

NZPPA

*New Zealand
Private Physiotherapists
Association Inc.*



The Business of Physiotherapy

INDEPENDENT REVIEW OF THE WAY IN WHICH PHYSIOTHERAPY SERVICES ARE FUNDED AND ACCREDITED BY ACC

Submission from NZPPA

The New Zealand Private Physiotherapists' Association (NZPPA) is a Special Interest Group of the New Zealand Society of Physiotherapists. NZPPA's membership comprises physiotherapists who own their own practices or are in partnership in private practice ownership. NZPPA is a not-for-profit association whose primary purpose is to provide excellence in leadership and business support; effective political representation of members' interests; mentorship and resources through leadership, advocacy, advice, practical assistance and support at national, regional and local level. NZPPA encourages the highest standards of professional practice management.

NZPPA represents the majority of private practices in New Zealand, i.e. over 350 of the 500 practices. Our membership is nationally distributed and typifies the full range of practice ownership in terms of:

- Size (small one person practices through to large practices with 15 or more therapists)
- Specialisation (physiotherapists with single specialisation such as hand therapy through to multi-disciplinary practices)
- Location (large cities, provincial towns, small communities, rural practices and practices which are part of a medical centre).

History of NZPPA

The NZPPA was formed as a national association in 1972, although loose associations of private practitioners mainly in Auckland and Wellington had been operating for at least 10 years prior.

Over the years NZPPA has been actively involved in sector issues and legislation including:

- The Physiotherapy Benefit and the Workers Compensation fee
- The 1978/79 Royal Commission into Chiropractic Care
- Health Information Retention Bill
- Immigration
- Electrical Regulations
- Medical Practitioners Bill
- Privacy Act
- HPCA

and changes to ACC legislation and regulations over the years, particularly the privatisation of accident insurance and the subsequent reversal of that Act.

NZPPA's quality accreditation scheme (NZPAS) was the catalyst for the trialling and subsequent implementation of the EPN framework. Our voluntary quality assurance scheme was recognised by ACC as ensuring excellence in business practice, and was therefore adopted by them as a pre-requisite to their flagship provider scheme. NZPPA worked very closely with the Society and ACC during that trial, organising seminars, meetings and roadshows nationally.

We were also integral to the introduction of the new Allied Health Services Sector Standard which resulted from the sale by NZPPA of the NZPAS standards to ACC. The NZPAS standards assisted in the development of the new standard and formed the basis of the accompanying Physiotherapy Audit Workbook. NZPPA participated in the development of both the standard and the Workbook.

We are concerned that the shift from a profession based quality improvement model of education, survey, and accreditation – an empowering combination of formative and summative assessment - to the new model of audit and certification will bring with it “short cuts” to certification. Experiences in other parts of the health service have shown that certification as a compliance mechanism rather than a quality improvement philosophy and methodology does not necessarily bring about better systems and outcomes.

NZPPA has also been active in the area of research and has contributed to submissions on ACC guidelines. We work very closely with the Society, both on day to day matters and major projects, including the recent Deloitte Pricing Project. We also have representation on:

- The International Private Physiotherapists Assn (Scott Thomson is the Member Organisation representative on the IPPA Executive),
- The NZSP Working Party on Prescribing Rights,
- The NZSP's Accident Compensation Committee.

NZPPA is working on a Treatment Outcomes project and is assisting with a global research project into access to physiotherapy services which is being led by two Scottish researchers.

Relationship with NZSP

As a special interest group, NZPPA operates within the Society's rules and protocols. However, NZPPA is different from other Special Interest Groups in that it does not represent a clinical specialisation but instead represents those in private practice ownership and management. We work closely with the NZSP on issues common to the two organisations and our respective memberships, to develop strategies for advancing the profession and for enhancing stakeholder relationships.

That close working relationship includes production of submissions to this review. We adopt the NZSP's submission, except where expressly inconsistent with the contents of this submission.

