

# Draft Southern Strategic Health Services Plan 2015–2025

The Southern District Health Board (SDHB) has released a draft strategic health services plan for the next decade, setting out the DHB's priorities. It is now calling for feedback on the plan.

The Association of Salaried Medical Specialists (ASMS) is analysing the plan's overall direction and tone, but has an immediate serious concern with the way the DHB has positioned its medical staffing costs as a problem that needs to be resolved.

The plan's conclusions about medical staffing costs are based on highly dubious data that needs to be corrected. If the plan is to have any chance of achieving credibility this material will need to be removed.

## What does the plan say about medical staffing costs?

On page 42, the plan says Southern DHB appears to spend significantly more on its provider arm medical and nursing personnel than the sector average as a percentage of revenue. The DHB's spending on medical personnel as a percentage of attributed revenue is significantly higher than either Capital & Coast or Waikato DHBs.

On pages 83-85, the plan says effective management of personnel costs is a "crucial enabler of living within available funding". SDHB provider arm medical personnel cost growth has been increasing at almost three times the rate of revenue growth. Medical personnel costs are now 41% greater than they were in the year ended June 2009.

The plan says that historically the Southern DHB has had a higher average cost per FTE than the sector and large DHB grouping. It goes on to say that if cost growth had been restrained then the DHB's financial performance would have been materially improved. "Alternatively, if SDHB's average medical FTE cost was at the same level as that of other large DHBs, then the DHB's deficit position would be significantly improved."

## What does the ASMS think of this?

The people running the DHB are essentially blaming doctors for the DHB's deficit, which is grossly unfair and inaccurate. Hospital specialists are highly trained and skilled, and they work long hours to provide the best possible care for people in the Southern region. They will be very disappointed with this aspect of the draft strategic plan.

The DHB's data is presented out of context, which makes it useless for the purpose they want it for, for three main reasons:

1. Comparing Southern DHB's spend on medical staff with Waikato and Capital & Coast DHBs – or, in fact, any other DHB – is meaningless. Only Southern DHB has two large base hospitals so far apart, which creates quite a different set of pressures on the medical workforce from other DHBs.
2. Southern DHB is geographically the largest DHB in New Zealand, with the population spread over a large area. That poses particular challenges for doctors and others providing health care – far more so than any other DHB.
3. Lumping together senior doctors and resident medical officers ('junior doctors') presents a skewed picture that makes the data useless. A small difference in configuration between house surgeons, registrars and specialists can completely change the data.

## Other factors that make the DHB's use of the data meaningless to the plan include:

- The ASMS has not seen any evidence that hospital specialists are overpaid compared with doctors at other DHBs. In fact, information provided by the DHBs to ASMS as part of our annual salary survey shows that Southern DHB is ranked 8th out of all DHBs for base salary rates for specialists (based on headcount). That puts it roughly in the middle of the pack both in terms of base salary and seniority. The survey results are available from [http://www.asms.org.nz/wp-content/uploads/2014/10/Salary-Survey-2014-Analysis\\_162271.1.pdf](http://www.asms.org.nz/wp-content/uploads/2014/10/Salary-Survey-2014-Analysis_162271.1.pdf)
  - The ASMS has been surveying the salaries of senior doctors for 21 years. The information collected is about full-time equivalent (FTE) salaries for senior medical and dental staff at district health boards.
  - The information supplied by DHBs this year was on 4,252 specialists and 536 medical and dental officers.
  - The highest average base salary for specialists is in Wairarapa DHB and the lowest is in Counties Manukau DHB.
- As well, DHBs measure senior doctor costs differently, with some including a management component as part of the medical workforce data, and others leaving it out.
- The draft plan doesn't mention the number or proportion of locums (temporary medical staff) at the DHB. These people fill the gaps in the medical workforce and can disguise the true picture of workforce shortages. The costs of using locums can be very significant and this may alter the numbers if these costs are included – and it's not clear from the draft plan whether they have been.

- A parliamentary financial review of Southern DHB in 2010/11 mentioned a heavy use of locums but gave no figures.
- A media report in 2012 said locum radiologists at Dunedin were paid an average of between \$275,000 and \$325,000. If the average rate of locum use was a few percentage points above the national average, that would contribute to the reported costs of medical staff.
- The plan also doesn't mention the increase in graduates coming from the medical schools into public hospitals as doctors commencing their post-graduate training. There have been two years of increased intake numbers.