
Memo

4 October 2018

To: PSAAP Group members

From: Alastair Hercus and Christy Harcourt, Buddle Findlay

Changes to the PHO Services Agreement for 1 December 2018

1. Set out in this memo is a summary of the key changes to the PHO Services Agreement that have been agreed to come into force on 1 December 2018.

Prompt enrolment of newborns with a general practice

2. The Ministry has given a commitment to the Health Select Committee to work with DHBs and PHOs to include appropriate clauses in the PHO Services Agreement requiring timely enrolment of newborns.
3. Enrolment is addressed in clause B.8 (Enrolment with the PHO and Contracted Providers), as follows:

B.8 Enrolment with the PHO and Contracted Providers

- (1) *The PHO and its Contracted Providers must comply with the requirements set out in the following Referenced Documents in respect of the enrolment of each Enrolled Person:*
 - (a) *the Referenced Document entitled "Enrolment Requirements for Providers and Primary Health Organisations";*
 - (b) *the Referenced Document entitled "Business Rules: Capitation-based funding"; and*
 - (c) *from the NES Start Date, the Referenced Document entitled "Business Rules: National Enrolment Service: Capitation Based Funding".*
4. The following new subclause (2) has been added to clause B.8:
 - (2) *Without limiting subclause (1), the DHB and PHO agree to work together to promote enrolment of newborns, having regard to the performance expectations set by the Ministry from time to time.*

Fees framework change

5. Clause F.22 sets out the Fees Framework, including the Fees Review process. Clause F.22(34) of the agreement states as follows:
 - (34) **Community Services Card Holders:** *The PHO will ensure that, for its Enrolled Population, fees established under subclauses (2) to (28) are set irrespective of whether the patients or their families have a Community Services Card.*

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6. This clause is no longer consistent with government policy, which is now to permit differentiation of co-payments for CSC and non-CSC holders. Accordingly, the clause has been deleted.

Schedule F1.1 changes – CSC and under 14s, and related changes

7. The changes to Schedule F1.1 are outlined below.

Annual rates changes

8. We have amended the rates tables in the following clauses to reflect the rates provided by the Ministry:
- (a) clauses 2 and 3 (which relate to capitation payments);
 - (b) clause 5 (which relates to very low cost access payments);
 - (c) clause 8 (which previously related to zero fees for under 13s and now relates to zero fees for under 14s); and
 - (d) clause 9 (which relates to zero fees for under 6s).
9. The changes to the rates in clauses 2, 3, and 9 relate only to changing the rates from being expressed to two decimal places, to being expressed to four decimal places. The rates in clauses 5 and 8 include changes to give effect to the policy changes for those clauses (outlined below).

VLCA payments

10. The table in clause 5(1) of Schedule F1.1 has a new column, reflecting that practices will receive a different amount depending on whether or not the Enrolled Person is a CSC holder. As noted above, the relevant rates provided by the Ministry have also been incorporated.
11. Clauses 5 and 6 have been amended to reflect that the zero fees requirement for under 13s is now to apply to under 14s. Clause 5 has also been amended to clarify that the maximum standard consultation fees specified are inclusive of GST.

VLCA sustainability support payments clause deleted

12. We have deleted what is currently clause 7 of Schedule F1.1, relating to sustainability support payments for VLCA practices, as the funding used for those payments is being applied to the other changes in the agreement.

CSC payments

13. We have included a new clause 7 of Schedule F1.1 reflecting the introduction of the new payments relating to CSC holders. We have drafted the clause so that it follows the structure used in relation to the current zero fees for under 13s payment clauses.
14. As reflected by the rates advised by the Ministry and incorporated into the table, the amount that will be paid for dependents of CSC holders aged under 14 will be zero, on the basis of the expectation that most (if not all) of the practices that will opt-in to the CSC payments will also have opted in to the zero fees for under 14s payments. This means that those practices will already be paid an amount for that age group, and will not receive a second payment.
15. The drafting does not however, require a practice to opt-in to the zero fees for under 14s payments. Accordingly, it will still be theoretically possible for a practice to opt in to the CSC payments only,
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and not the zero fees for under 14s payments. In that case, the amount the practice would receive for Enrolled Persons under 14, in respect of CSC payments, would be zero.