The Independent Review

NZPPA welcomes this review, in particular in the way it has been set up. It provides a vital allied health profession with an opportunity to discuss and debate critical issues in an open and independent forum. We hope that it will provide a fair settlement of ACC fee and contract issues both now and, with adjustment, for the future.

The physiotherapy sector is frustrated, both by continuing fee reviews which have not delivered results, and by difficult working conditions. There have been numerous "reviews" and much battling for better fees and recognition over the years, exacerbated by the sector size. Physiotherapists have observed larger groups such as general practitioners and nurses make important gains assisted by their numbers and critical mass. Physiotherapists have not made similar gains, in spite of the amount of work undertaken on fees issues.

Physiotherapy Profession and ACC

Physiotherapy is an essential health service. It influences and affects the quality of life of people of all ages and contributes to a healthy population. It has an essential effect on economic output through its role in improving the activity levels, health and well-being of the workforce. Physiotherapists are educators and advocates for injury prevention.

They actively manage the treatment and rehabilitation of patients from point of injury or illness through to a return to independence. Physiotherapy practices are community-based, providing best possible availability and accessibility to patients.

ACC's pledge – *“Our pledge is to prevent injury, to provide the best treatment and care if injury occurs, and to quickly rehabilitate people back to work or independence at a price that offers high value to levy payers and all New Zealanders”.*

This is the vision of physiotherapists! Physiotherapists pride themselves on providing:

1. high quality care based on international clinical and research-based evidence
2. education, self-regulation and on-going professional development.

NZPPA's submission which follows has been set out in four parts which correspond with the Terms of Reference of the review.

We also request the opportunity to make an oral submission to the review.

Joanne Lentfer
Business Manager
New Zealand Private Physiotherapists Association

For Executive Committee:

Denis Kelly (Chairperson), Central Physiotherapy, Winton
Scott Thomson, SportsMed Canterbury, Christchurch
Jane Stone, Kaikoura Physiotherapy, Kaikoura
Helen Wheldon, Waiheke Physiotherapy, Auckland
Andrew Scott, Cape Physiotherapy Ltd, Hawkes Bay
Louise Sloman, Newtown Physiotherapy, Wellington
Kara Mulvein (seconded member), Central City Physiotherapy, Wellington

28 February 2007

INDEPENDENT REVIEW OF THE WAY IN WHICH PHYSIOTHERAPY SERVICES ARE FUNDED AND ACCREDITED BY ACC

1 ACC Payments to Physiotherapists

“ACC Payments to Physiotherapists

1. The Government wishes to ensure public access to high quality physiotherapy services by reducing co-payments, whilst ensuring the sustainability of physiotherapy service delivery:
 - 1.1. Are the levels of current payments for service delivery made by ACC to physiotherapists under:
 - 1.1.1. Cost of Treatment regulations;
 - 1.1.2. the Endorsed Provider Network (EPN) contracts; and
 - 1.1.3. other contractual arrangements,adequate to cover the cost of services whilst ensuring the retention of an appropriately sized, skilled and financially viable physiotherapy profession to meet the needs of ACC claimants?
 - 1.2. Bearing in mind the history of adjustments to physiotherapy charges under ACC “Cost of Treatment” regulations, are the above payments likely to continue at an appropriate level in the foreseeable future?
 - 1.3. In the long term interests of ACC claimants and the profession, are compulsory restrictions on co-payment (claimant part charges) appropriate?
 - 1.4. What changes (if any) are necessary to pricing frameworks, annual adjustment indices, restrictions on ACC claimant co-payments and other relevant factors to ensure that the financial viability and integrity of the profession is maintained now and in the future?”

NZPPA's key submissions:

1. ACC payments for treatment are universally inadequate. All fees should be adjusted annually and there needs to be a regular, scheduled comprehensive review of pricing, at least every three years.
2. The ability to surcharge should be a business owner's right and that right should be acknowledged in all contracts and payment regimes with ACC.
3. Physiotherapy is a "people" business. Human resources expenses and investment form the major component of practice owners' budgets and outgoings. Appropriate remuneration of physiotherapists is critical
 - to ACC achieving its goals and outcomes;
 - to patients for quality treatment and successful, timely rehabilitation;
 - to maintaining a strong and vibrant profession and
 - to the sustainability and viability of physiotherapy practices.

