

# Primary Care Annual Uplift 2026

Agreements in-principle with PSAAP

# Offer Summary

Health NZ has agreed in principle to invest \$120.6M in primary care via the PHO services agreement in 2026/27:

- Funding of \$45.8 million to increase capitation rates by 3.16% to recognise cost pressures
- \$4.8 million to increase Careplus, SIA, and Health Promotion flexible funding by 2.66%
- \$1.9 million to increase immunisation fees by 3.16%
- Reweighting of capitation to better reflect patient need using Sapere calculations
- \$30.4 million to increase capitation rates by a further 2.84% to fund fees stability in 26/27 and to support capitation reweighting by increasing the overall capitation funding pool.
- A 3.16% increase in rural funding, along with a revised rural formula that better matches rural diseconomies, costing \$0.9 million
- Additional funding for a transitional support package that means every practice will receive a minimum increase in their capitation funding of 4.0% for VLCA practices and 4.46% for non-VLCA practices (reflecting the difference in the contribution of patient fees to practice revenue) at a cost of \$26.8 million
- An additional \$10 million for performance-based funding for general practice.

# Stable fees policy to support sustainable and affordable General Practice

## Annual Uplift

- Funding of \$45.8m to increase capitation rates by 3.16% matching the Sapere input cost calculation

## Additional investment

Additional investment of \$30.4 million in (2.84%) in capitation rates from 1 July 26 for fees stability in 26/27:

- Standard consultation fees will remain as set at 30 May 2026, with a global zero allowable increase for standard GP consultations across all age groups.
- Practices with 'banked' fee increase percentages from previous years retain these banked increases to use in future years, but not this year;
- The cap for adult non-CSC VLCA rate remains at \$30.50
- The cap for adult CSC holders rate remains at \$20.00
- The cap for 15 – 17 year old CSC holder rate remains at \$13.50
- VLCA practices, and those charging CSC rates lower than the maximum in the agreement under these caps will be able to charge fees up to the contract rates above.

## Fees review for 26/27

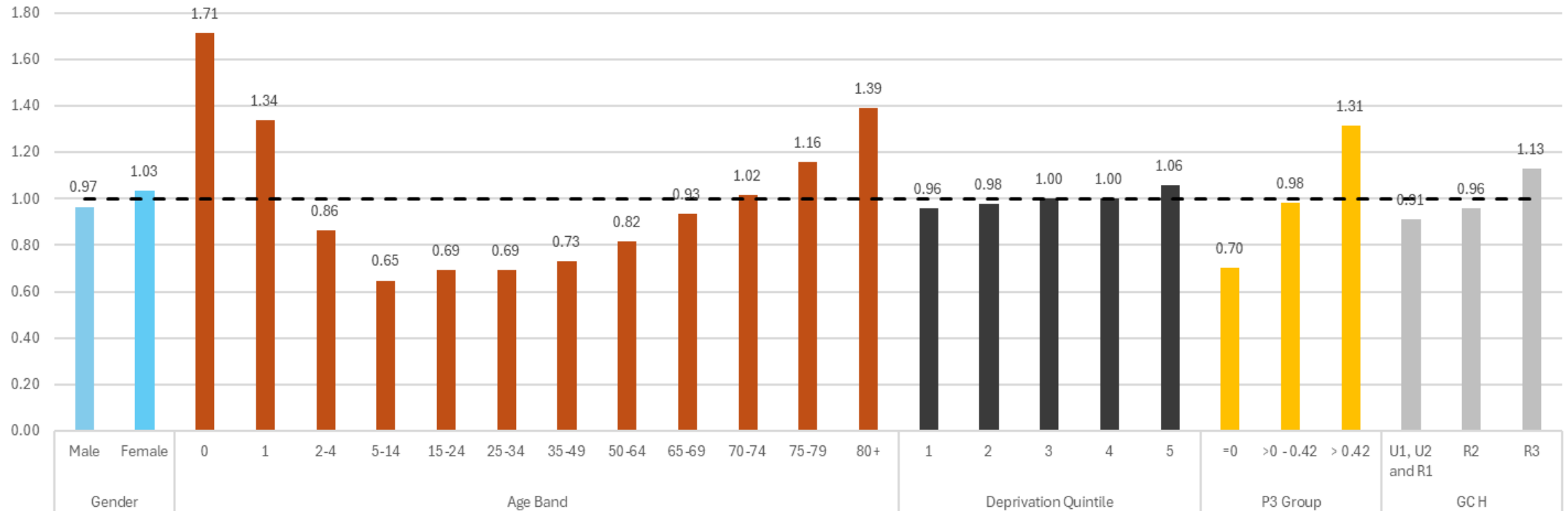
- The fees increase review criteria for 26/27 will be:
  - The practice's business sustainability is jeopardised; or
  - Unacceptable reductions in patient-facing services are required to maintain sustainability; or
  - Practice requires a fees increase to fund investments in progress (e.g. new buildings) to allow enrolment growth.

