



**Work and Income**  
Te Hiranga Tangata

A service of the Ministry of Social Development

Dr Designate Doctor  
Convenient Medical Centre  
A town near you  
Telephone:  
Facsimile:

<b>To</b>	Mike Smith GM Strategy and Service Development	<b>Date</b>	19 November 2008
<b>From</b>	Dr David Bratt		
<b>Security Level</b>	UNCLASSIFIED		

MEMO

**FEE ADJUSTMENT FOR DESIGNATED DOCTORS**

<b>Action</b>	For approval	<b>Date required by</b>	26 November 2008
---------------	--------------	-------------------------	------------------

**Purpose**

The purpose of this paper is to recommend an immediate adjustment to the payment schedule for the Designated Doctors reports and the Host Doctor reports.

**Background**

The medical standard for eligibility to an Invalid Benefit (IB) is stringent, requiring a client to be "permanently and severely restricted in his or her capacity to work". Eligibility to a Sickness Benefit (SB) is less stringent but still requires a registered medical practitioner to attest that a health or disability incapacity exists such that a client could only work part time and with some restrictions. Inevitably there are situations where the eligibility is not clear to a Host (or usual) Doctor and/or a case manager leading to a second opinion being required. To ensure that clients can be quickly assessed to establish their entitlement to the appropriate benefit Work and Income established a list of contract "Designated Doctors" to provide this service. This system was set up in 1995 and a fee schedule established. This has not been reviewed since. The original form used was estimated to take around 30 minutes to complete.

In September 2007 the Working New Zealand programme was rolled out complete with new processes, new support positions (in particular the Regional Health and Disability teams), and a new medical certificate. It also removed the requirement that all IB applications or renewals be seen by a designated doctor. This had an immediate and profound effect of the number of designated doctor reports being requested – from around 3,500 a month prior to September 2007 to less than 200 a month in March 2008. Although the legislation stayed unchanged the processes and reports for designated doctor reviews were modified. The list of designated doctors was trimmed from over 1100 to fewer than 400 using a set of criteria which gave Work and Income some confidence in the GPs competence and standing in the



community. Training was developed and rolled out throughout the country to ensure the designated doctors are familiar with the eligibility criteria and the processes. At the education sessions, each attendee was encouraged to complete an evaluation form. In response to the question on concerns the doctors may have about the new process, the following comments have been recorded:

- Remuneration - you will get what you pay for
- Fees - time, host doctor report, attendance fee.
- Time constraints and money. Opportunity raised - too little time/money
- Time to complete reports
- Lack of remuneration
- Time constraints +++
- Payment of \$106 inadequate for complex reports
- Remuneration, Otherwise will be a very worthwhile process
- Time, getting relevant info. Communication with case managers
- Transfer of information, payment issues
- Time required vs. fee for the service
- Time required for completion of report
- Funding, providing enough accurate information

The observation from practitioners that the new Designated Doctor (DD) report will take 45 minutes to complete on average seems to be reasonable. Most of the clients that will now be referred for designated doctor opinions will be complex cases.

Another result of the training survey is that most of the DDs are expecting to request a Host Doctor report on most clients. The new process imposes an additional requirement on the DD to analyse the client information forwarded by the case manager and seek specific advice. In return the Host Doctor will need to find this information and respond. Both of these tasks will strengthen the authority of the DD report but will involve both doctors in additional time. There is currently a \$20 fee for the DD to request the host doctor report and a \$40 fee for the host doctor to respond.

The current fee schedule does not reflect the real costs of providing quality information to Work and Income in 2008. Indeed, the very strong message from the DDs during the training sessions was that most would withdraw their services if a more realistic fee was not forthcoming. This carries a significant risk for Work and Income not only because we will lose the capacity to readily review complex health and disability related situations but we could seriously undermine our improving collaborative relationship with the health providers.

A very conservative estimate of the currently hourly rate for GPs is \$250/hour. The NZMA and RNZCGP would argue this is too low. The cost recognizes the significant overheads carried by the small business model of general practice with the escalating costs of employing professionals such as registered nurses.

Another issue which needs addressing is the current practice of Work and Income to only pay a half fee for a client who does not show for an appointment Work and Income staff have made with the DD. This is manifestly unreasonable, – given the lack of notification of non-attendance means the allocated 30 minutes is wasted – yet incurs all the standing costs. If Work and Income makes the appointment then we are responsible for the time – and ensuring the client shows up.

#### Suggested Schedule

- |                                 |           |
|---------------------------------|-----------|
| • Designated Doctor Report      | \$ 180.00 |
| • Requesting Host Doctor Report | \$ 30.00  |
| • Host Doctor Report            | \$ 60.00  |
| • DNA DD appointment            | \$ 180.00 |



### Costs

For the two years prior to September 2007 the average monthly spend on "Medical" reports was \$300,000. This rapidly dropped after September 2007 and in March 2008 Work and Income spent \$22,808 on these reports. This represented about 134 DD reports plus some host doctor reports. Since that time there has been a steady increase each month in the number of DD reports being requested – with October 2008 having 220 funded at a cost of \$37,652. This is a 60% increase over six months. It is likely the trend for more DD reports to be requested will continue but I would anticipate the rate of growth will slow. Even so it would be prudent to work on an assumption of level of around 500 a month. Assuming every DD requested a host doctor report and they both responded and billed us (historically this is not always the case) the monthly cost to Work and Income would be \$135,000 and an annual cost of \$1,600,000. This is half the amount originally budgeted for this area.

### Recommendations

It is recommended that you:

- **Note** the substantial additional time that will be required to complete the new designated doctor report form
- **Note** that under the Health Practitioner Competency Assurance Act, general practice is a recognised branch of medicine and so doctors who are vocationally registered qualify as specialists.
- **Agree to pay designated doctors \$180 (plus GST) in recognition of their time and skill**
- **Agree to pay the designated doctors \$ 30.00 (plus GST) for initiating a host doctor report**
- **Agree to pay Host Doctors \$60.00 (plus GST) for providing an adequate report**
- **Agree** that the failure of a Work and Income client to attend an appointment will not penalise the Designated Doctor and a usual fee will be paid
- **Note** that consideration should be given to having the fees annually reviewed to reflect actual costs

\_\_\_\_\_  
Mike Smith  
GM Strategy & Service Development

\_\_\_\_\_  
Date

Approved  Not Approved