





Consultation on increasing regulated ACC payments for treatment

Seeking your views on:

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- **applying a general inflation increase in ACC payments for treatment providers**
 - **enabling lower cost general practice visits for Community Services Card holders by increasing ACC payments**
 - **enabling fee-free general practice visits for children under 14 years old by increasing ACC payments**
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Submissions are due by 5.00 pm on Tuesday 11 September 2018 (see page 10 for details)

These increases require changes to the Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003 which can be viewed at:

<http://www.legislation.govt.nz/regulation/public/2003/0388/latest/DLM235778.html/>

Introduction

The Government is proposing to apply a general inflation increase in ACC payments for all treatment providers for diagnostic and treatment at 1.56 per cent.

The Government is further proposing to increase ACC payments to enable:

- free General Practice visits for children under 14 years old to address financial barriers to accessing primary care
- lower cost access to general practice for Community Service Card (CSC) holders, and their dependants aged 14 to 18 years.

This aligns with the approach being implemented in the Health system through the Primary Health Organisation (PHO) negotiations to implement the Government's primary care initiatives.

Implementation of these proposals requires changes to the Accident Compensation (Liability to Pay or Contribute to the Cost of Treatment) Regulations 2003 (the Regulations).

GPs not paid under regulations

There are GPs in urgent care clinics and rural general practices that receive ACC funding under contract rather than Regulations. ACC will discuss the new payments with contract holders, in-line with the Government's commitments.

What are the Regulations for?

ACC pays for treatment either under contracts or in accordance with Regulations made under the Accident Compensation Act 2001 (AC Act). The use of Regulations is efficient because of the large number of treatment providers who provide treatment for ACC claimants.

Section 324 of the AC Act allows the making of regulations prescribing:

- the costs that ACC is liable to pay for rehabilitation (including treatment)
- when and how payment is made
- who those payments are made to.

The Regulations prescribe the rates that ACC pays or contributes for consultations, specified treatments and imaging provided to ACC claimants by counsellors, dentists, radiologists, providers of hyperbaric oxygen treatment, medical practitioners (GPs), nurses, nurse practitioners, medical specialists, and specified treatment providers (acupuncturists, chiropractors, occupational therapists, osteopaths, physiotherapists, podiatrists, and speech therapists).

Policy objectives

The policy objectives for considering the cost of treatment contributions are:

- Treatment costs are affordable to support access
- Costs to ACC are financially sustainable
- Payments do not cause issues in the health sector.

Payments for entitlements enable affordable treatment for claimants

Claimants need to be able to access treatment for their injuries and therefore the co-payment charged by providers for treatment must be affordable. The annual Health Survey¹ shows that cost is a key reason why people do not seek treatment.

Costs to ACC are financially sustainable

Increases made to payments under the Regulations should be kept to an appropriate level so that the effect on levies and the Non-Earners Account is reasonable. Small regular increases are more manageable than infrequent larger increases.

Payments do not cause issues in the health sector

Any increases in rehabilitation payments made by ACC need to take into account payments being made in the health sector in general. This is key to reducing inequity and inconsistency of funding in the health sector.

How to read this paper:

Proposal 1 outlines a proposal to increase ACC contributions for treatment under the Regulations by 1.56 per cent.

Proposal 2 outlines a proposal to increase ACC contributions to support low cost general practice visits for people with Community Services Cards.

Proposal 3 outlines a proposal to increase ACC contributions to support extending free general practice visits for children under 13 to children under 14 years old.

Proposal 1: Provide an inflationary increase of 1.56 per cent to the regulated rates for all treatment providers

Background

Section 324A of the AC Act specifies that ACC must conduct an annual review of the amounts prescribed in the Regulations taking into account cost increases for rehabilitation, and make recommendations for any regulated increases to ACC's regulated treatment cost contributions to the Minister for ACC to publicly consult on. Following consultation (undertaken by the Ministry of Business, Innovation and Employment on the Minister's behalf), the Minister for ACC may seek Cabinet agreement to make changes to the regulated ACC contributions.

¹ Ministry of Health. 2015. *Annual Update of Key Results 2014/15: New Zealand Health Survey*. Wellington: Ministry of Health.

The aim would be for any agreed regulated changes to take effect on 1 December 2018. The rates were last increased by 2.22% on 1 December 2016.

Current state

In 2016/17 year ACC paid \$258 million to around 14,800 treatment providers under the Regulations on a fee for service basis. ACC currently has 75 contracts with approximately 2,750 suppliers.

This funding supported 1.9 million people to access 2.5 million treatments.

Increase calculated using inflation indexes

For the Regulations annual review ACC uses current inflation index information from Statistics New Zealand as an indicator of the increase in the cost of treatment and rehabilitation.

ACC estimates a single adjustment to regulations. This adjustment reflects a mix of Consumer Price Index Health and Labour Cost Index Health considerations.

