practices would be able to use their workforce more efficiently but the payments would not reflect the current payment structure.

The table below summarises how the various options meet the objectives.

Objective	Option 1	Option 2	Option 3
Access to free visits	√	√√	√√√
Affordable	√√√	√√	√
No subsidy by adults	X	√√	√√√
Usage is within estimates	√√√	√√	√
Health sector impact	X	√√√	√√
Free doctors visits for under 13s	**Has very little additional effect over the status quo.**	**Has a reasonable improvement over the status quo.**	**Has a substantial improvement over the status quo but would result unnecessary expenditure.**

Conclusions

40. Option 1 will provide improved coverage and access to nurse practitioners for under-13-year-olds, Options 2 and 3 will provide greatly increased coverage and access to free visits to nurses and nurse practitioners. Option 2 has a reasonable cost and the proposed payments reflect existing co-payments. Option 3 has a higher cost than Option 2 and the proposed payments particularly for nurses are considerably higher than existing co-payments. Option 3 would mean unnecessary expenditure.

Risks

41. The primary risk is that usage will increase beyond the expected level of 5 to 15 per cent with the likelihood of having to seek more funding for or reprioritisation of the Non-Earners' Account funds from Government. The costs associated with a greater than estimated increase in usage are outlined in the table below

Rate uplift	Under 6 visit increase	6-12 visit increase	2015/16 ($m)	2016/17 ($m)	2017/18 ($m)	3 year total ($m)
$22	5%	15%	7.9	8.4	8.9	25.2
		25%	9.0	9.6	10.2	28.7
	15%	15%	8.8	9.4	10.0	28.2
		25%	9.9	10.6	11.3	31.8
$24	5%	15%	8.5	9.0	9.7	27.2
		25%	9.6	10.3	11.0	30.9
	15%	15%	9.5	10.1	10.8	30.4
		25%	10.6	11.3	12.1	34.1

42. With increased usage, health practitioners in general practices come under greater pressure and may not have sufficient time to offer the best medical care. This will be somewhat offset by including nurses and nurse practitioners in the proposal.

Consultation

Public consultation

43. ACC consulted informally with GPs during the process of option selection. Some options were discarded as being too low to provide a sufficient level of free visits at this stage.

44. A public consultation took place from 19 December 2014 to 27 January 2015. Approximately 180 organisations and individuals including claimants, health providers, GPs PHOs, DHBs and Māori were emailed by the Ministry of Business, Innovation, and Employment advising of the consultation. The consultation document was available on the MBIE labour website with links on the ACC website.

45. 21 submissions were received, including 12 from GPs (most from higher socio-economic areas), three from nurses organisations and one from the NZMA. A summary of submissions is attached as Annex 1.

46. Key points that were made include:

    - General support for the policy in principle
    - All GPs and the NZMA commented that the proposed $22 was insufficient to fully implement the Government's policy of free doctors visits for under-13-year-olds. Some suggested an appropriate figure ranging from $32 to $46 per visit increase. A number also commented that costs would be transferred to other patients if the contribution was not sufficient to pay for free visits. Most GPs who submitted had practices in areas with a higher socio-economic status.
    - The nurses' organisations commented that nurses and particularly nurse practitioners should be included in the proposal to enable efficient use of a general practice's workforce. For example, a nurse can undertake a number of treatments without involving the GP and would be encouraged to do so if a separate under 13s rate was offered.
    - Some GPs commented on the likelihood of an increase in visits by under-13-year-olds particularly those in a higher socio-economic group and suggested that the payments should be more focused on under 13s who could not afford the cost of visits.

47. Given the submission regarding the costs of practices an increased payment is recommended. We would expect 10 per cent of practices not to be able to offer free visits at the proposed rate of payment.

48. The point that nurses and nurse practitioners should also be included in the proposal has been considered and adopted as this will help solve workforce issues and could improve access to free health care. GPs would be available to treat more complex issues.

49. Targeting those who have a greater need for free visits is difficult for ACC given the method of funding (per visit) and the ability to monitor whether or not a child is in a high need group. It would also increase administration costs for general practices. This point should be considered in the future when reviewing payments and payment methods.

Conclusions and recommendations

50. Option 3 of the GPs proposal combined with Option 2 of the nurses' proposal is estimated to provide free visits for 90 per cent of under-13-year-olds. These options will also help address

