

Annual Statement Increase Guide

Updated July 2023

Introduction

Practices have been able to use the annual statement of GP reasonable fee increases (Annual Statement) since it was first released in 2006. The annual statement for each year covers the period 1 July to 30 June. A copy of the latest annual statement report can be accessed on the Pinnacle website.

The annual statement applies only to the fees set by interim and low-cost access practices. Very low-cost access funded (VLCA) practices receive extra funding for their enrolled patient base and in return must set their fees below or at a threshold set by Te Whatu Ora - Health New Zealand.

To ensure the application of the annual statement reflects an individual practice's situation it is calculated on the split between government subsidy income (capitation) and patient income (fee/co-payment) for that practice.

Your practice can use the annual statement from the 1 of July. Your practice does not have to use all or any of the annual statement in the period 1 July to 30 June. Any unused annual statement will be carried over to the following year. The unused amount from previous years has been added to the TAS co-payment adjustment template's as shown in the how to guide below. Fees may be increased more than once over the twelve-month period and a review will not be necessary if they remain within the annual statement available in that year.

Purpose

The purpose of this guide is to provide a step-by-step process enabling you to use the co-payment adjustment template to compare different fee alternatives for your practice and compare the outcomes with reference to your annual statement and the income increase generated from these fee changes.

Background

There are two formats available to calculate your annual statement.

- **Option A** - provides an approximation of allowable fee increases using national average co-pay consult utilisation rates
- **Option B** - provides a definitive answer of allowable fee increases using your actual co-pay consult utilisation rates for each age category

Using either option is acceptable when increasing fees. Our recommendation is to use option B with your consult data and actual utilisation rates rather than national averages. It does disclose your ESUs and consultation rates, which have been pre-populated in the co-payment adjustment template.

There is no obligation for your practice to remain below the annual statement. However, if your fee change is greater than your annual statement it will be necessary for you to undergo a fee review with an independent committee. In preparing your business case for the fee review committee you

could have to disclose more financial information than you may feel comfortable with. This is not to discourage you from this process, we understand the cost pressures for general practice. Please speak to the Practice Systems Support Team if you need to discuss this further.

Non-CSC fee change

The co-payment adjustment templates (Excel format) for your practice will be sent to you. Using enrolment data and CPI extracts, Pinnacle has populated both templates with the number of enrolled patients for each age group **who do NOT have a CSC card**.

1. **Open either of the co-payment adjustment templates**, the two formats available:
 - **Option A** uses national average co-pay consult utilisation data.
 - **Option B** uses actual co-pay consult utilisation rates for each age category

2. **Go to the first tab in the spreadsheet named 'revenue split'**:
 The information on this tab displays the collected data that Pinnacle have pre-populated using enrolment data and CPI extracts and current advertised fees.

Check that the practice name at the top of the spreadsheet is correct.

Co-payment adjustment template - Option A	
Practice name	
Co-payment/capitation revenue split calculation	
For values shown in red only:	
Option A is used to approximate co-payment capitation revenue.	Practice fee
Indicated that the Option B template is used	Current fee

Check the current fees:

Ensure that the current fees data is correct in the '30th June 2023 fee'. This column looks the same in both formats (option A and option B).

30th June 2023 fee (co-payment) (incl GST @ 15.0%)
0
0
34.0
45.0
55.0
55.0
44.0

3. Go to the third tab in the spreadsheet named ‘Co-payment template’

This sheet is where you input your fee increase data. The details at the bottom right of the spreadsheet will indicate what % your practice can increase for 2023/24. The % available is the ‘Co-payment annual statement 2023/24’ figure in red. (Note: this figure may differ from the annual percentage e.g. 4.92% because any historic unused carry-over % will be added to that total for you to use.)

	Current	Proposed
Total co-payment revenue (excl GST)	\$	\$
% change in annual co-payment revenue	0.00%	
Co-payment annual statement 2023/24	4.92%	(including rollover)

Use the arrow buttons to ‘toggle’ the changes in the ‘Co-payment change (\$) (incl GST)’ column.

Make sure to use the \$ amount column rather than the % increase column as the % will not give you a round number.

Increasing the amount will update the data in the ‘proposed co-payment fee’

Co-payment change (\$) (incl GST)	Proposed co-payment fee (incl GST @ 15.0%)	Proposed co-payment fee (excl GST)	Age group co-payment change (excl GST)
\$0.00	\$0.00	\$0.00	n/a
\$0.00	\$0.00	\$0.00	n/a
\$0.00	\$21.00	\$18.26	0.00%
\$0.00	\$47.50	\$41.30	2.15%
\$0.00	\$48.50	\$42.17	2.11%
\$0.00	\$48.50	\$42.17	2.11%
\$0.00	\$46.30	\$40.26	2.89%

The ‘% change in the annual co-payment revenue’ will update as the fees are changed.

Ensure this % shown in black is lower or matches the % available in red.

(Note: If you request more than your allowable annual statement increase, you will likely be referred to [Te Whatu Ora fees review process](#)).

4. Once you have decided on your fee changes, please complete the attached “Fees Notification Form” and send to - practice.support@pinnacle.health.nz

The changes you have made will then be submitted to Te Whatu Ora on your behalf and you will be notified once the fees increase has been confirmed.