

21 District Health Boards

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Statement of GP Fee Increases DHBs consider reasonable for the period 2009/10

1. The maximum standard GP consultation fees increase considered reasonable by DHBs for July 2009 – June 2010 is 6.5% across all age groups taken together on fees notified to DHBs as applying at 1 July 2009 .
2. This percentage increase is based on the assumption that capitation subsidies and patients fees each form 50% of General Practice revenue for services contracted through the PHO Service Agreement Version 17.
3. DHBs acknowledge that there are many practices where capitation subsidies form more than 50% of total practice income. For these practices different rates of increases in standard GP consultation fees may be considered reasonable by DHBs.
4. General Practices may use either of the attached templates to check whether notified standard GP consultation fees are equal to or lower than the increases that DHBs consider reasonable for their specific practice.
5. If a practice does not choose to complete a template then the default position (rates applicable to a 50:50 revenue split) will apply.
6. PHOs will be responsible for verifying practice information provided in the templates. A DHB may request more supporting information to verify a practice's chosen split.

Ratio of capitation funding to co-patient payments	2009/10
50:50 split	6.5%
60:40 split	7.3%
70:30 split	8.7%
80:20 Split	11.5%
90:10 Split	19.1%

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7. Practices may choose to vary % adjustments across age bands as long as the total increase in notified co-payment across all age bands remains within the annual statement's reasonable % increase for that particular practice's overall subsidy/co-payment split. This can allow practices to maintain \$0 standard GP consultation fees for under sixes for instance. However, practices cannot offset a reduction in fees for children under six years by increasing fees for other age groups in excess of the reasonable fee increase as specified in paragraphs 1- 6 above.

Note

Generally a standard GP consultation fee increase in a single age band that is above the annual statement rate of increase will not be referred to a Fees Review Committee, provided standard GP consultation fee increases across all the age bands taken together are within the reasonable statement level. DHBs may wish to refer to a fees review committee an increase in any one age band that is very significantly above the reasonable % increase.

8. Increased standard GP consultation fees may be rounded in accordance with the Swiss rounding system to the nearest whole dollar, or to the nearest 50 cents. The rounding allowance will be taken into consideration should it put the percentage fee increase above the statement of reasonable fee increase.

Rounding standard GP consultation fee increases can be approached in one of 2 ways either:

- a) by changing the standard GP consultation fee by 50 cents, or a multiple of 50 cents and checking that the percentage increase this equates to is within or close to the Annual Statement, or
- b) by changing the standard GP consultation fee by the Annual Statement percentage and then applying rounding. The overall fee % increase across all ages needs to be as close as possible to the Annual Statement %, given the need to apply rounding.

If the current standard GP consultation fee is \$25 and an increase of 6.1% is applied this gives \$26.52, so round down to \$26.50. However if the current standard GP consultation fee is \$23 an increase of 6.1% gives \$24.40 so round up to \$24.50 Rounding is necessary because practices will not want to have standard GP consultation fees ending in odd amounts eg 38 cents. See table below for more examples.

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Current fee	6.5% increase	Rounded new fee	Actual % increase
\$ 23.00	\$ 24.50	\$ 24.50	6.50%
\$ 24.00	\$ 25.56	\$ 25.50	6.25%
\$ 25.00	\$ 26.62	\$ 26.50	6.00%
\$ 26.00	\$ 27.69	\$ 27.50	5.77%
\$ 27.00	\$ 28.75	\$ 29.00	7.40%
\$ 28.00	\$ 29.82	\$ 30.00	7.14%
\$ 29.00	\$ 30.88	\$ 31.00	6.90%
\$ 30.00	\$ 31.95	\$ 32.00	6.67%
\$ 31.00	\$ 33.02	\$ 33.00	6.45%
\$ 32.00	\$ 34.08	\$ 34.00	6.25%
\$ 33.00	\$ 35.15	\$ 35.00	6.06%

9. The level regarded as a very low standard GP consultation fee, (with respect to eligibility for Very Low Cost Access funding), is set by the Ministry of Health via a prescription notice.
10. A practice whose current standard GP consultation fees for adults are less than \$23.50 may choose to increase its standard GP consultation fees for those age groups by the annual statement percentage, or to raise the standard GP consultation fee to any amount up to \$23.50. If the latter, the increase will be accepted as reasonable irrespective of the percentage. If the current fee is \$23.50 then the maximum standard GP consultation fee increase considered reasonable by DHBs will be as set out in this annual statement.
11. DHBs note the Government's policy priority to maintain free or very low cost access for under sixes and expect applications of standard GP consultation fee increases to recognise this.
12. DHBs will consider reasonable any increase in a general practice standard consultation fee by taking into consideration current, and all prior statements of reasonable fee increase, and all prior fee increases for the same periods.

This will be calculated by compounding all prior years' 'unused' portions of the percentage increases considered reasonable as calculated for any individual practice in the Statement template for each year. The table below illustrates this:

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Year	A Statement increase	B Carried forward from prior year and adjusted by current %*	C Total Annual Statement Reasonable Fee Increase	D Actual increase applied by practice XYZ	E Unused percentage to carry forward to next year
1	5.50%	zero	5.50%	4.00%	1.50%
2	4.20%	1.56%	5.76%	4.50%	1.26%
3	6.10%	1.33%	7.43%	7.00%	0.43%
4	3.70%	0.45%	4.15%	4.00%	0.15%

* calculated by multiplying percentage number in column E for previous year by percentage number in column A of current year (i.e. 1.5% x 1.042 = 1.56%)

13. Multiple increases during the year should be viewed together. The total increase over the year must be within the annual statement % for the increase to be considered reasonable by DHBs. For example, a practice may raise its standard GP consultation fees by 4.0% in August 2009 and wish to increase by a further 2.0% in March 2010. This gives a total increase over 2009/10 of 6.0%, which is less than the 6.5% reasonable statement, so deemed reasonable by DHBs. A practice's annual increase will be calculated from the period of 1 July – 30 June i.e. within any one financial year.
14. DHBs may refer to Fees Review Committees all standard GP consultation fee increases which put the increase in practice revenue across all age bands above the annual statement applicable for that practice.
15. No additional allowance is made in the annual statement for any one-off events in 2009/10.



Craig Climo
Lead CEO
On behalf of all DHBs