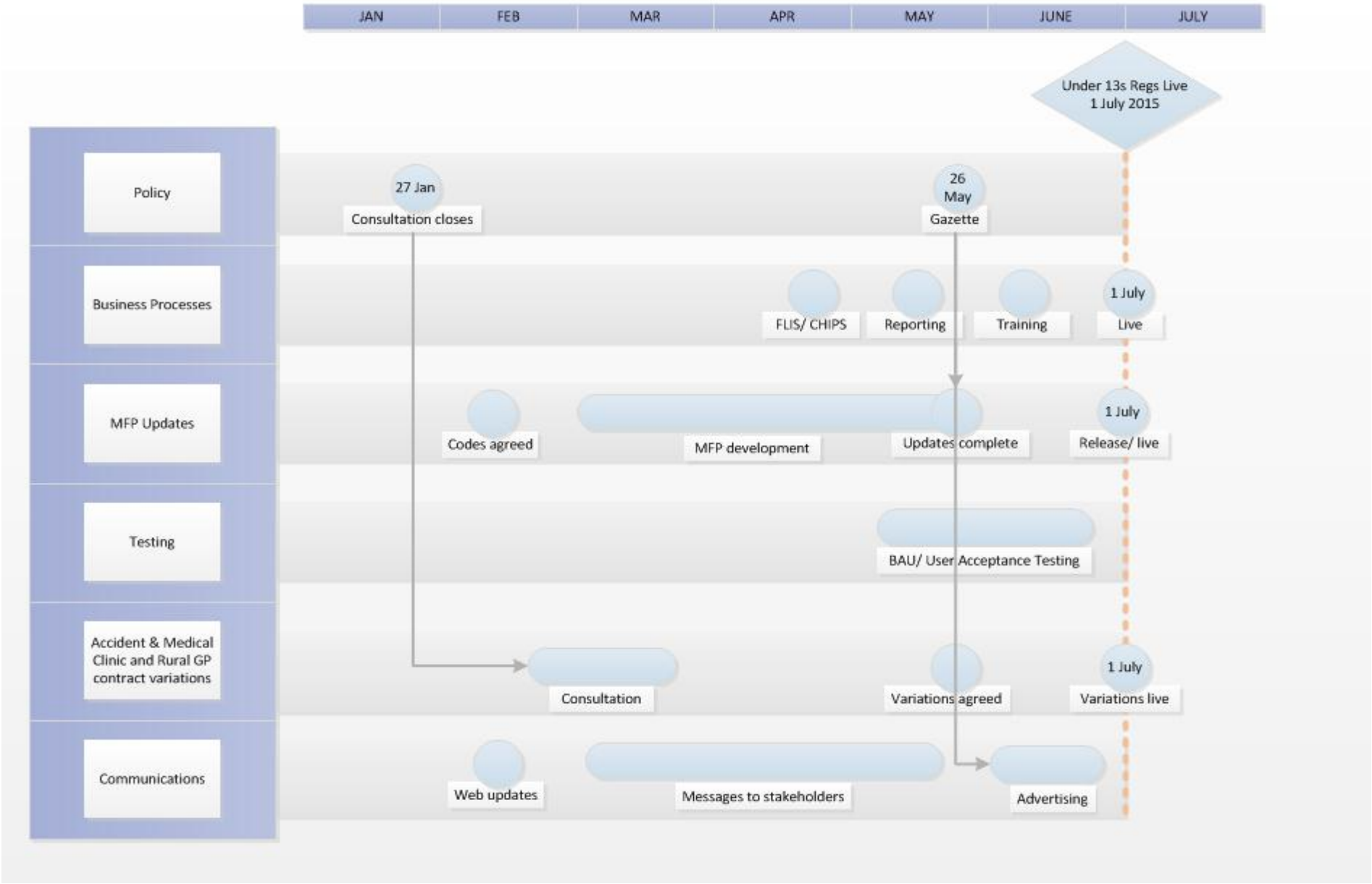
expected increases in usage by enabling practices to make best and most efficient use of their workforce. With this combination, clients 13 years and older are less likely to have to subsidise the children's free visits. The combined option is also affordable and is expected to improve the health of these children overall.

Implementation plan

1. An amendment will be needed to the Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003. If all treatment providers were under contract it would be possible to dispense with these regulations. This would increase rather than reduce compliance costs as providers currently paid under regulations would have to be contracted. This might be practicable in some circumstances, for instance, if ACC was able to contract with Primary Health Organisations (PHOs) who are currently responsible for negotiating funding for children's health related visits for GP practices within the PHO. Most other treatment providers paid under the Cost of Treatment Regulations operate small businesses where contracting is not cost-effective. The Cost of Treatment Regulations would still be needed in these cases.

2. The implementation plan is in the figure on Page 14 below.

3. 1 July 2015 is a tight timeframe for consultation, investigation, communicating the change, contract negotiations, and updating systems and business processes to accommodate the change, presenting a risk for meeting the deadline. The project needs additional resources to manage this change to implementation, minimising this risk by careful monitoring of key deliverable timeframes.


JAN
FEB
MAR
APR
MAY
JUNE
JULY
Under 13s Regs Live
1 July 2015
Policy
27 Jan
Consultation closes
26
May
Gazette
Business Processes
FLIS/ CHIPS
Reporting
Training
1 July
Live
MFP Updates
Codes agreed
MFP development
Updates complete
1 July
Release/ live
Testing
BAU/ User Acceptance Testing
Accident & Medical Clinic and Rural GP contract variations
Consultation
Variations agreed
1 July
Variations live
Communications
Web updates
Messages to stakeholders
Advertising

Monitoring, evaluation and review

4. The Cost of Regulations are required by legislation to be reviewed annually to check whether there are increasing costs for rehabilitation and whether ACC's treatment contribution needs to change to meet rehabilitation costs. This includes looking at co-payment surveys to assess the level of contribution being made by claimants and consultation with treatment providers and claimants.

5. The Review may benefit from better information on the affordability of various treatments and also the effect that poor access to treatment has on the recovery rate of claimants.