# Capitation re-weighting

- First substantive change to capitation in over 20 years
- Adds in rurality, deprivation, morbidity and older age ranges.
- Based on Sapere calculations from data from 2 million individuals encounters with general practice.

- Builds in funding for complexity going forward as the very old population increases, and morbidity increases, funding will increase.
- To be reviewed in 2028 and every 5 years thereafter

Mean weights by patient characteristics



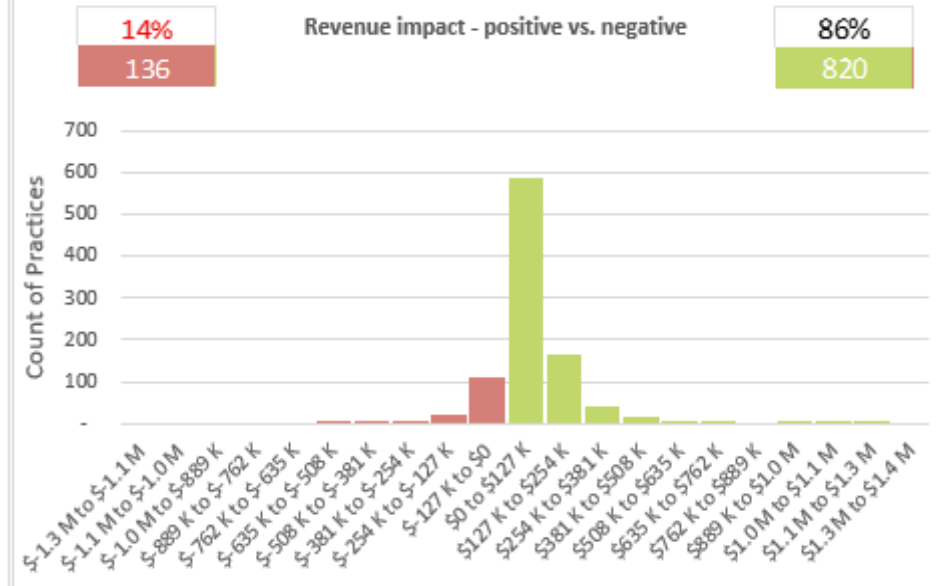
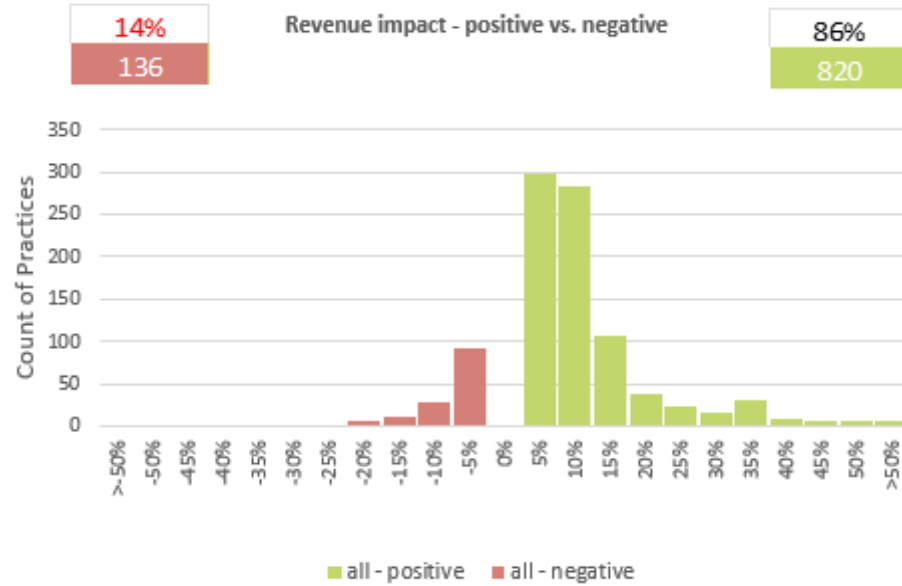
# Capitation re-weighting: Transitional Funding

