Health New Zealand
Te Whatu Ora

# Performance Based Capitation 2025/26

## Guidance and Business Rules for PHOs and Practices

# Contents

# 1. Purpose of this Guidance

The Minister of Health has provided $30M of additional funding in financial year (FY) 2025/26 for primary care to provide an outcomes-based enhanced capitation payment linked to performance against key targets.

The new funding is included in Part G, Schedule 2 of the **Primary Health Organisation Services Agreement** (PHOSA) as performance-based capitation funding.

The purpose of this Guidance is to outline the approach and business rules for performance-based capitation that the PHOSA Amendment Protocol (PSAAP) has agreed to for the FY 2025/26.

# 2. Childhood Immunisation

## 2.1 Immunisation of 6-week-olds

Preventative healthcare in early childhood development is essential to promote physical, cognitive, social and emotional wellbeing. Immunisation is a key component of preventative healthcare. Better immunisation coverage will reduce the risk of measles, mumps, rubella and other infectious diseases which can cause harm to our pēpi and tamariki.

One of the Government's five **Health Targets** is to have 95% of children fully immunised at 24 months of age by 2030. Early enrolment in primary care and on time 6-week-old immunisation is a strong predictor for achieving on-time immunisation at 24 months.

Performance based capitation in 2025/26 will have one measure: **Improved immunisation rate of 6-week-olds**.

This measure seeks to improve the childhood immunisation rates of the total enrolled population and **will be measured at the practice level**.

Immunisation supports New Zealanders to live longer in good health and is one of the most cost-effective public health interventions available. A high percentage of fully immunised children not only protects individuals against disease but can prevent the onward spread of disease within the population through herd immunity.

## 2.2 Immunisation Data

The default sources of data for this performance measure will be the **Aotearoa Immunisation Register** (AIR) and the monthly capitation snapshots from the **National Enrolment Service** (NES). The AIR is the source of data for on-time 6-week-old immunisations, and NES is the source of data on children who are eligible for capitation-based funding (CBF). Together they are used to report on the number of 'capitated' children who received their 6-week-old immunisations on time. If all scheduled 6-week-old immunisations are given on or before a child reaches 3 months old, this is considered 'on-time'.

Practice-level immunisation rates are obtained from the AIR Power BI Immunisation Summary Dashboard. For details on how to sign up to access the Immunisation Summary Dashboard and/or the AIR Operational Reports, go to **Signing up to use the AIR**. PHOs and general practices are encouraged to work with the National Public Health Service to reconcile their immunisation records in the AIR.

Immunisation performance may be assessed using patient management system (PMS) data as well as AIR data, and paid on the best result obtained, provided the PMS data is reconciled with the AIR report and anomalies corrected going forward.

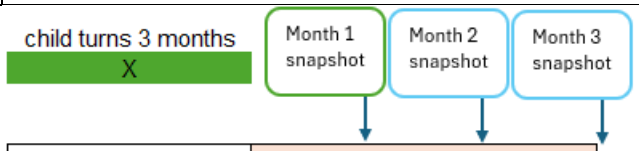
## 2.3 Methodology

The methodology has been developed to provide a structured, equitable way to distribute incentive funding to general practices to support improved coverage of timely childhood immunisations – specifically the 6-week immunisation milestone (measured at 3 months of age). The focus is on recognising improvements and rewarding providers for reaching or maintaining high performance.

**Denominator:**

The denominator includes all 'capitated' children who passed their milestone age of 3 months in each of the last four quarters over that 12-month period.

| Data extraction source | Definition |
|---|---|
| Capitation – PHOS_PERSON_EXTRACT | Children who turned 3 months, using **snapshot on 1st of the month after the child turns 3 months** |




| Denominator | Q1 | | |
|---|---|---|---|
| Month | 1 | 2 | 3 |
| Practice A | X | | |
| Practice B | | X | |
| Practice C | | | X |
| Practice D | | | |

Patient will remain with Practice A for the 4 quarters

Further detail on data definitions can be found in **Appendix A**.