1.1 The Adequacy of Payments for Service Delivery – Regulation, EPN, Other Contractual Arrangements

NZPPA has long argued for ACC payments to be fairly and accurately set, based on sound, robust data and able to be explained and justified in terms of how they were set, reflecting current data and information and appropriate relativities.

Since its inception in 1972, NZPPA has been a leading advocate for the sector in negotiating and lobbying for payment for service rates which will ensure high quality treatment and rehabilitation from a sustainable profession.

Regulation

NZPPA made a submission on ACC's 2006 consultation document regarding the Cost of Treatment Regulations in which ACC proposed to increase the per patient visit fee from \$19.48 to \$24.48 and the hourly rate from \$49.00 to \$61.57, effective 1 April 2007. NZPPA's full submission is attached as Appendix 1.

NZPPA's submission covered the following issues:

- the history of regulation fees;
- the relevance of using the CPI as a comparative index;
- the lack of any significant increase in regulation fees for 15 years and the subsequent impact on investment in practice assets and infrastructure;
- the increases in practice expenditure, especially fixed outgoings such as power, rates, rent, petrol and labour and costs of compliance, e.g. ACC electronic lodging, quality accreditation and the HPCA Act;

- the effects of competition with the introduction of EPN contracts;
- the lack of any commitment in the consultation document to on-going cost of living adjustments;
- that we did not believe the proposed increases would result in patients paying a lower co-payment or surcharge.

We expressed concern that ACC's wish "*to maintain the real value of its contributions toward treatment costs to help mitigate financial barriers to access ...*" was not matched by a realistic percentage increase in regulation fees.

NZPPA continues to believe that current regulation fees, even as increased from 1 April 2007, are inadequate to meet the costs of practice. We also believe the same scale of "visit type" differentiation should be applied under regulation fees for PT01 to PT04 visits, in order to more accurately reflect the time taken and therefore the cost of various visits.

EPN

NZPPA was integral to the introduction by ACC of the EPN framework. While EPN contracts can only be secured by practices meeting specific requirements, the payments schedule for these contracts is a significant advance on the previous regulation rates.

However, NZPPA considers that:

- EPN payments are still not full payment of the true cost of service provision, as identified by the Society in its response to the Deloitte Second Draft Physiotherapy Pricing Project;
- the prohibition on co-payments in place under current EPN terms of service threatens the sustainability of those practices who have higher costs than the norm;
- contracts which can be terminated with three months notice do not provide a sound and sustainable base for the business of private practice physiotherapy and certainty for patients access to quality services.

NZPPA has been a key contributor to the ACC-commissioned Deloitte Physiotherapy Pricing Project and the Society's response to their Second Draft Report.

Current Operating Environment

The **legislative environment** has changed significantly in the past few years, particularly with the introduction of the Health Practitioners Competence Assurance Act, the Holidays Act (4 weeks annual leave from 2007) and paid Parental Leave. Costs associated with compliance with these laws are quantifiable and add substantially to the costs of service delivery.

Labour shortages. We recognise and support ACC's goal of improved access to physiotherapy services, are pleased to see the goal being achieved. But we are very concerned about the sector's capacity to fulfil that goal and adequately service ACC contracts and claimants due to a long standing shortage of physiotherapy staff in private practice. Demand for service now far exceeds the capacity of the sector to provide, caused mainly by:

- the recent substantial increase in salaries for physiotherapists working in hospitals which has impacted on private practices' ability to offer a sustainable financial package, especially to new recruits;
- the on-going trend of young New Zealanders going overseas soon after graduating from tertiary studies which shows no signs of abating. This is further fuelled by better remuneration rates overseas;
- increased patient demand resulting from better access to services.

NZPPA offers a free classified advertising service to its members and this is a popular and well utilised service. The average number of permanent full time and part time positions have increased steadily each year.