In addition to the increase in base capitation of 6%, Health NZ has agreed to provide \$26M of transitional funding:

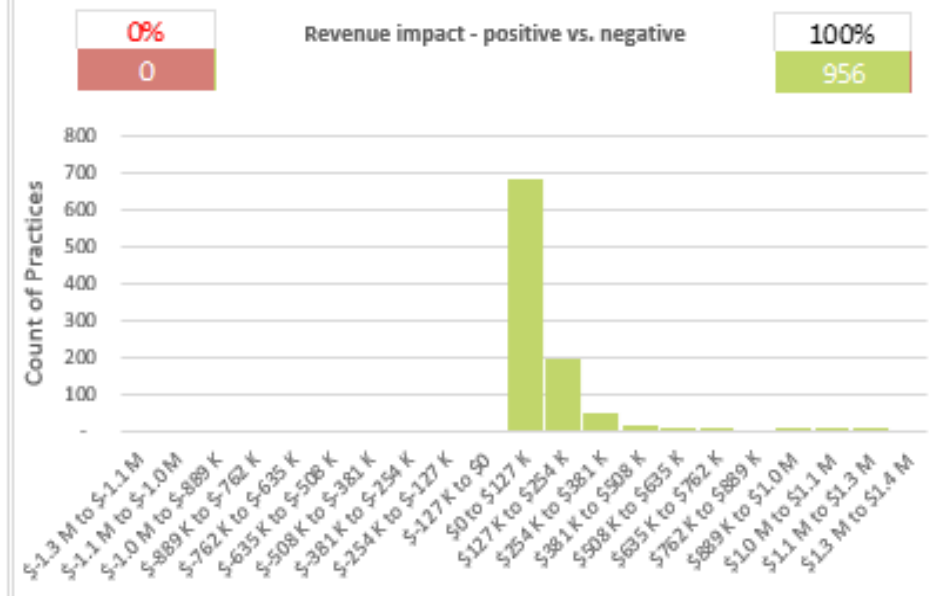
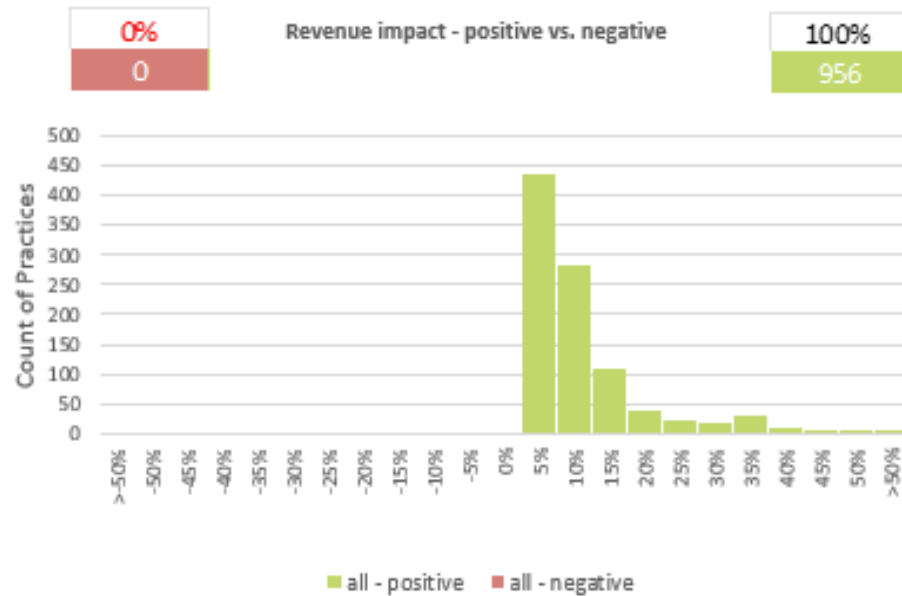
- VLCA practices transitional funding will top them up to 4% more than they would have received under the 2025/26 capitation formula plus 2025/26 rural funding formula.
- Non-VLCA practices will receive transitional funding to top them up to 4.46% more than they would have received under the previous 2025/26 capitation formula plus rural funding formula.
- The higher non-VLCA minimum top up amount is due to the higher percentage of their total revenue that comes from patient fees, and recognises the stable fees policy applying in 2026/27.
- Transitional funding will continue for four years.
- Health NZ will recalculate the transitional funding each year, with the amount payable reducing as overall capitation rates increase.
- The parties will review and agree transitional funding provisions within the PHO services agreement annually as part of the annual uplift negotiations to balance sustainability and affordable fees.
- From 1 July 2027, non VLCA practices receiving transitional funding will be able to set their fees based on their actual capitation rate increase after any reduction in transitional funding.