**Numerator:**

The numerator is the number of children from the denominator cohort, 'completed' or 'closed not required', who have received all three immunisations scheduled for 6-week-olds on or before 3 months of age. The **scheduled immunisations** are currently:

- Infanrix-hexa (DTaP-IPV-HepB/Hib)
- Prevenar 14 (PCV)
- Rotarix (RV)

Further detail on data definitions can be found in **Appendix A**.

**Baseline:**

The numerator and denominator referenced above are aggregated over all four quarters of the financial year to establish a fixed baseline.

| Baseline | 2024/25 | | | | Calculation | Baseline |
|---|---|---|---|---|---|---|
| Numerator | Q1 | Q2 | Q3 | Q4 | N = Q1+Q2+Q3+Q4 | Baseline % = N/D |
| Denominator | Q1 | Q2 | Q3 | Q4 | D = Q1+Q2+Q3+Q4 | |

**How immunisation performance is calculated:**

Performance is assessed quarterly, using a rolling 12-month view, measured at the end of each quarter. Each quarter's result is compared to the fixed baseline, defined as the 12-month rolling coverage rate

| Baseline | Quarterly Performance | Incentive Basis |
|---|---|---|
| Fixed | Rolling 12-month | $125 per patient in rolling denominator, paid quarterly |

**Q1:**

| Quarterly performance | 2024/25 | | | 2025/26 | Calculation | Quarter 1 performance |
|---|---|---|---|---|---|---|
| Numerator | Q2 | Q3 | Q4 | Q1 | N1 = Q2+Q3+Q4+Q1 | Q1% = N1/D1 |
| Denominator | Q2 | Q3 | Q4 | Q1 | D1 = Q2+Q3+Q4+Q1 | |

| base year | | | | year 1 | |
|---|---|---|---|---|---|
| **Q1** | **Q2** | **Q3** | **Q4** | | |
| | **Q2** | **Q3** | **Q4** | **Q1** | |

Compare Q1% with Baseline % to calculate incentives for Q1

**Q2:**

| Quarterly performance | 2024/25 | | 2025/26 | | Calculation | Quarter 2 performance |
|---|---|---|---|---|---|---|
| Numerator | Q3 | Q4 | Q1 | Q2 | N2 = Q3+Q4+Q1+Q2 | Q2% = N2/D2 |
| Denominator | Q3 | Q4 | Q1 | Q2 | D2 = Q3+Q4+Q1+Q2 | |

| base year | | | | year 1 | |
|---|---|---|---|---|---|
| **Q1** | **Q2** | **Q3** | **Q4** | | |
| | | **Q3** | **Q4** | **Q1** | **Q2** |

Compare Q2% with Baseline % to calculate incentives for Q2

## 2.4 Quality Improvement Targets

Quality improvement targets are based on each practice's current (baseline) immunisation rates. The targets acknowledge that:

- strong action is required to support significant improvements in childhood immunisation, while balancing the quality improvement principles of setting realistic and achievable goals.
- the effort required for practices with higher baseline immunisation rates to maintain those rates, and the increasing effort required as the immunisation rates increase towards 95%.

The improvement targets have been structured to recognise that a rapid increase in immunisation rates may be unrealistic and unachievable for practices. Therefore, a gradual, incremental approach has been adopted to support progress while ensuring that practices are not financially penalised in the process.

The baseline and targets for each general practice are outlined in a reporting template that is to be provided to each practice's PHO.

### Targets

**Table 1: Enrolled 6-week-old immunisation targets of general practices**

| Baseline<br><br>**Practice-level rate of fully immunised 6-week-olds by 3 months of age at the end of Quarter 4 of 2024/25 over the previous 12 months** | Target<br><br>**Practice-level rate of fully immunised 6-week-olds by 3 months of age at the end Quarter 4 of 2025/26 over the previous 12 months** |
|---|---|
| **If less than 85%** | At least 10 percentage point improvement compared to baseline. |
| **If 85% or above** | Goal is to reach or maintain 95% coverage to the full 12 month rolling period. |

**Note:**

**It is important that all immunisation events are entered into AIR by the 15th of the month following the child's three month birth date to ensure accurate reporting.**

If the baseline immunisation rates of 6-week-olds are found to be globally inaccurate due to ongoing challenges with AIR data, Health NZ will reset the targets and baselines in line with the new baseline rates. The current average 6-week-old immunisation rate from AIR data is 87%. However, on review if the average 6-week-old immunisation rates are found to be lower than 85%, targets will be reset. Such a reset will see the reduction in the annual targets by up to 5%, such that the overall goal would be to reach 90%. Health NZ will notify PHOs immediately in the event of a global inaccuracy being discovered and work with the PSAAP negotiators on required changes.