	2006	2005	2004	2003	2002	2001	2000	1999
Average number of advertisements *	24.75	22.5	20.7	20.8	12.5	19.66	17	12.2

*Note 1: these are numbers of practices advertising for staff. It does not identify the number of positions the practice is seeking to fill or whether part-time or full-time staff are sought.

Note 2: our advertising service is a membership service and the figures above represent vacancies in member practices. The NZSP's monthly newsletter typically carries at least 50 and up to 100 vacancy advertisements per month.

As at the date of this submission, NZPPA was advertising positions available in ten percent of our members' practices. Fifty-one percent of these practices are seeking a full-time employee; eighteen percent are seeking a part-time therapist and the remainder are indicating a willingness to negotiate full or part time in order to fill positions. Fifteen percent of practices are advertising multiple positions, i.e. seeking 2 or more physiotherapists.

These labour shortages increase costs by requiring businesses to pay more to attract and retain those physiotherapists who are available. However, we believe that it is the previous and continuing low rates paid to physiotherapists which are the cause of these shortages. People are leaving the profession because the pay rates are too low to retain the skilled type of personnel who train as physiotherapists.

Unfortunately due to previous poor funding through regulation rates, and increased professional costs accounting for any increases in surcharges, the profession has not been able to pay staff or even business owners fair remuneration. NZPPA believes that current salary levels are critically low and placing practice viability in serious jeopardy. These must be addressed, but can only be addressed at business owner level if there is a genuine increase in the price per visit paid by ACC, which is the major source of physiotherapy remuneration.

NZPPA conducted a remuneration survey in November 2005 among its members. A follow-up survey was conducted in December 2006. The most significant outcome of the 2006 survey is that remuneration levels have not increased noticeably in the past year! We are not surprised by this result as members have been consistently stating that they cannot recruit because they cannot pay the salaries potential employees expect.

Principals struggle to recruit even part-time staff. Increasingly it is becoming unviable for physiotherapists to work on a part-time basis as the costs of professional compliance far outweigh their remuneration. As a result the profession is losing key members of its workforce –mothers with young families, those wishing to semi-retire and those whose circumstances prevent them working full-time.

A financial flow-on from labour shortages is increased pay rates and the provision of other incentives to attract staff, all of which impact on business viability. These increased costs become locked in as, having finally recruited, principals must continue to provide these additional benefits and ongoing pay increases in order to retain their staff.

Rural, small town and provincial city practices feature disproportionately in the Situations Vacant columns and the cost of repeated and mostly fruitless advertising eats into practice budgets.

For example, Rotorua practices have lost four post graduate trained, experienced, competent physiotherapists in the last year. All have chosen alternative career paths due to factors including poor remuneration and high workloads. Currently (as at Feb 2007) none of the rest homes in the Rotorua area have physiotherapists as they are unable to either recruit or retain staff.

NZPPA provides a locum advertising service, i.e. keeps a register of and notifies members of locums available for contracts. The number of locums available for contracts has decreased markedly from as many as 12 advertising their availability at any one time in 2004 to as few as just one advertising at any one time in 2006.

Physiotherapy Practice owners have only two choices available to them to cover their business costs:

- 1 to ratchet down these costs as much as possible and give their own time for free for administration and management tasks, which is not sustainable in the long term and results in failure to attract staff and substantially weakened infrastructure and capital base
- 2 to pass these costs on to the customer through increased prices and those on EPN contracts cannot do this with the majority of their patients who are ACC claimants.

The introduction of the KiwiSaver scheme may further exacerbate the costs of recruitment and retention as employees place pressure on employers to match their contributions to the Scheme as part of the employment package.

NZPPA regularly receives many accounts via its members of physiotherapists who have left the profession in recent times. We believe that these accounts reinforce the need to pay realistic market wages commensurate with the skill and responsibility placed on physiotherapists. The NZSP similarly receives and records information on physiotherapists exiting the profession and will include this data with their submission to the Review.

