



The Royal New Zealand  
College of General Practitioners



12 April 2006

Dear GP

#### **45-64 Age Group Funding - 1 July 2006**

You will be aware that the Government has made a commitment to increase the funding available for the 45-64 year age group from 1 July this year.

On 7 March 2006 the Minister of Health met with leaders of general practice and other sector leaders to discuss the rollout of the funding. The Minister made the following key points:

**1. Transparency of fees**

The Minister seems extremely focused on the need for patients to be able to compare fees from different general practitioners. This is likely to require practice identifiable fees to be provided to each DHB.

**2. Flow through of funding**

The Minister expects the full increased funding to flow through to the patient, in terms of lower cost of access. He also wants absolute transparency about how much fees are lowered by with the increased funding.

**3. A possible change in the fee notification process**

Currently the agreement is that general practices have the ability to change their fee at any stage but must notify the PHO, who then subsequently notifies the DHB. It has been suggested that in future practices may need to seek the approval of the DHB prior to any fee increases occurring.

**4. Negotiating Process**

He wants these issues to be negotiated between PHOs and DHBs in the appropriate forum by the end of April. And that everyone who wants to receive the new funding will need to have signed up before 1 July 2006.

We are sure you can see from the above statements there are a number of issues.

Since that meeting we have written to, and met with, the Minister and the Director General of Health confirming our support for the two key planks of the fees policy agreed between the Minister of Health and GP leaders in 2003, namely:

- The commitment to flow through of increased patient subsidies
- The right of general practice to set and charge its fees

We have also expressed our concern about proposed changes to the fees policy, particularly approval of fee increases, and the short timeframe for negotiations.

The Minister of Health has provided an assurance to us that he supports the right of general practice to set and charge its fees. He has also confirmed that approval of general practice fees is not a requirement.

However until the negotiation process is concluded, we cannot be absolutely sure that the Minister's commitments will be translated into practice. This concern is exacerbated by the fact that general practice does not have a direct voice at the DHB/PHO negotiating forum.

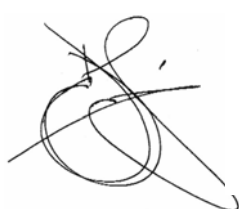
**We are writing today to provide all GPs in New Zealand with guidance until such time as any changes are agreed nationally. In the meantime we strongly recommend that you ensure that:**

- **Last year's rules and processes are again followed regarding flow through of the subsidy, the detail of your fee advice to PHOs/DHBs, and the requirements around posting of your fees on websites.**
- **Your PHO consults with you on any proposed changes to these rules. This is important so that they can take your views to the national DHB/PHO negotiations.**
- **You have a sound business plan supporting your fees.**

We, as the leaders of the National General Practice representative organisations, recommend that you continue to meet the obligations under the contract established last year and ensure that your PHO is engaged with you on any proposed changes.

We undertake to advise you of any changes to the contractual obligations as soon as they are agreed nationally.

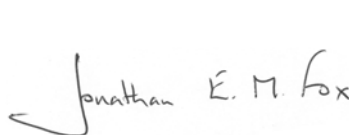
Yours sincerely



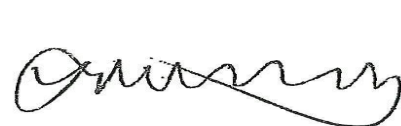
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