16. We have also included four new clauses relating to the CSC programme, which are included as new clauses 7A, 7B, 7C, and 7D.
17. Clause 7A applies where a practice intends to join the CSC programme and proposes to increase fees for non-CSC holders. It provides that the DHB will not refer proposed fee increases to the Fees Review Committee, if it agrees with the PHO and the Contracted Provider that the fee increase is necessary in order to avoid significant financial disadvantage to the Contracted Provider in terms of the revenue it expects to receive in respect of CSC holders.
18. Clause 7B deals with the possibility that a practice might opt-in to receive CSC payments and (as part of that) increase its fees to non-CSC holders to avoid significant financial disadvantage, and then subsequently opt-out of the CSC payments and seek to increase its fees in respect of CSC-holders. Clause 7B requires the second increase to be notified under clause F.22 and allows the DHB to take into account both increases in revenue as part of its consideration of the second fee increase under the standard fees review process.
19. Clause 7C acknowledges that utilisation of General Practitioner services may increase in respect of Contracted Providers that opt-in to receive CSC payments and fee caps, such that the utilisation rates may be higher than the rate anticipated when the amounts for the CSC payments and fee caps were calculated. If that occurs, the clause provides that the DHB and Ministry will take the change in utilisation rates into account when reviewing the amounts for CSC payments and fee caps in the 2019/20 and 2020/21 financial years. The clause also provides that the PHO and the relevant practices will use clinically appropriate methods to manage demand within the resources available to them.
20. Clause 7D relates to the allocation of the expected underspend of the funding allocated to the cost of the CSC programme and the extension of the zero fees for under 13s payments to under 14s in the 2018/19 financial year. It provides that the members of the PSAAP Group will use their best endeavours to make agreed recommendations to the Minister of Health by 31 March 2019 as to how the underspend should be allocated and applied, and lists two preferred uses for the underspend, being contributions to compliance costs related to the National Enrolment Service and the CSC programme, improving health equity for Maori.

Zero fees for under 14s and under 6s

21. We have amended clauses 8 and 9 of Schedule F1.1 to reflect that the zero fees for under 13s payments will now be extended to under 14s.

Review clause deleted

22. We have deleted clause 8(6) of Schedule F1.1 (the current under 13s clause), which relates to reviews of first level services used by children aged 6 to 12 if utilisation rates exceed certain amounts. The deletion has been made because:

- (a) the new rates elsewhere in the schedule have been calculated on the basis of a utilisation rate of 2.2, rather than the 2.0 referred to in subclause (6);

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- (b) there is more experience now with the operation of the scheme, and more confidence that a utilisation rate of 2.2 is appropriate (and less likely to be exceeded); and
 - (c) if the 2.2 rate is exceeded, there is an ability for any party to seek a review under the PSAAP processes in any case.

Schedule F2.1 changes – rates changes

- 23. We have amended the rates in the following clauses:
 - (a) clause 3 (management services payments);
 - (b) clause 4 (health promotion services payments);
 - (c) clause 5 (services to improve access for high needs persons payments), and
 - (d) clause 7 (payment for Care Plus services).
- 24. All of the changes relate only to changing the rates from being expressed to two decimal places, to being expressed to four decimal places.

References to 2016/17 financial year – Part G

- 25. We have made changes to clauses G.1 to G.6 and G.10 to delete now redundant references to the 2016/17 financial year as well as out of date references to the development of two system level measures.

Consequential and other changes

- 26. We have made a number of consequential changes in light of the changes above. Specifically, we have amended:
 - (a) clause F.3(2), which describes the payments made under Schedule F1.1, to reflect the addition of the CSC payments, and that the under 13s programme is now the under 14s programme;
 - (b) clause F.21(3), which relates to payment rates increases, to include reference to the CSC payments and to reflect that the under 13s programme is now the under 14s programme;
 - (c) clause F.22(7), which is part of the Fees Framework, to include reference to the CSC payments and to reflect that the under 13s programme is now the under 14s programme;
 - (d) Part H, to include definitions for the following terms: "CSC-holder" and "VLCA"; and

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- (e) other minor drafting tidy-ups throughout the agreement, for example ensuring that a consistent convention is used when referring to numbers (digits or numerals), and correcting typos.

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