# Impact of Re-weighting - all practices combined

Pre mitigation

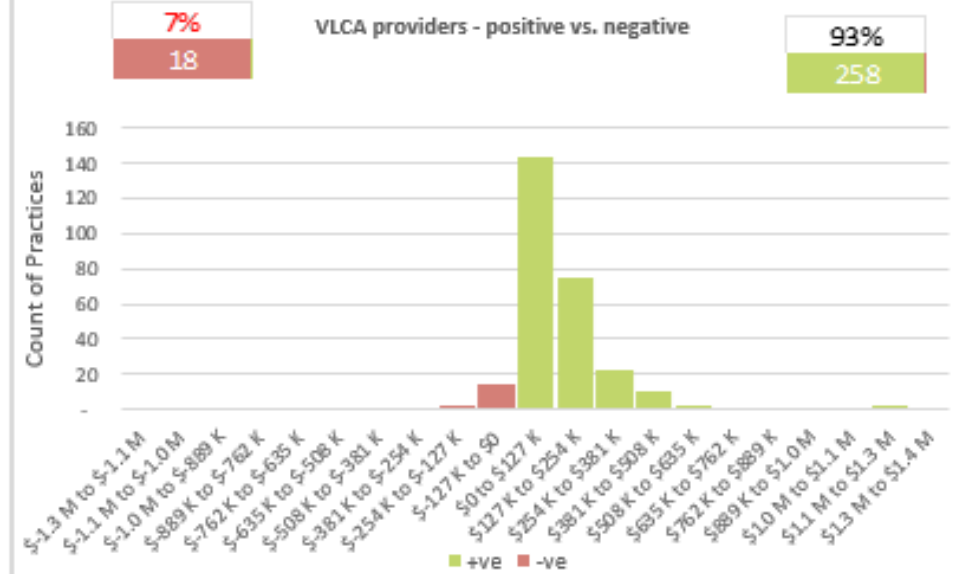
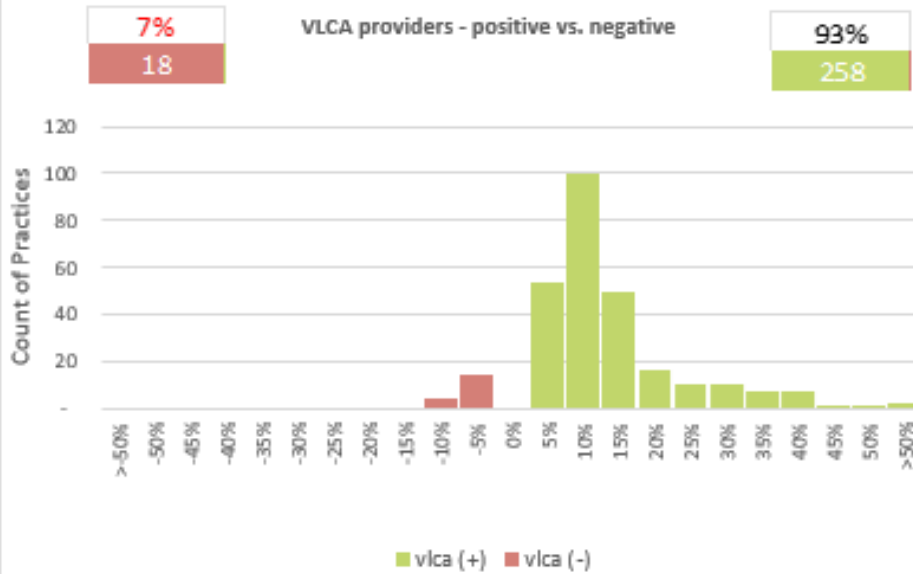