# 3. Performance Funding

## 3.1 Funding mechanism

The total performance pool is **$500 per enrolled eligible child per year** which is paid as **$125 per quarter**. Payments are based on **overall general practice performance** against immunisation targets – not individual patient outcomes.

Performance is measured as a 12-month rolling immunisation coverage rate, assessed at the end of each quarter. Payments are made quarterly, based on proportional movement towards the annual target. The quarterly targets are:

- Q1: 2.5 percentage points improvement above baseline, or 95% (whichever is less)
- Q2: 5.0 percentage points improvement above baseline, or 95% (whichever is less)
- Q3: 7.5 percentage points improvement above baseline, or 95% (whichever is less)
- Q4: 10 percentage points improvement above baseline, or 95% (whichever is less)

## 3.2 Payment for full achievement of targets

The approach to the performance payment depends on whether the practice baseline is above or below 85%:

**Approach 1: Practice Baseline is less than 85%**

- Full payment in contingent on Practices improving their immunisation rates by 10 percentage points over the course of the 2025/26 year.
- If the immunisation rate reduces from the 2024/25 12-month baseline in any of the 2025/26 quarters, there will be no payment for that quarter.
- The amount of performance funding that will be paid is calculated from the total number of eligible enrolled children in the rolling 12-months at end of each quarter (i.e. the denominator), regardless of whether those children received all their immunisations.

**Practice Example:** Baseline = 64% and Target = 74%

Denominator = 100 eligible children. Note that this number is likely to change each quarter, but for the purpose of providing an example, this practice has 100 eligible and enrolled children over the preceding 12-month period at the end of every quarter in 2025/26.

Maximum potential funding is $500 x 100 = $50,000 to the practice via it's PHO in 4 separate quarterly payments:

- Q1 Rate = 66.5% → improved by 2.5% → $125 × 100 = $12,500
- Q2 Rate = 69% → improved by 5% → $125 × 100 = $12,500
- Q3 Rate = 71.5% → improved by 7.5% → $125 × 100 = $12,500
- Q4 Rate = 74% → improved by 10% → $125 × 100 = $12,500

**Approach 2: Practice Baseline is greater than or equal to 85%**

- Full payment is contingent on Practices achieving a 95% or greater immunisation rate over the course of the 2025-26 year.
- If the immunisation rate reduces from the 2024/25 12-month baseline in any of the 2025/26 quarters below 85%, there will be no payment for that quarter.

- The amount of performance funding that will be paid is calculated from the total number of eligible enrolled children in the rolling 12-months at end of each quarter (i.e. the denominator), regardless of whether those children received all their immunisations.

**Practice Example:** Baseline = 87% and Target = 95%

Denominator = 100 eligible children. Note that this number is likely to change each quarter, but for the purpose of providing an example, this practice has 100 eligible and enrolled children over the preceding 12-month period at the end of every quarter in 2025/26.

Maximum potential funding is $500 x 100 = $50,000 to the practice via it's PHO in 4 separate quarterly payments:

- Q1 Rate = 89.5% → 4.5 pts above 85% → (4.5 > 2.5) so 1 × $125 × 100 = $12,500
- Q2 Rate = 92% → 7 pts above 85% → (7 > 5) so 1 × $125 × 100 = $12,500
- Q3 Rate = 94% → 9 pts above 85% → (9 > 7.5) so 1 × $125 × 100 = $12,500
- Q4 Rate = 95% → 10 pts above 85% → (10 = 10) so 1 × $125 × 100 = $12,500

## 3.3 Partial Payments for Partial Achievement

Performance funding is proportional, based on quarterly progress against the target, as calculated using the rolling 12-month immunisation rate at the end of each quarter. Two methods apply depending on the practice's baseline:

**Approach 1: Practice Baseline is less than 85%**

- Payments are proportional to the level of performance achieved relative to the practice's target
- Calculation:
  (the percentage point improvement in the preceding 12 months compared to the baseline ÷ quarterly percentage point) × $125 × rolling 12-month eligible denominator
- If a practices performance, in any quarter, drops below their baseline they are not eligible for a performance payment in that quarter.