Professional bodies. The Physiotherapy sector is well organised and structured to support and promote the profession. Such a well organised sector is seen by some in the profession to add to their compliance costs.

The New Zealand Physiotherapy Board is the mandatory registration authority for physiotherapists in New Zealand, and compliance with the prerequisites for annual certification, such as continuing professional development, are major and unavoidable costs. In addition to annual certification, there are the costs of membership of:

- New Zealand Society of Physiotherapists (mandatory for certificated practices)
- one or more of the Society's Special Interest Groups
- the College of Physiotherapy (mandatory for certificated practices)
- the Pain Society of New Zealand or international equivalent

all being essential memberships to hold, adding to annual professional expenses.

1.2 The History of Adjustments to Cost of Treatment Regulations

In NZPPA's submission to ACC on the 2006 proposed increases to Cost of Regulation Fees, we noted that the consultation document reviewed the history of the cost of treatment regulation fees from 1992, but took no account of the decrease in the fee in 1992 by \$3.20 from the 1989 level of \$22.50 per treatment visit. We expressed concern about the consequent effect on physiotherapy practices.

The increase proposed for 2007 was described by ACC as a 25.67% increase on the 2006 fee. It is however, only a 9% increase on the 1989 fee!

History of Cost of Treatment Regulation Fees:

1989	\$22.50
1992	\$19
2006	\$19.48
2007	\$24.48

While the \$5 per treatment visit / \$12.57 per hour increase to take effect from April 2007, goes some way to improving the regulation fee to providers, it is still far short of what the regulation fee should be had cost of living / inflation adjustments taken effect and been correctly indexed from the 1989 figure or even the 1992 rates.

NZPPA noted that there is no commitment in the consultation document to on-going cost of living / inflation adjustments, nor is there any commitment to addressing the shortfall

between the 25.67% increase in 2007 and the real increase that is needed, i.e. at least 45-50%.

Based on historical evidence, we have difficulty believing that these payments will continue at an appropriate level in the foreseeable future. Physiotherapists will be forced to increase surcharges, therefore increasing barriers to access to services. This will continue to exacerbate the juxtaposition between the providers' need to run viable businesses and ACC's stated principles and strategy of improving access to services. The lack of commitment to on-going inflation and cost indexing also conflicts with ACC's wish "to maintain the real value of its contributions toward treatment costs to help mitigate financial barriers to access ..." (ACC Consultation on Cost of Regulation Fees Nov 2006).

We consider that there must be an up-front commitment both to an immediate adjustment to make regulation rates a realistic reflection of the cost of delivering services, and a commitment to annual increases linked to inflationary movements and relevant indices.

1.3 Co-payments

Increased compliance costs, for example ACC's requirements for electronic lodging of claims, increased "form filling" and report writing and the requirements of the Health Practitioners Competence Assurance Act have all impacted on the costs of operating a physiotherapy practice.

Consistent with most small business enterprises, physiotherapists in private practice are not an homogenous group. Some have areas of specialisation, others have niche markets, many in large centres have significant fixed costs in the form of high rentals and accompanying utilities costs, or serve communities and individuals who need translation services to support informed consent. For practices serving rural districts the population base may be low, and in poor socio-economic communities, the challenges may be quite different but the result remains the same – a struggle to maintain a viable business. The inability to surcharge amounts to one rule for all, which takes no account of national, regional and local differences.

Regulation

ACC has made the admission that they have not kept up with the CPI over the years. At best, this increase of 25.67% might postpone any increase in surcharge/co-payment to the patient or reduce the size of any increase, but it is most unlikely that practitioners can, as a result of this increase, afford to reduce or do away with surcharging.

For physiotherapists on regulation fees the proposed 25.67% increase represents only the opportunity for their income to move closer to their outgoings. This increase does not match the increases in costs that physiotherapists have faced year after year, especially in fixed outgoings such as power, rates, rent, petrol and labour costs. Further, the lack of any

significant increase in the regulation fees for 15 years means that businesses have been unable to invest in or even maintain their assets and infrastructure at an appropriate level.