Post mitigation

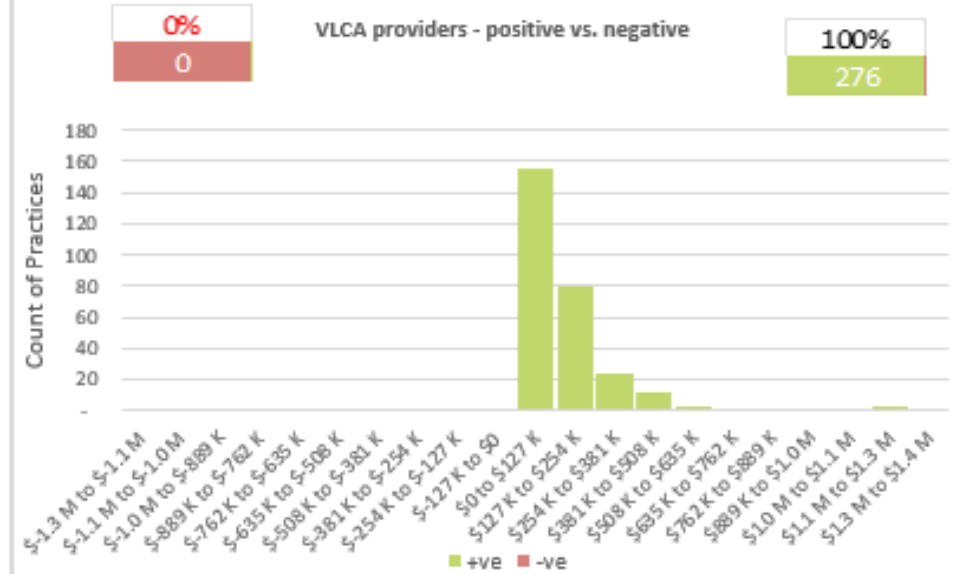
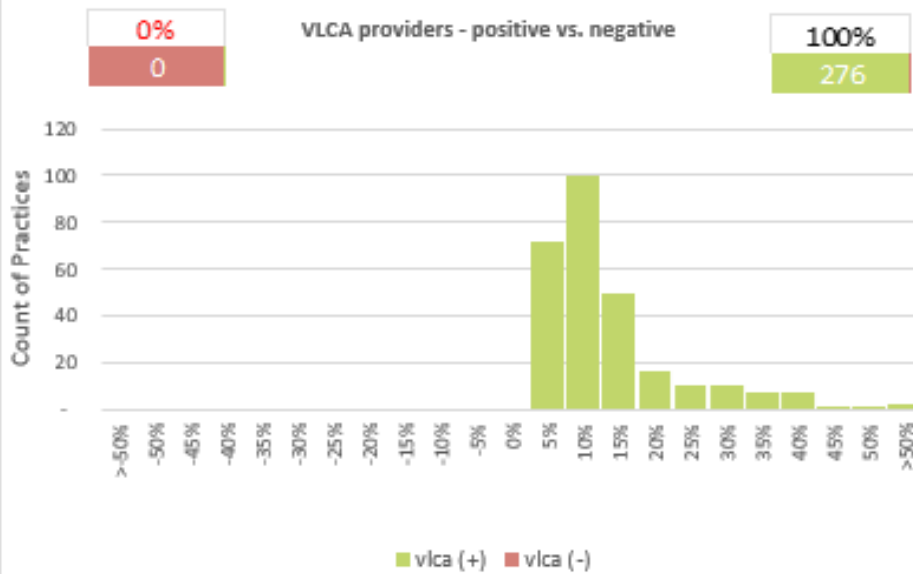


