ROYAL AUSTRALASIAN COLLEGE OF SURGEONS RACS

Patron H.R.H The Prince of Wales

19 May 2017

Mr Paul Watson
Manager Strategy and Relationships
Health Workforce New Zealand
Ministry of Health

Via email: info@healthworkforce.govt.nz

Dear Mr Watson

Investing in New Zealand's Future Health Workforce. Post-entry training of New Zealand's future health workforce: Proposed investment approach

Thank you for the opportunity to comment on HWNZ's consultation document, "*Investing in New Zealand's Future Health Workforce. Post-entry training of New Zealand's future health workforce: Proposed investment approach*".

The Royal Australasian College of Surgeons (RACS) is the leading advocate for surgical standards, professionalism and surgical education in New Zealand and Australia. RACS is a not-for-profit organisation that represents more than 7000 surgeons and 1300 surgical trainees and International Medical Graduates. As part of its commitment to standards and professionalism, RACS strives to take informed and principled positions on issues related to surgical care in New Zealand including the training of the surgical workforce.

MCNZ has accredited RACS as the training organisation for nine surgical vocational scopes – cardiothoracic surgery, general surgery, neurosurgery, orthopaedic surgery, otolaryngology head & neck surgery, paediatric surgery, plastic & reconstructive surgery, urology and vascular surgery. RACS determines the curriculum, standards and training requirements. It runs the examinations and courses and, in conjunction with specific specialist surgical societies, the administration associated with each programme. The clinical practice components of the programmes occur within District Health Boards (DHBs) who are the employers of the surgical trainees.

The potential impact on training numbers from changes to funding for post-entry medical training is, therefore, a matter of considerable interest to RACS.

Executive Summary

RACS does not support the introduction of the HWNZ's proposed contestable funding model for the following reasons:

- It is inappropriate to be deciding on investment decisions before a national workforce strategy and its priorities are in place.
- There is no evidence that the proposed fully contestable funding model has a sound economic base or would be effective in delivering a sound and responsive health workforce.
- For training organisations who are not employers or funders and who have national programmes across many DHBs the application process will be resource intensive, costly and complex, yet with no surety of outcome.
- The potential impact of the proposed model on disinvested specialties seems not to have been considered and there is no identified pathway for any 'appeal' against disinvestment decisions.
- If implemented, the new system must be closely monitored and evaluated and to ensure any unintended negative consequences are noted early and changes made to address those.

College of Surgeons of Australia and New Zealand
New Zealand Headquarters: Level 3, 8 Kent Terrace, Mount Victoria, Wellington 6011
Postal Address: PO Box 7451, Newtown, Wellington 6242, New Zealand
Tollfree (NZ Only): 0800 787 469 / 0800 SURGNZ **Telephone:** +64 4 385 8247 **Facsimile:** +64 4 385 8873
Email: college.nz@surgeons.org **Website:** www.surgeons.org

General comments

HWNZ has stated that the current funding arrangements do not readily enable it to promote certain medical specialties over others although the HWNZ document does not clarify why that is so. It has identified that it wants to have its "medical training funds" able to be used for infrastructure and to train other regulated and non-regulated health staff; and sees its proposed contestable funding model as the mechanism to do this. However, the HWNZ document does not discuss the impact of the proposed model on current medical training programmes.

HWNZ's rationale for change is that the current system is '*based largely on historic and current hospital based service needs*' and therefore '*not responsive to future health care needs'*, '*does not have a standard approach to prioritising funding'* and '*is neither transparent nor rigorous'*. Information to support those assertions has not been provided.

In presentations on the proposed changes, HWNZ has stated that additional training funds could be sought from government in the future and that it would use the business cases submitted for its proposed model to access additional funds. Development of business cases for funding of training is surely a core activity for HWNZ now and it should not be relying on training organisations to supply these. It is not apparent from the document whether HWNZ has submitted business cases to government in the past and, if so, whether or not these were successful.

National workforce strategy

HWNZ does not have a national strategy at present. It acknowledges the need for such a document that will set out '*a vision, principles, and key themes and (that) identifies national strategic priorities ... to inform investment decisions*". Its document suggests that information from those applying for the contestable funds will assist it to develop this strategy.