EPN

NZPPA recognises that the introduction of EPN contracts and the consequent improved access to physiotherapy services has been of considerable benefit to many communities and individuals.

However, practice owners cannot build sound and viable businesses on a foundation of a contractual arrangement which could be terminated with three months notice.

NZPPA strongly believes that the right to surcharge must be re-introduced into EPN and other ACC contracts. We believe that if the right to surcharge was re-instated, individual practitioners would exercise the appropriate judgements between maintaining a viable practice and ensuring best possible access by patients, especially those with limited means.

Other health providers have successfully negotiated with the Ministry of Health to move from a totally “free” service to the patient to charging a co-payment. The Ministry and the agencies with whom it contracts recognise that the “taxpayer funded” bucket is not limitless but that the costs of service delivery continue to increase.

NZPPA members who hold EPN contracts believe this payment regime has been enormously beneficial to them and their patients. Almost without exception these members say that a review of the payment schedule for EPN is critical and, if set fairly, will go a long way towards avoiding the need to surcharge on a practice by practice level. However, NZPPA members universally believe that there is an underlying principle at issue, i.e. the right and the autonomy to choose to surcharge or not, and the clear practicality that some practices will inevitably have costs higher than the norm.

1.4 Viability and Integrity of the Profession

Pricing frameworks must reflect the true cost of providing the best quality service, which will contribute to ACC achieving its goals.

A range of adjustment indices and market indicators should be used to inform price adjustments, not just the CPI. These would include factors related to other significant costs like premises and labour costs.

Physiotherapists in private practice are taking a significant risk when they enter into the EPN contract, when the termination of that contact could result in business closure within three months, further impacting on access to services.

Restrictions on co-payments should be lifted completely. Imposing co-payment restrictions impacts severely on the practice owner’s autonomy to run their business in a manner which

will ensure on-going viability and sustainability. The inability to attract staff or operate a clinic due to poor wages is more of a barrier to access than a small surcharge which may in some cases be necessary to run a viable, fully-staffed operation.

As with any other sector, the market will determine the price for the service and the altruistic and ethical base of physiotherapy, i.e. helping others to achieve wellness, means that professionals will make valid and reasonable judgements about prices charged which acknowledge the circumstances of the patients and communities in which they operate against the need to be profitable and sustainable.

2 The EPN

“The EPN

2. The Endorsed Provider Network has been piloted and implemented nationwide since 2004.
 - 2.1. Are initial and ongoing compliance costs for accreditation standards appropriately built into ACC payments when accreditation is a contractual requirement for EPN providers?
 - 2.2. Are the differences between pricing frameworks and fee structures paid under cost of Treatment Regulations, as opposed to the EPN and other contract pricing frameworks, valid and justifiable in the interests of patients, and in maintaining a healthy and suitably qualified profession?”

NZPPA key submissions:

1. NZPPA continues to support both payment regimes – EPN and regulation and believes it is in the interests of all stakeholders to have the options and the freedom to choose.
2. The costs of compliance, especially certification, is consistently understated and inadequately acknowledged.
3. All payment regimes – EPN, regulation and other – must be relevant and fair.

2.1 Compliance Costs

NZPPA is concerned that the costs of certification (initial and ongoing) are consistently understated in most media and forums. Our members attest that the costs of certification (formerly known as accreditation) are likely to be in the vicinity of \$20,000 made up from:

- Costs paid to agencies – some vendors are marketing certification products which require investments of as much as \$5,000 plus on-going monthly fees.
- Audit costs – audit costs have increased with the introduction of the new standard and are priced between \$2,300 and \$2,600 (approximately) per site or location. Multi-disciplinary practices can expect to pay an additional \$1,200 or more for an audit as two or more auditors will be involved.
- Travel and incidental costs of the auditor.
- Clinic personnel time – preparation for certification involves diverting all staff from revenue generating activities.
- Purchasing standards from Standards NZ and the accompanying Physiotherapy Audit Workbook, copies of legislation, H&DC leaflets, etc
- Procedure manuals, printing costs related to audit.
- Help with preparation for audit – one-on-one help from a consultant or a peer physiotherapist, on average 10 hours.
- Audit follow-up – if full compliance is not achieved at audit, the auditing agency will place some timeframes on the practice to attend to areas of partial compliance. Reporting to the agency on corrective action taken incurs further costs.