# Impact of Re-weighting - VLCA

Pre mitigation

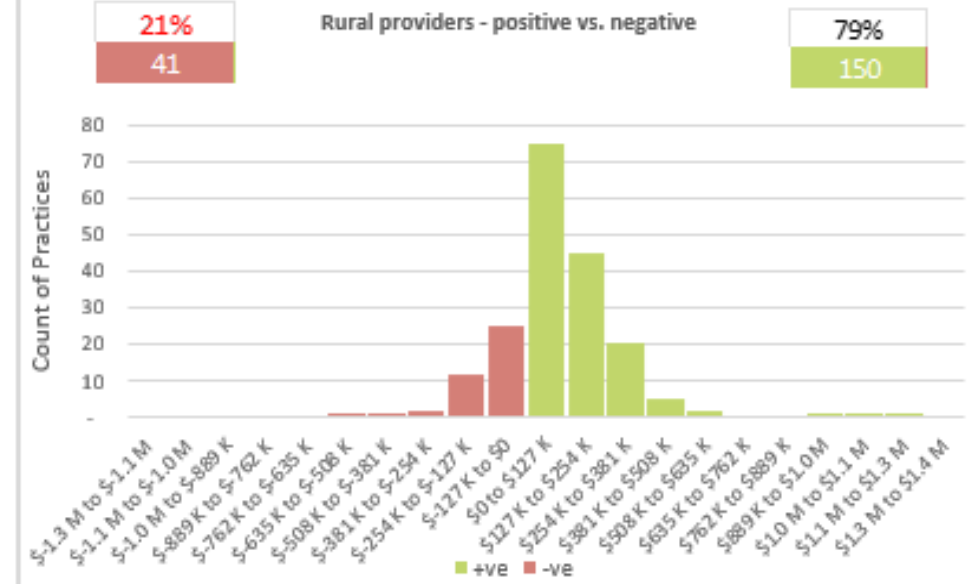
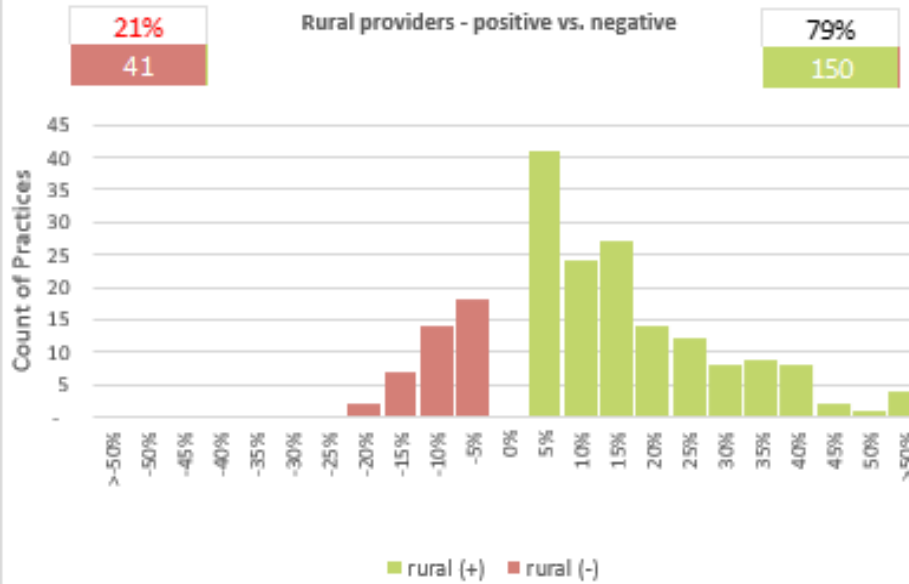


