

## Primary Health Organisation Services Agreement: Funding Rates from July 2023

<b>To:</b>	PHOs and general practice sector leaders
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<b>Date:</b>	June 2023

### Purpose

This memo advises Primary Health Organisations (PHOs) and general practice of the finalised funding uplifts and rates under the PHO Services Agreement (PHOSA) from 1 July 2023, which will be included in a compulsory variation to the PHOSA.

### Background

The Primary Health Services Agreement Amendment Protocol (PSAAP) group is the forum for agreeing nationally consistent changes to the PHOSA. It has been in abeyance since 1 June 2022.

Given that the PSAAP group is in abeyance, Te Whatu Ora, with Te Aka Whai Ora and Manatū Hauora have engaged with representatives of PHOs and general practice about funding uplifts and rates from July 2023. This engagement has included:

- a letter from Te Whatu Ora dated 8 May advising that Te Whatu Ora's Board had approved a 5% price uplift to funding national primary and community care service contracts from 1 July 2023
- meetings with PHO and general practice representatives on 8 May and 18 May, and
- a draft prescription notice from Manatū Hauora released on 19 May, with feedback invited about the options to shift funding between services to optimise the impact of the funding uplift.

A joint letter from the sector groups that make up the General Practice Leaders' Forum (GPLF) was received on 7 June 2023. That letter rejected the 5% uplift proposed by Te Whatu Ora and outlined a 20-point plan for the stabilisation and recovery of general practice.

Te Whatu Ora National Director for Commissioning, Abbe Anderson, acknowledged this feedback by letter dated 14 June, noting that Te Whatu Ora had presented its best annual funding uplift offer. Abbecommited to continued conversations with PHOs and sector partners about other opportunities to strengthen and stabilise general practice.

### Finalised Prescription Notice

Manatū Hauora has now issued a finalised Prescription Notice to Te Whatu Ora under clause F.21 of the PHOSA, and accordingly Te Whatu Ora is now issuing the finalised Prescription Notice to PHOs.

As allowed for by clause B.23 of the PHOSA, Te Whatu Ora may vary the PHOSA by way of a Compulsory Variation in order to give effect to a payment rate increase pursuant to clause F.21.

Te Whatu Ora is preparing a Compulsory Variation to each PHOSA held by a PHO to give effect to the finalised Prescription Notice, and will forward the Compulsory Variation shortly to PHOs.

## Funding Uplifts

The new funding rates effective from 1 July 2023 incorporate uplifts as set out in the attachment. These include:

- a. 5% to all First Level Service and flexible funding service lines, and
- b. 29.5% to the Immunisation Administration Fee.

The 5% uplift to First Level Services results in actual increases of between 5.03% (Zero Fees Under 6s) and 8.86% (Community Services Card) when the buy-out of the concurrent increase in patient co-payments is taken into consideration in order to sustain the mandated co-payment levels associated with Zero Fees, Community Services Card and Very Low Cost Access.

These uplifts exceed the average increase in input costs for general practice of 4.92% as assessed by the Annual Statement of Reasonable Fee Increase.

For a second year in a row the Immunisation Administration Fee receives the single largest increase in any service line, taking this subsidy from \$27.84 to \$36.05 excluding GST. Influenza immunisation is now included in the standard immunisation administration rates. Concomitant administration with the shingles vaccine also receives a 5% increase.

The total value of these funding uplifts is forecast to be \$73.8m before volume growth in enrolments and immunisations.

In addition, Te Whatu Ora districts fund PHOs for various locally commissioned services, some of which are delivered by general practices. These will also receive the 5% funding uplift.

## Other Investments

Outside of the PHOSA annual uplift process, general practice sustainability is being supported with additional funding committed over several years, including the following:

- Equity adjustment to primary care funding - \$12.758m in 2022/23 and \$24.414m per annum from 2023/24
- Comprehensive Primary and Community Care Teams - \$5.854m in 2022/23, \$61.146m in 2023/24 and \$35m in 2024/25, and
- Reducing nurse pay disparities - \$32m from 2023/24.

## Accompanying Documents

The following final documents related to the 2023/24 uplift process are supplied in addition to this letter:

- a. Te Whatu Ora letter to PHO CEs
- b. Prescription Notices
- c. Compulsory Variation 6.5 (effective from 1 July 2023)
- d. Memo from Buddle Findlay outlining all changes from PHOSA Variation 6.4
- e. Annual Statement of Reasonable GP Fee Increase for 2023

## Attachment

### Finalised Uplifts to apply from 1 July 2023

PHOSA Service/Funding	Uplift
First Level Services	5%
Very Low Cost Access (VLCA)	5%- 8.11%
Community Services Card Scheme (CSC)	5%- 8.86%
Zero Fees for Under 6's and Under 14's	5%- 5.24%
Immunisation Administration	29.5%
Services to Improve Access (SIA)	5%
Care Plus (CP)	5%
Health Promotion (HP)	5%
Management Fees	5%
Rural Workforce Retention	5%
System Level Measures Incentive Funding	0%