This certification cost is not a “one off” cost or “once every three years” expense.

Retaining certification and maintaining the commitment to quality improvement carries a cost:

- Surveillance audit at the mid-point (18 months). Our information as at February 2007 suggests this will cost at least \$1,500.
- If the practice has purchased a certification product, there will be on-going monthly fees to the vendor to keep the policies and procedures updated.
- Staff time away from day-to-day duties to review and update policies and procedures in a systematic manner and to incorporate legislative or other changes.
- Allocating time to duties, e.g. assigning staff members specific responsibilities such as Health and Safety Officer, Privacy Officer, Chief Fire Warden, etc. This may require the staff member to be paid a “special responsibilities allowance” or similar. At a minimum these duties result in time away from treating patients.
- Maintaining mandatory membership of the NZ College of Physiotherapists.

Approximately four hours a week needs to be devoted to the on-going maintenance of quality systems. This equates to five working weeks a year diverted away from revenue generating activities.

Interpreter Costs

EPN contract fees supposedly have a built in factor for covering interpreter fees. Practices in low socio-economic areas or serving migrant communities are at a disadvantage if they have to absorb the cost of providing patients with an interpreter, which may be a necessary responsibility if the practice is going to operate within the Code of Client Rights and ensure informed consent. If the practice cannot afford to assist with translation services, the patient in turn is experiencing a barrier to access to services and a breach of their rights.

2.2 Differences in Pricing Frameworks

A situation currently exists where those on regulation fees must charge co-payments in order to operate a viable practice while those on EPN contracts cannot surcharge even though they are not paid the full cost of service provision by ACC.

Physiotherapists should continue to have a choice of whether they want to take up an EPN contract or remain on regulation fees, reflective of the situation and context in which they operate.

The re-introduction of co-payments/surcharging for EPN practices is the most desirable, economically sustainable, fiscally responsible way forward.

NZPPA believes a healthy and suitably qualified profession and the interests of patients is best served by a cohesive sector able to apply proper business practices and autonomy.

3 Culture of ACC / Audits

“Culture of ACC/Audits

3. Physiotherapists have raised concerns about the culture of ACC and its attitudes towards physiotherapists.
 - 3.1. Is there evidence of any inappropriate culture or attitude from within ACC towards physiotherapists which is detrimental to the funder / provider relationship between the parties?
 - 3.2. Are audits and investigations being carried out only for proper purposes, in appropriate circumstances, and within appropriate guidelines for programmed and selected audits?

- 3.3. What changes, if any, are necessary to address any inappropriate culture, attitudes or activities found within ACC towards physiotherapists?"

NZPPA's key submissions:

1. NZPPA does not wish to use the review as a forum to air historical grievances.
2. ACC's right to request information and reports on certification audits from Conformity Assessment Bodies is not supported by NZPPA.
3. We have concerns regarding some ACC processes and systems.

3.1 The Culture of ACC

NZPPA is aware that concerns have been raised about the culture of ACC and its attitudes towards physiotherapists, especially in relation to audits and investigations. However, under the leadership of a new Chief Executive, we are observing organisational changes within ACC. We are optimistic these changes will result in culture change and a genuine desire to work collaboratively and constructively with providers and stakeholders.

3.2 Audit and Investigation

We understand that ACC has, as part of its agreements with Conformity Assessment Bodies (CABs), required that certification reports for practices will be made available to ACC on request. We find this concerning and a breach of privacy and integrity. If ACC feels it is unable to accept the CAB's decision to certificate a Practice, without questioning and reviewing the report, then we believe this is an issue between ACC and the CAB concerned.

