

PHO Services Agreement Amendment Protocol

(PSAAP) Meeting 17 July 2024

A meeting of PHO Services Agreement Amendment Protocol (PSAAP) took place on Wednesday 17 July 2024. The meeting discussed the proposed uplift to PHOSA prices for 2024/25 following a 20-day consultation process. This proposal had been subject to considerable debate in the Uplift Working Group and to some revisions by Health NZ, but disagreements remain.

The ASFRI calculation suggests an increase in capitation of 5.88%. The proposed capitation uplift offer from HNZ is 4% with a 7.76% increase in average allowable fee increases. Health NZ did note that fee increases of \$65 will not trigger a review. PSAAP unanimously rejected this offer. PSAAP members offered many reasons for their rejection. These included the failure to maintain value, the disproportional negative impact upon the most disadvantaged populations especially in rural areas, the failure to address workforce and sustainability pressures, failure to address inequities, and the unacceptable rise in copayments. There was strong disagreement with the decision to increase access practices funding at a lower rate than non-access and with the 0% uplift to Care Plus. PSAAP felt that Health NZ could have made different choices regarding the distribution of the Budget 24 funding. Health NZ staff recognised and respected these views.

This means that the uplift will be subject to a compulsory variation which will be applicable from 1 August 2024, with payments backdated to 1 July 2024.

PSAAP agreed to a voluntary variation, subject to final wording and implementation arrangements. This focussed on three issues, differential payments for childhood immunisations, enrolment of newborns and the ability of Very Low Cost Access (VLCA) practices to raise the co-payment fee for non-Community Services Card holders. There was overall support but with reluctance expressed about aspects of these proposals.

PSAAP members endorsed the work of the System level Measures (SLM) working group agreeing on a single SLM measure for 2024/25 focused on improved immunisation rates for 24-month-olds. PSAAP could not reach agreement on the percentage of SLM payments which should go directly to contracted providers. This will be resolved in a further meeting of Contracted Providers, PHOs and Te Kāhui Hauora Māori.

There is agreement on a number of items to be on the shared future work programme which will begin soon and taken through to June 2025. This includes, for example, after hours considerations, telehealth, an updated fees review process, quantifying the services that no longer are accessible within hospitals but expected of general practice, and rural funding. There will also be a workstream to explore incorporating the equity adjustment and nurse pay parity funding lines into capitation. Early attention to these matters may assist in avoiding the very constrained timeframes and pressure in the PSAAP process this year.

The Chair noted again the commitment of Contracted Providers, PHOs and Te Kahui Hauora Māori to work productively with each other and with Health NZ.