Following ACC's 2017 annual review, ACC recommended that the Minister for ACC publicly consult on an increase of 1.56 per cent across all regulated payment rates for treatment providers (see Table 1).

Table 1: Services eligible for payment increases

Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003		
Provider	Regulation	Service
Counsellors	9	Consultation
Dentists	10 and Schedule	Consultation and treatment costs
Hyperbaric oxygen	11 and Schedule	Treatment costs
Radiologists	12 and Schedule	Imaging and reporting
Medical practitioners	13 and Schedule	Consultation and treatment
Nurses	14 and Schedule	Consultation and treatment
Medical practitioners and nurses	15 and Schedule	Combined consultation and treatment
Nurse practitioners	15A and Schedule	Consultation and treatment
Specialists	16 and Schedule	Consultation and treatment
Specified treatment providers (acupuncturists, chiropractors, occupational therapists, osteopaths, physiotherapists, podiatrists and speech therapists)	17 and Schedule	Consultation, treatment and imaging

Table 2 has examples of the effect of the proposed increase on selected payments.

Table 2: Examples of proposed increase (excluding GST)

Service	Current payment	Increased payment with 1.56 per cent	Increase
Medical practitioners consultation for children over 13	\$31.53	\$32.02	\$0.49
Medical practitioners and nurses combined consultation for children over 13	\$34.48	\$35.02	\$0.54
Specified treatment providers' consultation	\$23.06 per visit, or \$58.02 per hour	\$23.42 per visit or \$58.93 per hour	\$0.36 per visit or \$0.91 per hour

How does this proposal meet the objectives?

The proposal provides an additional 1.56% ACC contribution to regulated treatment costs to enable treatment providers to hold their prices against inflationary pressures. However, some claimants may still have difficulty accessing treatment because of cost. There is no specific information available on the effects of cost on ACC claimants' access to treatment, but the annual Health User Survey indicates cost is a key barrier, particularly for Māori, Pasifika and people with low incomes. This proposal aims to prevent an increase in cost as a barrier to accessing treatment.

The proposal is estimated to cost around \$8.7 million over four years for the Non-Earners' Account, funded by the Crown, and around \$12.8 million over four years for the levied accounts but this will have no perceptible effect on levy rates. These amounts are within ACC's forecasts, and considered sustainable.

The increase, being small, is not expected to affect other health funders.

Risks

The proposed increase does not ensure that providers will not pass increased costs to claimants. There is no regulatory mechanism for ensuring claimants receive the benefits of any increases to funding.

Question

What is your view of the proposed 1.56 per cent increase to the payments listed in Table 2? Please give your reasons.

Proposal 2: Introduce an increased ACC contribution for general practice visits for people with Community Services Cards

Background and objective

The Government is extending the eligibility of the Community Services Card (CSC) to Housing New Zealand tenants and people with an Accommodation Supplement or Income Related Rent Subsidy, so that more low income New Zealanders can access low cost general practice visits.

Ministry of Health contributions to Primary Health Organisations will also be increased to reduce the cost for CSC holders to visit a general practice.

Current situation

Apart from a higher rate for children under 13 years, the regulations set the one ACC contribution rate for people to access general practice when they are injured. This means that people face the same cost of seeing their GP, regardless of whether they have a high or low income.

While this arrangement works for some New Zealanders, not everyone can afford the health care they need, including access to the accident compensation scheme. For over half a million adults (14.3 percent) cost is a barrier for accessing health care (New Zealand Health Survey 2017). Māori, Pasifika and people on low incomes are consistently the most affected.

Proposal

To ensure that low income people who are injured also benefit from the Government's initiative to improve access to primary health care, it is proposed that the regulations include higher contributions for CSC holders for general practice visits.

The proposal is that the regulations set higher ACC contributions for CSC holders and their dependants aged 14 to 18 years for injury-related visits to a GP, joint GP and nurse, nurse practitioner, or nurse (noting that proposal 3 is to extend funding for free visits for those under 14 years old).

The rates proposed are to support general practice to charge a maximum co-payment of \$18 for CSC holders and \$12 for their dependants (aged 14 to 18 years). The proposed rates are set out in Table 2.

Table 2: Contribution rates for general practice visits for CSC holders (excl. GST)

Service	Current rates for claimants 13 and over	Additional payment for CSC holders	New rate for CSC holders (including 1.56% increase)
GP consultation	\$31.53	\$13.10	\$44.63
GP and nurse	\$34.48	\$13.15	\$47.63
Nurse practitioner	\$27.04	\$13.03	\$40.07
Nurse consultation	\$14.77	\$1.06	\$15.83

Table 3: Contribution rates for general practice visits for dependants of CSC holders (excl. GST)

Service	Current rate for claimants 13 and over	Additional payment for dependants of CSC holders	New rate for dependants of CSC holders (including 1.56% increase)
GP consultation	\$31.53	\$18.32	\$49.85
GP and nurse	\$34.48	\$18.36	\$52.84
Nurse practitioner	\$27.04	\$18.25	\$45.29
Nurse consultation	\$14.77	\$2.91	\$17.68

How does this proposal meet the objectives?