> **It is precipitous and inappropriate to be deciding on and implementing a mechanism to make investment decisions before such a strategy and its priorities are in place.**

Disinvestment

Much of the consultation document focuses on the contestable funding process. It acknowledges this can only begin after there is disinvestment from existing programmes but devotes only a minor segment of the document to the disinvestment process. HWNZ states that it will identify the "candidates for disinvestment" using criteria proposed to determine which applications receive the contestable funds. Those applying for contestable funds will be required to provide information to HWNZ on how their training programme meets those criteria. For disinvestment, the decisions and process rests solely with HWNZ.

Medical vocational training takes many years and the consequences in the specialist workforce of disinvestment may not be immediately apparent. It is vital that monitoring and evaluation of HWNZ decisions on disinvestment is established from the beginning so that early signs of negative consequences can be noted. Immediate changes would need to initiated in an attempt to reverse those effects. This is particularly necessary for small specialties where a small decrease in training numbers can have a marked impact some years later.

RACS has noted that on several occasions senior HWNZ officials have used surgical training as an "example" for potential disinvestment. It has been said that DHBs will continue to employ trainees in order to fulfil their surgical service agreements with the Ministry. There is no doubt that RMOs will be needed for that work. However, non-training registrars will have fewer or no fees for examinations, courses or the training programme and do not have the additional study leave provided to vocational trainees under their employment contract. They will be a cheaper employment option for any DHB as payment of these costs is required by the employment contract between a DHB and its RMOs even if a DHB receives no funds from HWNZ. Therefore, in contrast to HWNZ's opinion, RACS considers that it is quite possible that surgical trainee numbers may be reduced by DHBs in favour of non-training RMOs for local, budgetary reasons.

> **Should this contestable funding model be implemented, HWNZ's proposals regarding disinvestment, and its reasons for that, should be open to a response by the training organisation(s) whose programme(s) is/are proposed for disinvestment.**

Use of current funding

Vocational trainees currently receive funding assistance from their employing DHB to defray their training expenses. While this information may not be documented and shared with HWNZ at present, it is likely that the funds DHBs receive from HWNZ are used for training expenses and costs associated with providing cover when vocational trainees are absent for required courses, examinations and study leave. HWNZ states it has no information on use of the funds it provides now to DHBs and others. However, the document does not explain why HWNZ does not request and require such information, at least on the reimbursement of direct expenses to registered vocational trainees.

Proposed model

It is critical to consider whether this proposed move to a contestable funding model for all HWNZ funds will improve the health workforce or merely create a different set of problems.

While the document outlines a number of challenges, the proposed model is at a highly conceptual level. HWNZ supports a sliding scale model whereby a proportion of its current funds are contestable every year, until all funds are contestable. Thus every medical postgraduate training programme currently receiving funding will, at some time, have to apply for contestable funds. The co-design referred to has been undertaken by DHBs and HWNZ and it is very short on any practical details regarding application, implementation and consequences. Applications for funding where the employer and trainer are one-and-the-same are likely to be difficult but where the employer is separate from the training organisation the process will be even more complicated. When national and / or binational programmes are involved there is even greater complexity.

Vocational medical training programmes vary amongst the specialties. In the nine surgical specialties associated with RACS, trainees cannot undertake their training in one DHB. For the five largest specialties (general surgery, orthopaedic surgery, otolaryngology head & neck, plastic & reconstructive surgery and urology) trainees move between DHBs and those moves generally include both metropolitan and provincial DHBs. At present 17 DHBs are utilised for training across those specialties. Our New Zealand population is too small to provide the range of experience required for most of RACS' smallest specialties (cardiothoracic surgery, neurosurgery, paediatric surgery and vascular surgery) and vocational trainees in most of those have to spend some of their training years in Australian hospitals.