Post mitigation

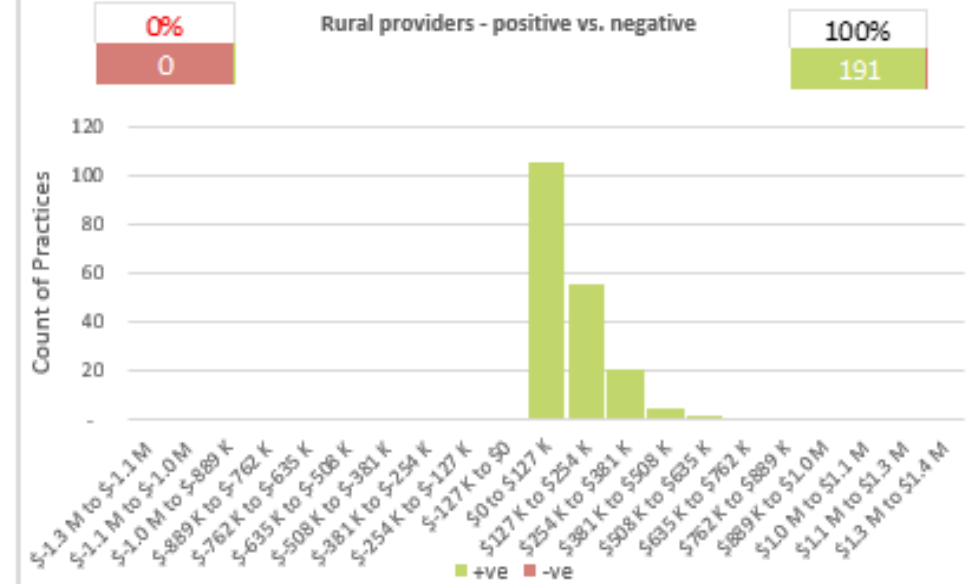
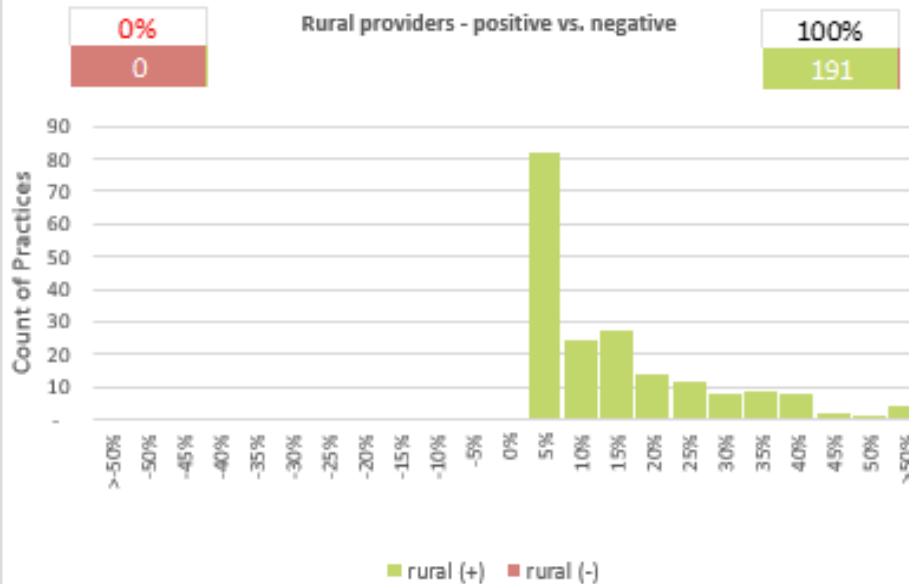


