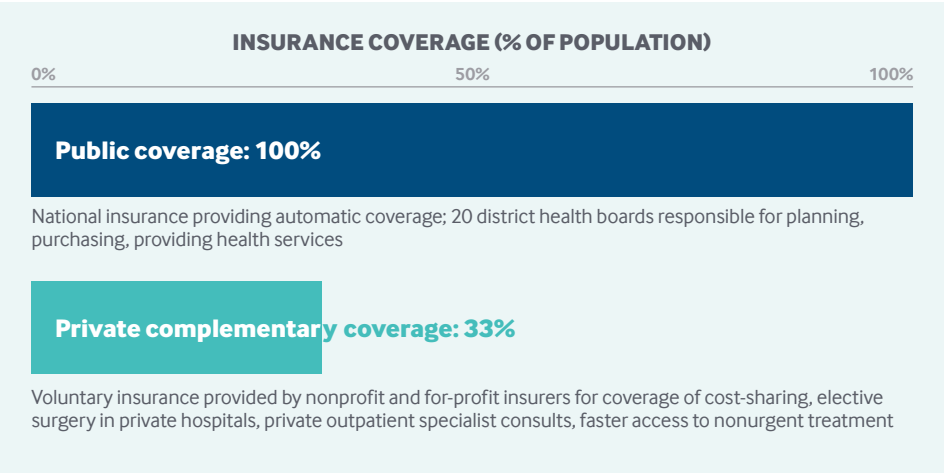
HEALTH SYSTEM OVERVIEW

New Zealand

New Zealand has achieved universal health coverage through a mostly publicly funded, regionally administered delivery system. Services covered include inpatient, outpatient, mental health, and long-term care, as well as prescription drugs. General taxes finance most services. The national government sets an annual budget and benefit package. District health boards are charged with planning, purchasing, and providing health services at the local level. Patients owe copayments on some services and products, but no deductibles. Approximately one-third of the population has private insurance to help pay for noncovered services and copayments.



HEALTH CARE DELIVERY AND PAYMENT

General practitioners typically are self-employed and belong to networks known as primary health organizations (PHOs). GPs are paid via a subsidized capitated rate, patient out-of-pocket costs, and additional payments from the accident and compensation corporation. PHOs also receive an incentive payment, up to 3 percent, that can be shared with GPs who reach recommended targets for improving access and treating people with chronic conditions, as well as for health promotion, care coordination, disease screening, follow-up, and vaccinations. Patient registration is not mandatory, but GPs and PHOs must have a registered patient list to be eligible for government subsidies. *Patient cost-sharing:* USD 10–34 copayment for adults under 65. No cost-sharing for children and youth under 14; lower copayments for older adults, adults with low income, and high users of care.

Specialists are employed mostly by District Health Boards (DHBs) and receive a salary for working in public hospitals. Patients need a GP referral. Generally limited choice of specialists in hospitals. *Patient cost-sharing:* None in public hospitals. Patients pay full cost for private practitioners.

DEMOGRAPHICS

4.8M
Total population

15.4%
Population age 65+

HEALTH SYSTEM CAPACITY & UTILIZATION

3.3
Practicing physicians per 1,000 population

3.8
Average physician visits per person

10.2
Nurses per 1,000 population

2.7
Hospital beds per 1,000 population

141
Hospital discharges per 1,000 population

All costs are in U.S. dollars, adjusted for cost-of-living differences. Conversion rate: USD 1.00 = NZD 1.48 (2017).

December 2020

The Commonwealth Fund

New Zealand

Hospitals are mostly public. Private hospitals do not provide any emergency or intensive care. Public hospitals are owned by DHBs and receive a budget based on historical utilization patterns, population needs projections, and government goals. Each public hospital's budget tends to be allocated across inpatient services using a case-mix funding system. *Patient cost-sharing:* None at public hospitals.

Prescription drugs on the national formulary are covered. *Patient cost-sharing:* $3.40 per prescription for the first 20 prescriptions per year per family. No copayment after 20-prescription threshold is met.

Mental health care is covered and funded through DHBs, including inpatient and community-based services. Most access is through community-based primary mental health services, often through a GP, who coordinates care. *Patient cost-sharing:* None.

Long-term care is covered, including medical care, home care, personal care, residential care, and palliative care. Care is funded through DHBs, the Ministry of Health, and copayments. Patients qualify based on a needs assessment, age, and means-testing. Respite care is available to caregivers, as is financial support in some circumstances. *Patient cost-sharing:* Means-tested. Individuals with assets over a given threshold pay costs up to a maximum contribution. Those with assets under the threshold contribute all their income, except for a small personal allowance. Personal care provided free of charge.

Safety net mechanisms primarily take the form of low cost-sharing for primary care visits and prescription drugs. Patients with low income have lower costs-sharing. A high-use health card allows for lower copayments for patients with more than 12 GP visits in a year.

Care coordination and integration are being pursued through district-level alliances among DHBs, PHOs, pharmacies, district nursing, and local social agencies. The "health care home" model is being implemented in several districts, with resourcing shared between DHBs and PHOs

TOTAL HEALTH EXPENDITURES

Total health spending was 9 percent of GDP in 2017. Public spending accounted for 79 percent of the total.

RECENT REFORMS

- New Zealand's five-year health strategy (2016) comprises 27 action areas under five themes: improving patient literacy and empowerment; emphasizing prevention, early intervention, and community care; improving system performance; delivering integrated and collaborative health care; and fostering technological innovation.
- In 2018, the government announced a wide-ranging review of the health system, with particular attention to improving primary and community care, reducing inequalities, lowering barriers to care, and addressing mental health issues and substance use disorders.

This overview was prepared by Robin Gauld.

SPENDING

$3,923
Health care spending per capita

$506
Out-of-pocket health spending per capita

HEALTH STATUS & DISEASE BURDEN

81.9
Life expectancy at birth (years)

32.2%
Obesity prevalence

8.1%
Diabetes prevalence

16%
Adults with multiple chronic conditions (2 or more)

Data: 2019 OECD Health Data except: diabetes prevalence from *Health at a Glance 2019* (IDF Atlas 2017 data); adults with 2+ chronic conditions from the 2016 CMWF International Survey.