3.3 Areas for Improvement

Areas where NZPPA believes ACC could improve are:

- Processing timeframes
- Lack of communication

NZPPA has expressed concerns to ACC that the timeframe between applying for and obtaining an EPN contract is approximately six weeks. Having made the substantial outlay to gain quality certification, the practice must wait a further six weeks before being able to begin to recoup some of that expense through the EPN fee structure.

Practices also often report to NZPPA their concern at the lack of communication from ACC regarding the status of such things as

- applications for contracts
- audits
- requests for specific information

Having submitted material to ACC, practices feel uninformed, with no communication to advise where things are at, if there has been a hold-up, or what the expected time frames are for completion or resolution.

4 Physiotherapy Profession Generally

“Physiotherapy Profession Generally

4. There are challenges facing the profession as primary health care practitioners in ensuring that it continues to play its vital public health role in rehabilitating and maintaining the quality of life of all New Zealanders, including ACC claimants.
 - 4.1. In regard to the needs of New Zealanders, is the physiotherapy profession:
 - 4.1.1. retaining adequate numbers of senior physiotherapists within the profession?
 - 4.1.2. adequately remunerated for post-graduate qualifications and expertise?
 - 4.2 What, if anything, can ACC or the Government do to assist with any deficiencies found regarding seniority and post-graduate training in the profession?
 - 4.3 Are there any other matters arising out of this review that impact upon the way in which physiotherapists are accredited and funded by ACC which ought to be addressed by the Government to encourage provision of sustainable and high-quality physiotherapy service to the public of New Zealand?”

NZPPA key submissions:

- 1 Recruitment and retention is the single biggest issue for the profession. The labour shortage situation has moved from serious to critical.
- 2 Payment regimes and levels are seriously impacting on employers' autonomy and ability to appropriately remunerate their staff.
- 3 ACC and the profession share the same goals. Therefore there are opportunities for ACC to partner with the profession and develop joint strategies to achieve the end goals.

4.1 Recruitment and Retention

We have commented above on issues of recruitment and retention. Achieving ACC's goals of access for all New Zealanders to quality physiotherapy services is severely compromised by the sector's lack of capacity to recruit and retain staff. Too many young graduates leave New Zealand either for the "OE" or to take up work in other countries offering lucrative remuneration packages, to help pay off their student loans. The substantial increases secured for physiotherapists working in hospitals and allied public settings has resulted in disillusionment for physiotherapists in private practice and exit from the profession. Practice owners are demoralised at losing staff, especially senior therapists who can mentor younger staff and frustrated at their inability to remunerate staff more appropriately.

Adequately remunerating senior employees (including covering the professional development costs of staff), particularly those who have invested in their own careers through post-graduate training and qualifications is a challenge for all employers. Good employers want to make the distinction and appropriately reward senior and outstanding staff. They appreciate how critical this is to their business and to quality outcomes for their patients.

It is common and accepted business practice across all sectors, government, corporate and not-for-profit, to reward senior staff not only with competitive salaries but also performance bonuses. Employers recognise that appropriate remuneration and reward are critical to the retention of high performing senior employees.

The physiotherapy sector is working on a project to establish the concept and role of Advanced Practitioner. We look forward to ACC's assistance and support by acknowledging the importance of, providing access to funding for, and endorsing the scopes of practice of Advanced Practitioners.

Practice owners, particularly those who have demonstrated their commitment to quality service delivery through certification, have no ability to demonstrate business autonomy

and to take charge of the development and destiny of their practices without the freedom to set their own prices for their services.

4.2 ACC Support

ACC's pledge – *“Our pledge is to prevent injury, to provide the best treatment and care if injury occurs, and to quickly rehabilitate people back to work or independence at a price that offers high value to levy payers and all New Zealanders”.*

ACC can assist the sector to deal with deficiencies in recruitment and retention with a commitment both to an immediate adjustment to provider payments and to annual increases which will reflect the true cost of providing physiotherapy services and enable employers to fairly remunerate their staff.