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Capitation increase unknown until 'towards end of June': Te Whatu Ora



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A delay in announcing the 2024 capitation increase is purely due to Budget announcements being later than usual and the need to confirm internal funding allocations, Te Whatu Ora living well director Martin Hefford says [Image: Supplied]

[Te Whatu Ora] acknowledges in this time of fiscal constraint that the price uplifts may be less than sector expectations

General practice's capitation increase from 1 July now won't be known until towards the end of June, Te Whatu Ora living well director Martin Hefford says.

The sector's capitation uplift working group had hoped to get news today, nearly a fortnight after Budget 2024, on the proposed capitation increase and appropriation for 2024/2025.

But the meeting was cancelled as there is no decision yet on the funding allocation. The frustrated and stretched general practice sector has been forewarned to keep its expectations low.

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Mr Hefford says, in an emailed response to *New Zealand Doctor Rata Aotearoa*, that the delay in making a capitation offer to the sector is “purely related to the later Budget announcements and the need to confirm internal allocations”.

He says that following the release of Budget 2024 on 30 May, the agency’s board “will confirm price uplift amounts that we can offer to the funded sector”.

“That is expected to be towards the end of June.”

The delay meant that planned sector negotiation meetings, like the PHO Services Agreement Amendment Protocol (PSAAP) and funding uplift working groups would need to be rescheduled.

“As soon as the decision is taken, Health NZ will start communications and contract variations with providers,” Mr Hefford says.

Time of fiscal constraint

Mr Hefford did not respond to a *New Zealand Doctor* query on whether he stands by his 6 June comment that he did not expect any delays in paying practices the uplift from 1 July.

He did state though that the agency “acknowledges in this time of fiscal constraint that the price uplifts may be less than sector expectations”.

The agency would “continue to work with Government and the funded sector to promote critical service sustainability”.

“Health NZ is grateful for the three-year funding path commitment by the Government and looks forward to working with the funded sector over 2024/25 on the possibilities presented by a three-year funding path.”

Health minister Shane Reti said after the release of the Budget that **the Government’s “ambition” was for the capitation increase “to get close” to the estimated 5.88 per figure** calculated under the PHO Services Agreement cost pressure formula. The sector has strongly indicated that a 5.88 per cent increase would fall below what the sector needs to address general practice’s financial challenges.

Done and dusted in past years

In past years the capitation increase for 1 July has by this point in June usually been tabled and rejected, and the formal process is usually under way for the annual uplift to the PHO Services Agreement to be compulsorily introduced under the PSAAP protocol.

Last year's 5 per cent capitation increase was **first tabled by Te Whatu Ora at a meeting of general practice leaders on 8 May 2023**. That increase had followed the Te Whatu Ora board approving a 5 per cent uplift across national contracts for 2023/2024 even before Budget 2023 was released on the 18 May. That capitation offer was formally rejected by **general practice leaders on 8 June 2023 in a letter proposing a 20-point recovery plan** for the general practice sector crisis.

In 2022, the proposed 3 per cent capitation increase was **formally tabled by Te Whatu Ora to PSAAP on 1 June 2022 and promptly rejected the same day as "insulting"**.

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