

GENERAL.

Medical, Hospital, and Allied Benefits under the Social Security Act.

Legislation of far-reaching importance to the Department is contained in Part III of the Social Security Act, which was passed in September, 1938. This Part of the Act relates to medical, hospital, and other treatment benefits, and the legislation signalizes the Department's entry into a new field of responsibility that will profoundly influence health and hospital administration in this Dominion.

It is therefore desirable to give an outline of the scheme embodied in the legislation, together with a short description of the preparatory work that has thus far been undertaken with a view to making the benefits available.

The administration of the scheme of benefits is placed under the Minister of Health, who is authorized to delegate to the Director-General of Health any of the powers conferred on him by the Act. The co-ordination of the curative and preventive phases of public-health administration is thus provided for.

The classes of benefits proposed to be provided are as follows:—

- (a) Medical benefits :
- (b) Pharmaceutical benefits :
- (c) Hospital benefits :
- (d) Maternity benefits :
- (e) Such supplementary benefits as are deemed necessary to ensure the effective operation of the several classes of benefits hereinbefore specified or otherwise to maintain and promote public health.

It will be obvious that the benefits and services to be provided under Part III of the Act constitute an innovation of great magnitude. Their inauguration involves the negotiation of arrangements with hospitals, doctors, chemists, nurses, and others for the provision of services, the preparation of contracts and regulations, and the setting-up of the administrative organization which, of course, is largely dependent on the nature of the arrangements to be entered into with those providing the actual services. It was for these reasons that the legislation provided for the introduction of several classes of benefits step by step—that is, as soon as “arrangements for their effective administration can be brought into operation.”

A feature of the scheme that is thought to be unique in national health-insurance legislation is that the benefits are available to all persons ordinarily resident in New Zealand, without regard to race or nationality, and without regard to the economic status, or the period of residence in the Dominion.

The major aim is in effect to ensure that in the treatment of the sick the economic circumstances of the individual patient will cease to be a consideration either from the viewpoint of patients or of those actually rendering the services.

The provisions of the Act do not, however, operate to relieve any person of his liabilities to pay compensation or damages in respect of a negligent act. Section 81 provides that medical, hospital, or pharmaceutical services rendered in a case of this kind are not ordinarily the subject of payment from the Fund. The Minister may, however, make a provisional payment to any person who is entitled to claim in respect of the services actually afforded, but the amount of any such provisional payment still remains recoverable from the person liable for compensation or damages. The whole object of the provision is to ensure that a person shall not escape liability for negligence, but that the injured person shall, nevertheless, not be mulcted with the cost of medical and other services required.

It is recognized that as regards persons living in isolated areas and under special conditions—*e.g.*, in large institutions—the normal arrangements envisaged in the Act for the several classes of benefits are not applicable, and a general provision is therefore made in section 82 of the Act empowering the Minister to make any special arrangements which he considers necessary to provide medical and other services in lieu of the benefits provided under the general provisions of the Act.

Power is given under section 83 to appoint advisory and consultative bodies in connection with both the central administration and local administration of benefits. The intention is that members of the various professions giving the services under the Act shall, through their own nominees, have every reasonable opportunity of voicing their opinions on questions of administration affecting them as a profession.

The general nature of the arrangements for the provision of medical and other treatment services is a form of contract between the Minister and members of the respective professions, and other persons, to afford services or to supply medicines, drugs, &c. Registered medical practitioners, registered pharmacists, and registered midwives and maternity nurses are given an absolute right to afford services under the scheme in virtue of their statutory qualifications; that right may be taken away in a particular case only after an investigation in accordance with section 84 of the Act, by a tribunal consisting of (a) a President, who shall be either a Judge of the Supreme Court or a Stipendiary Magistrate, and (b) not less than two persons, who shall be members of the same profession or calling as the person to whose contract of service the investigation relates.

Preparatory Work.—Following the passing of the Act negotiations were resumed with representatives of the medical profession with a view to the drafting of the terms and conditions to be offered to practitioners as the basis of a contract for services in relation to medical benefits. Whilst some progress was made in the formulation of details of the proposed contract, the representatives of the profession with whom the departmental officers pursued discussions made it clear from time to time that the general body of the profession was opposed to the adoption of a contract basis of service except as regards that class of the population that were considered unable to afford to make their own private arrangements for medical services.