# Impact of Re-weighting - Rural

Pre mitigation

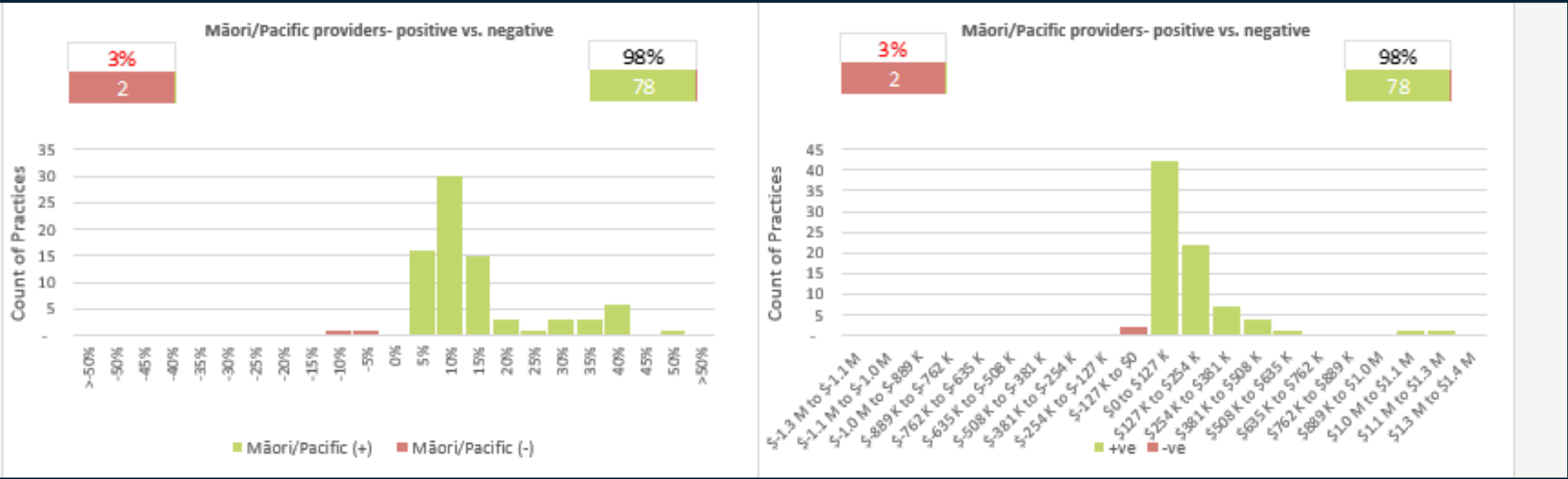


Post mitigation

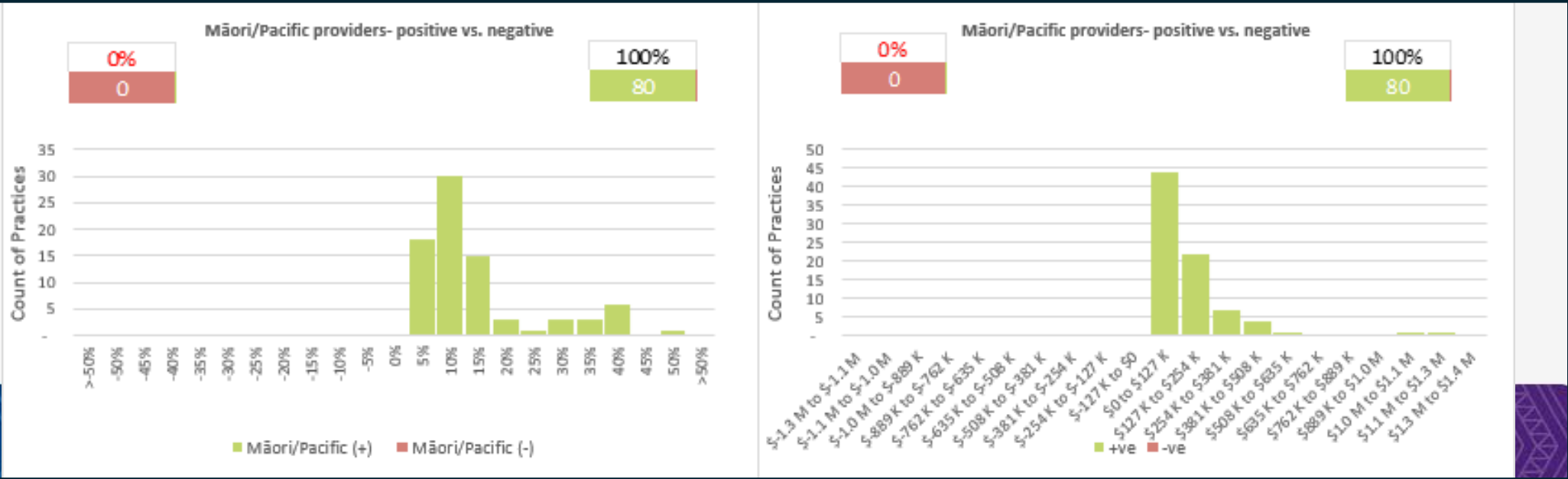


# Impact of Re-weighting – Māori / Pacific providers

Pre mitigation



Post mitigation



# Primary Care Performance Framework

- Health NZ will invest \$67 million in performance funding in 2026/27 (including \$26m current SLM funding).
- Pre-requisites for performance funding are participation in the HQSC consumer experience survey and data-sharing with Health NZ.
- Practices have the option of opting out of performance funding.
- Performance measures to be finalised with sector input and advice for implementation from 1 October.
- Measures will be focused on access and include the Primary Health Target, plus other measures such as:
  - Clinical FTE per adjusted 1000 population
  - Encounter rates per adjusted 1000 population
  - Continuity of care measures
  - Patient satisfaction with access
  - ED attendances per adjusted 1000 population
- Remunerated measures likely to include:
  - 24-month immunisation rate
  - Cervical Screening
  - Cardiovascular risk assessment

# Rural funding

- Health NZ has agreed to implement a new nationally consistent rural funding formula based on recommendations from the rural working group.
- The new processes using the geographic classification for health to determine rurality, and specific criteria to determine quantum of funding.
- All practices currently receiving rural funding will continue to receive rural funding from 1 July 2026 plus any new practices identified as being eligible under the new framework.
- An exceptions process will be created and agreed by PSAAP to assess any practices who potentially may be losing eligibility under the new framework.
- Applications will be assessed and before December 2026, with any changes in rural funding implemented for 1 July 2027.
- Rural practices impacted by rural funding changes will receive transitional funding to mitigate the impact so that every practice receives an increase in total PHO funding.