

Third-party funding arrangements

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The NZMA has long held the position that doctors in private practice should be free to charge a fee commensurate with the service provided.

This is enshrined in the NZMA Code of Ethics, which states:

Like all professionals, doctors have the right to fair recompense for their skills and experience.

Doctors who provide capital towards health services in the private sector are entitled to expect a reasonable return on investment.

These statements are, however, qualified as follows:

Motives of profit should not be permitted to influence clinical judgement.

Where there may be conflicts of interest, the circumstances should be disclosed and open to scrutiny.

These principles have helped guide medical practitioners in their contractual relationship with patients but the increasing presence of third-party funders in health has introduced additional dynamics and considerations for the profession.

As third-party funders strive to achieve value for money, various purchasing models have evolved, including fixed-price contracting and preferred provider arrangements. These models assist third-party funders by limiting exposure to pricing variation and by offering them more control over the services they pay for. Patients may also benefit from greater certainty regarding cover and co-payments and, in some cases, lower premiums. Providers entering into such arrangements may benefit from higher patient numbers by virtue of their status as a preferred provider, or conversely feel compelled to enter into such arrangements to be able to continue providing services to the population covered by the funder.

These arrangements can, however, present ethical and professional challenges for doctors. Central to this is the autonomy of clinical practice and the fidelity of the doctor-patient relationship. The culture of providing care at the lowest possible price can also compromise the ability of doctors to fulfil all aspects of their professional role—as health professionals, leaders, advocates, scientists, innovators and teachers.

It is the NZMA view therefore, that third-party funding arrangements must:

- acknowledge the primacy of the doctor-patient contract and the professional, ethical and legal obligations involved

- reflect the importance of the doctor-patient relationship as well as the relationships that exist between all the health professionals involved in the patient's ongoing care, including the referring provider
- commit to provide quality medical care to patients
- support scientific endeavour and collegial interactions.

In developing and implementing third-party funding arrangements, all parties should also strive to ensure that:

- the relationship between the funder and the provider is underpinned by an agreement to work in partnership to achieve the best service and outcomes for the patient
- patient involvement in treatment decision making and choice is protected
- feedback from patients and providers is routinely sought and considered
- contracting processes are transparent, fair and inclusive with all providers able to participate unless they choose not to
- issues of sustainability over time are considered, with appropriate contractual provisions for review and renegotiation
- there is no decrease in the accepted standards of the quality of care, as it is in all parties' interests to ensure patient safety and good outcomes
- opportunities to improve patient care and outcomes that arise from changes in technology and best practice are actively sought and accommodated
- the respective needs of the parties are acknowledged and respected.

The NZMA believes that, in the provision of health services, collaborative funder-provider relationships can deliver more than adversarial relationships or those that are purely transactional. If there is alignment between the respective missions of the profession and the funder, partnership and even co-destiny relationships are possible. To achieve this way of working together, however, certain preconditions must exist: high trust, open communication, joint problem solving and a desire for longevity of relationship.