

New Zealand's Experience in Health Reform: Relevance for Eastern Europe

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Aim. To discuss New Zealand's health reforms and their international relevance, especially for Eastern European countries.

Methods: Description and analysis of New Zealand's health reforms.

Results. New Zealand's public sector, including its health services, has been subject to more reform than almost any other developed country. Drastic reforms were introduced in the 1980s as New Zealand's heavily regulated and government-run economy was trending downwards to well below the OECD average. Almost all commercial activities of the government were successfully corporatized or privatized. Health reforms introduced in 1991 were based upon the perceived successes of this commercial approach. A competitive market was proposed between providers, with services being purchased by regional health authorities with fully integrated health and disability budgets. This purchaser-provider split model has had only limited success. There has been a general failure of the market to deliver on both improved efficiency and access, at least in secondary care. However, in the primary care sector, through decentralized budget holding, there has been a dramatic increase in accountability of private fee-for-service general practitioners through the formation of independent practice associations (IPAs). Within IPAs, some 60% have become budget holders in the last three years for laboratory and pharmaceutical services. Significant savings are being applied to improve patient services not for personal gain. The next step for IPAs is managed care with an equitable budget for a registered population to purchase secondary care services and hence shift the balance of care from secondary to primary.

Conclusion. This experience may have particular relevance for countries moving from a heavily state-dominated sector to a free market economy such as in Eastern Europe. Lessons include the use of the private sector to achieve government goals, the importance of professional rather than financial incentives in health care, moving from fee-for-service to capitation in both primary and secondary care, the need for good purchaser-provider relationships rather than the split, and the importance of collaboration in good health care.

Key words: health care reform; New Zealand; physician-patient relations; primary health care