Considerable coordination is required to ensure trainees in all nine specialties gain the relevant and necessary variety, intensity, quantity and quality of experiences throughout their vocational training years. That coordination relies on long term planning and accreditation of training posts and a national commitment by DHBs to those accredited posts, even though a DHB may not benefit in the future from training a specific individual. Any proposals to HWNZ for surgical training under the contestable model would need to have the agreement of multiple DHBs for current standards to be maintained. Negotiating agreements for such proposals once, let alone repeatedly as the contestable cycle turns over, is likely to be complex, both time and resource intensive and will have no surety of outcome. Achieving a contestable funding application may well be beyond the resources of this College.

The HWNZ document recognised the focus of employers on local needs when it decided not to use an employer-led process model. As RACS is not the employer or funder of the trainees and does not provide funds to the employer to assist with training, we have no leverage that might ensure the current national / binational surgical training levels continue. That focus on local needs may result in DHBs considering cheaper options, such as non-training RMOs, and focusing on their own immediate needs rather than national benefits.

HWNZ has stated in its agreed principles underpinning the development of the revised funding allocation model (Appendix Two of the consultation document) that a sustainable supply of non-prioritised vocational training specialties has to be assured. However, as all funds are to be introduced into the contestable cycle over time it is very difficult to see how that principle could be applied. There is no information in the consultation document to explain how that sustainable supply can be assured.

The document suggested the funding decisions use a PHARMAC-like model to be both transparent and rigorous. While those are important principles, medical workforce training is not like a purchasing a drug that may be changed at short notice for another (often cheaper) option. Medical training is a lifetime professional commitment and return on investment cannot be assessed across that timeframe. While we know care systems and technology will change over time, we cannot predict far into the future how this may impact on the skills required of our health workforce. We do know that our current medical training systems have incorporated many

technological, pharmaceutical and system changes over recent decades and there is no reason to suggest they will not continue to do so.

Well trained primary healthcare professionals are important in any developed health care system but, for their work to be successful, they have to be matched with quality secondary and tertiary care. Moving funds from one group to another without sufficient consideration and research into potential consequences is likely to shift problems to another area.

The quality of care provided in our secondary and tertiary institutions is reliant on there being a range of skill levels amongst RMOs. If training numbers are reduced, the number of skilled RMOs will also reduce and that may well have an adverse impact on patient care.

HWNZ is aware that our ageing population and its associated needs for increased surgical interventions for many health issues will require an increase in current surgical numbers. Introducing the proposed contestable funding system has the potential to destabilise and reduce training numbers rather than increase local supply, leaving New Zealand even more reliant on overseas trained specialists.

> **The potential consequences of the proposed contestable funding model and their impact on training of the surgical (and other specialty medical) component of the health workforce seem not to have been considered by HWNZ**

Workforce distribution

Maldistribution of the New Zealand health workforce is a recognised problem. However, there is no evidence that introducing contestable funding will change that. RACS suggests it would be more effective for HWNZ to conduct research into what influences a practitioner's decision to work in a particular specialty and / or location. The results of such research could be used to assist with this problem.

Conclusion

RACS does not support the introduction of the proposed contestable funding model.

There is no evidence or information provided to support fully contestable funding of the health workforce having a sound economic base; or that this proposed model would be effective in delivering a sound and responsive health workforce. The model has the potential to de-stabilise existing systems, which would then be very difficult to re-establish.

The document refers to strategic allocation of funds but, in the absence of a base document such as a national health workforce strategy, this does not seem possible. All funds are targeted to become contestable over time and, while the document refers briefly to ensuring a sustainable supply of non-prioritised training, there is no explanation on how that could be achieved within a contestable environment. There is very limited information on the disinvestment process and no suggestion that the impact of those decisions would be monitored to ensure that they do not have unintended negative consequences. The funding application process will be resource intensive, costly and with no surety of outcome. For training organisations who are not employers or funders and who have national programmes across many DHBs the process will also be very complex.

RACS recommends HWNZ develop the proposed national health workforce strategy as a priority; require reports from DHBs on the payments to vocational trainees to support vocational training activities; use its own resources to develop business cases for additional funding for the training of other regulated health professions and the non-regulated health workforce; and commission research on choice of specialty and work location. Any system changes HWNZ initiates should incorporate a monitoring and evaluation process to ensure any unintended negative consequences are noted early and changes made to remove those.

Yours sincerely

Randall P Morton FRACS
Chair, New Zealand national Board