**Example:** Baseline = 64% and Target = 74%

Denominator (rolling 12 months at end of each quarter) = 100 children

- Q1 Rate = 65.5% → improved by 1.5% → 1.5 ÷ 2.5 = 0.6 → 0.6 × $125 × 100 = $7,500
- Q2 Rate = 67.5% → improved by 3.5% → 3.5 ÷ 5 = 0.7 → 0.7 × $125 × 100 = $8,750
- Q3 Rate = 70% → improved by 6% → 6 ÷ 7.5 = 0.8 → 0.8 × $125 × 100 = $10,000
- Q4 Rate = 72% → improved by 8% → 8 ÷ 10 = 0.8 → 0.8 × $125 × 100 = $10,000

**Approach 2: Practice Baseline is greater than or equal to 85%**

- Performance funding is awarded for each percentage point above 85%, up to a maximum of 10 percentage points (i.e. up to 95%).
- No performance funding is paid if the rolling 12-month performance falls below 85%.
- Calculation:
  ((Rolling Rate – 85%) ÷ Quarterly percentage point) × $125 × 12-month rolling eligible denominator

**Example 1:** Baseline = 87%, Target = 95%

Denominator (rolling 12 months at end of each quarter) = 100 children

- Q1 rolling rate = 86% → 1 pts above 85% → (1 ÷ 2.5) × $125 × 100 = $5,000
- Q2 rolling rate = 89% → 4 pts above 85% → (4 ÷ 5) × $125 × 100 = $10,000
- Q3 rolling rate = 91% → 6 pts above 85% → (6 ÷ 7.5) × $125 × 100 = $10,000
- Q4 rolling rate = 92% → 7 pts above 85% → (7 ÷ 10) × $125 × 100 = $8,750

**Example 2:** Baseline = 87%, Target = 95%

Denominator (rolling 12 months at end of each quarter) = 100 children

- Q1 rolling rate = 86% → 1 pts above 85% → (1 ÷ 2.5) × $125 × 100 = $5,000
- Q2 rolling rate = 89% → 4 pts above 85% → (4 ÷ 5) × $125 × 100 = $10,000
- Q3 rolling rate = 86% → 1 pts above 85% → (1 ÷ 7.5) × $125 × 100 = $1,667

- Q4 rolling rate = 84% → 0 pts above 85% → (0 ÷ 10) × $125 × 100 = $0

# 4. Reporting and Payments

A quarterly report will be provided to each PHO in the month following the end of each quarter. The report will include:

- Baseline immunisation rates for 2024-25
- Quarterly immunisation rates for each general practice
- Corresponding performance payment amounts calculated for each practice

## 4.1 Requirements of PHOs

PHOs will have **two weeks** to check the report. If the PHO agrees with the data, **no further action is required**, and performance payments will be processed in the following month.

**Disputing Reported Data**

If a PHO identifies discrepancies and wishes to submit an alternative report it must:

- Use the provided reporting template
- Include a clear explanation for the proposed changes
- Submit the updated report by the specified deadline to: primary.care@tewhatuora.govt.nz
- **Important:** Do not include any patient-identifiable information

The PHO must also ensure that the Aotearoa Immunisation Register (AIR) is updated to reflect the corrected data, as missing results will affect future quarterly reports.

Health NZ will verify the submitted information. Any top-up payments will be processed in the next available payment run.