The proposal would provide additional contribution for CSC claimants and their dependants aged 14 to 18 years to enable GP clinics to set patient co-payment charges for this group that are more affordable. This would help to improve access to treatment and ACC by people on low incomes.

When funding was increased under the regulations to support free doctors' visits to children under 13 year olds, the number of visits for this age group increased. On this basis, the proposal is estimated to increase treatment for people on low incomes by around 47,300 visits in the first year.

More broadly, the initiative would reduce low income families' financial outlay on health costs, raising the general wellbeing of low income families and communities.

The proposal is estimated to cost \$37.6 million over four years for the Non-Earners' Account. Given eligibility for CSC extends to working families, there would also be a small impact on the Earners' and Work Accounts' levies.

The proposed increase aligns with the Ministry of Health's increased contribution for CSC holders via Primary Health Organisation funding, and will support consistency across the systems. The additional funding would also support the sustainability of general practices, particularly those areas with low income communities.

Risks

There is a risk that the additional contribution will not be passed on in full to CSC holders and their dependants as the Regulations do not limit what providers may charge ACC claimants for a visit. When additional funding was regulated for free doctors' visits for children under 13, for example, around 15% of general practices continued to charge fees for visits by under 13 year olds.

Question

What is your view of the proposed increase in contributions for Community Services Card holders and dependants? Please give your reasons.

Proposal 3: Enable injured children under 14 years old to receive free injury-related general practice visits

Background and objective

The Government intends to extend free general practice visits and free prescriptions for children under 13 years old to those under 14 years old to increase access to health care. ACC pays for general practice visits at a rate that is prescribed in the Regulations.

Current situation

The Regulations currently provide funding to support free general practice visits for children under 13 years old. This proposal is to extend this funding to children under 14 years old. Current ACC payment rates for a visit to a GP, a combined rate for GP/nurse visits, nurse practitioners, and nurse visits are set out in Table 2.

Proposal

It is proposed to extend the current rates for nurse and GP visits for children under 13 years old to children under 14 years old. Table 3 sets out the proposed new payments.

Table 3: Funding for GP visits (excl. GST)

Service	Current rate for claimants 13 years old and over	Current rate for claimants under 13 years old	Additional funding for claimants 13 years old	New rate for claimants under 14 years old (with 1.56% increase)
GP consultation	\$31.53	\$56.07	\$25.41	\$56.94
GP and nurse consultation	\$34.48	\$59.01	\$25.45	\$59.93
Nurse practitioner	\$27.04	\$51.57	\$25.33	\$52.37
Nurse consultation	\$14.77	\$19.88	\$5.42	\$20.19

How does this proposal meet the objectives?

It provides an additional contribution for 13 year old claimants to enable GP clinics to provide free visits.

This proposal is expected to improve access to treatment for 13 year olds. When funding was increased to support free doctor visits to children under 13 years old, the number of visits for this age group increased by 13.8 per cent in the first year. On this basis the proposal is estimated to increase access by around 1500 visits in the first year. Around 90% of all children under 14 years old would receive free GP visits.

The proposal is estimated to cost \$4.7 million over four years for the Non-Earners' Account. There are no impacts on levies.

The proposed increase corresponds to a proposal by the Ministry of Health to increase Primary Health Organisation funding to extend free visits to 13 year olds, and will support consistency across the systems.

Risks

There is a risk that the additional contribution will not ensure free general practice ACC visits for children under 14 years old as the Regulations do not limit what providers may charge for a visit. When additional funding was regulated for free doctors' visits for children under 13 years old, for example, around 15% of providers continued to charge under 13 year olds fees.

General practices may also charge older claimants a higher rate to ensure children under 14 years old have free visits.

Question

What is your view of the proposed increase in funding for children under 14 years old? Please give your reasons.

How to give feedback

Your opinion is sought on the proposed regulation changes. If you would like to have your views taken into consideration, please respond on the separate submission form. If you need additional pages, please add them to the form clearly stating which proposed change you are giving feedback on.

Where to send your submission

Email: ACregs@mbie.govt.nz

Post:

The Manager
Accident Compensation Policy
Ministry of Business, Innovation, and Employment
PO Box 1473
Wellington, 6140

Closing date for submissions

Submissions must be received by **5pm on Tuesday 11 September 2018.**

Official Information Act

The Ministry of Business, Innovation and Employment and ACC are subject to the Official Information Act 1982, which means that your submission may be made available to those seeking information under that Act.