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Proposed capitation rise looking 'woefully inadequate'



Fiona Cassie

fcassie@nzdoctor.co.nz



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The Crown's proposed funding increase for general practice for 2022 will be out tomorrow

Tomorrow, the likely capitation funding increase for general practices will be discussed but the word is out that it falls far short of meeting inflation and nurse pay-parity cost pressures.

A report on the cost-pressure recommendation for 2022-23 is due to be formally tabled at tomorrow's PHO Services Agreement Amendment Protocol (PSAAP) group meeting

The controversial formula's annual findings have been used by the Crown since 2006 to guide general practices' annual capitation and reasonable fee increases.

Delayed release

The Contracted Provider Caucus called for a delay of the PSAAP meeting until 1 June after receiving a confidential copy of the annual cost-pressure findings in the PSAAP agenda papers.

Caucus secretary Philip Grant says: "That suggested a woefully inadequate funding increase."

It also saw that the cost-pressure paper was to be discussed at the interim Health New Zealand board meeting on 27 May.

So the caucus asked to defer PSAAP until after the Health NZ board meeting so "we had some more certainty and more detail around the funding that we would be able to discuss", says Mr Grant, who is also the General Practice Owners Association (GenPro) chief executive.

But he says hopes of an Health NZ update in advance of tomorrow's meeting have not eventuated.

Last year, the cost-pressure findings led to a 2.78 per cent increase in capitation.

GenPro last month pointed out that practices are facing inflation of just under 7 per cent and the DHB nurse pay-equity proposal would create a 22-27 per cent pay-parity gap with general practice nurses.

Equity funding

The Budget announcement did include \$12.75 million in additional funding for 2022-23 (and \$24 million a year for the following three years) to “more equitably allocate primary care funding to general practices on the basis of their enrolled high-needs populations”.

Health minister Andrew Little indicated on Budget day, 19 May, that the funding would be targeted at GPs in high-need areas so they can “offer more care through improved opening hours and more appointments”.

Mr Grant says PSAAP members have received no information in advance on the Budget “equity adjustment” funding and it will be part of tomorrow’s overall funding discussions.

Funding fix rejected

The caucus had sought an updated cost-pressure formula developed by GenPro to be used for the 2022-23 capitation and fees increase but the move was not backed by outgoing DHBs and Ministry of Health earlier this year.

The caucus had argued that their proposal was more time sensitive and tailored to true general practice costs than the current Sapere methodology.

Last week, the caucus received an official response from interim Health New Zealand saying it wished to retain the current funding formula arrangements for the 2022-23 year.

The letter, signed by Martin Hefford as interim Localities and Commission Workstream lead, points to the work under way looking at primary care funding and models of service delivery.

"For the primary care sector, this includes responding to the WAI2575 report by making changes to the primary care capitation funding formula, development of more comprehensive primary care teams, and the development of a new modular primary and community care contract that is intended to replace the current PHO Services Agreement in the future," writes Mr Hefford.

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