**Performance** Reporting and Payment Timeframes

| Quarter | Reporting Period | Report sent to PHO | Alternative Report Due | Payment Date |
|---|---|---|---|---|
| **Q1** | 1 July – 30 September 2025 | 24 October 2025 | 7 November 2025 | 15 November 2025 |
| **Q2** | 1 October – 31 December 2025 | 23 January 2026 | 6 February 2026 | 15 February 2026 |
| **Q3** | 1 January – 31 March 2026 | 24 April 2026 | 8 May 2026 | 15 May 2026 |
| **Q4** | 1 April – 30 June 2026 | 24 July 2026 | 7 August 2026 | 15 August 2026 |

# Appendix A: Data Definitions

**Description of Measure: Practice Immunisation Rate of 6-week-olds measured at 3 months of age**

## Data Extraction and Source

**Data for Denominator:**

NES database (Final updated PHOS_PERSON_EXTRACT): Children who turned 3 months, using snapshot on 1st of the month after the child turns 3 months aggregated over a quarter

NES data is extracted after 15th of the month following the end of the quarter for this measure.

Available to PHOs on the 1st day of each month.

**Data for Numerator:**

AIR database: children **from the denominator cohort** who completed all their 6-week-old immunisations on or before reaching 3 months of age, aggregated over the quarter.

AIR data is extracted after the 15th of the month following each month's end for this measure.

Available at: Health NZ Immunisation Summary Dashboard (request access here)

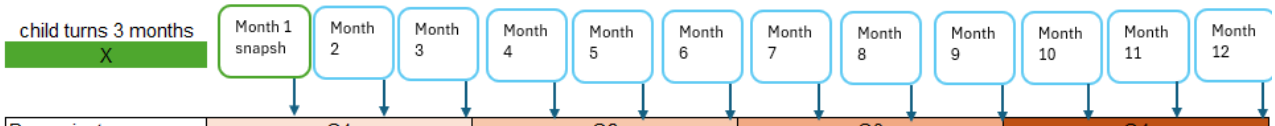
## Denominator

The denominator consists of all 'capitated' children who reached 3 months of age within each of the last four quarters, assigned to their respective practices based on a snapshot taken on the first day of the month following their 3-month birth date. Children continue to be included in a practice's denominator even if they transfer to another practice after this date.

Example:

If a child (X) turns 3 months old on the 15th of July 2025 and was enrolled with Practice A on the 1st of August 2025 (1st date of capitation after the child turns 3 months old), the child will remain in Practice A's denominator for a total of four quarters Q1, Q2, Q3 and Q4 even if they moved practice B on the 15th of Aug. Practice A is responsible for making

sure a child is fully immunised by three months old and should receive the incentives for completing this task.




| Denominator | Q1 | | | Q2 | | | Q3 | | | Q4 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Month | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Practice A | X | X | X | X | X | X | X | X | X | X | X | X |
| Practice B | | X | | | | | | | | | | |
| Practice C | | | X | | | | | | | | | |
| Practice D | | | | | | | | | | | | X |

Assuming Practice A performs and meets their target each quarter, the practice will be incentivised $125 * 4 = $500 for child X

| base year | | | | year 1 | | | |
|---|---|---|---|---|---|---|---|
| **Q1** | **Q2** | **Q3** | **Q4** | | | | |
| | | | | **Q1 X = $125** | **Q2 X = $125** | **Q3 X = $125** | **Q4 X = $125** |

## Numerator

The numerator is the total number of children from the denominator cohort who received all three of their 6-week-old immunisations (PCV, DTaP-IPV-HepB/Hib and RV) on or before reaching 3 months of age, aggregated over each of the last four quarters with a status of completed or closed not required.

Note that rotavirus (RV) is included in the performance measure because it is part of the 6-week-old immunisation schedule and therefore best practice for timely immunisation.

This includes immunisation that is provided by any provider, or even if overseas, for any eligible child with the PHO/practice.

**Notes:**

- **Valid doses**: Only a complete DTaP-IPV-HepB/Hib dose counts; partial doses or combined partials are not counted.
- **Overseas immunisations**: Practices must ensure these are entered or updated in PMS/AIR by the 15th of the month following the child's three-month birthday.
- **Closed – Not Required status**: Practices are responsible for recording this in their PMS (where applicable) and should work with AIR admin teams to ensure it is also updated in AIR promptly.

- **Retrospective entries**: Any back-dated entries will not be included in measure or incentive calculations.
- **Exclusions**: Children whose caregivers elect not to have them recorded in AIR will be excluded from the numerator.

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