Primary Care Annual Uplift 2026

FAQs

15/06/2026

WellSouth has answered these questions based on the information currently available from Health New Zealand.

WellSouth will update this document on a regular basis as and when we receive questions from practices or further information from Health New Zealand.

Fee Increases

1. **Does this mean we can't increase our patient fees in 2026-27?**
   There is no Annual Statement of Reasonable Fee Increases (ASRFI) process for practices this year. The offer in the agreement builds a 3.16% increase into the capitation funding increase. There is an option to increase fees in certain, restricted circumstances. However, this can only be done with Health New Zealand approval. See the Fees Review Process on page 3, section 4 of the Heads of Agreement (HoA).

2. **If we had approval last year to increase fees to $x but we didn't put it up to that amount, can we still increase to this approved fee?**
   If you had approval to increase your fees, but chose to charge your patients a lesser amount, then you can increase your fees up to the maximum amount you have been previously approved for (this is what has been notified to and approved by HNZ). If patients query this, you can advise that you had been previously approved but had chosen not to implement the increase at that time.

3. **Can we increase our fees before 01 July 2026?**
   The HoA states that "standard consultation fees will remain as set **at 08 June 2026**". Any practice who has not had prior approval for a fee increase but wishes to raise their fees after 08June 2026 will need to follow the process in section 4 of the HoA.

Capitation Reweighting

4. **What has changed in the way capitation has been assessed?**
   In addition to the existing measures of age and gender the revised capitation includes rurality, deprivation, morbidity and older age ranges (previously this was just 65+).

5. **Why does the capitation weighting not include a measure for ethnicity?**
   PHOs, Te Kāhui Hauora Māori, and some contracted providers sought the

inclusion of ethnicity as a variable in the capitation reweighting, in accordance with the weights produced by Sapere. That request was not accepted as it is outside the policy settings agreed by Cabinet.

The data provided by Health New Zealand to practices records ethnicity, but this is not included in the capitation calculation. This is under the data columns EA% (European, Asian) and MPO% (Māori, Pacific, Other).

6. **Why does the % capitation increase offered to my practice differ from the 6.32% offered in the Proposed Agreement?**
   The total proposed national capitation increase for 2026 is 6.32%, however this varies between practices depending on the weighted capitation calculations. For some practices this will result in an increase in revenue and for others it represents a decrease in revenue.

7. **Will my capitation funding change as my enrolled patient numbers change? If I have a significant increase or decrease will this be reflected in the monthly payment?**
   Yes, in the same way your monthly capitation figures currently adjust to reflect the change in your enrolled patient numbers, the amount you receive will fluctuate depending on your enrolled patient numbers.

8. **What do the P1, P2, P3 ratings mean? What is the pharmaceutical index?**
   The **P3 (Pharmaceutical Prescribing Profile) index** is a validated mortality and multimorbidity risk index developed by researchers at the **University of Otago**. It tracks long-term health conditions using national **pharmaceutical dispensing records**. In the 2024 report from Sapere on Revising Capitation Weights, the P3 Index was recommended as being most relevant measure of multimorbidity for primary care services.

   Information on the P3 Score Methodology for Primary Care Capitation is now available on our webpage.

9. **What is the definition of dispensed medications? Is it what is actually picked up by the patient or is it what is prepared by the pharmacy?**

   We have been advised that this is medication that has been prepared by the Pharmacy.

10. **How reliable are the capitation amounts that have been sent to us? Can we have confidence in the data, particularly given there has already been an adjustment due to an error being identified?**
    Health New Zealand has issued a caveat stating “the modelling is indicative and has been developed to support discussion and analysis of the proposed

capitation re-weighting and rural funding redistribution settings under the current PSAAP offer as at 11 June 2026.

The analysis is based on national enrolment and demographic datasets at a snapshot in time. Calculated as at 01 March 2026 - data subject to any further technical due diligence or checking processes.

The modelling reflects a point-in-time view and is intended to provide an indication of relative practice-level impacts under the proposed settings. Results may change over time as, assumptions are refined, or implementation and transition decisions are confirmed".

11. **Are the amounts offered inclusive or exclusive of GST?**
    The amounts offered are exclusive of GST.

12. **What do the percentages mean on the information we have been sent?**

    The percentages have contributed to the capitation weighting. You can download a published a list of the classifications used in the data set from our webpage: Capitation and PSAAP.

    We have also added a link on our webpage to the rates provided by Health New Zealand – there are 1080 rate variations so it's a long list Capitation Rates Table

    We are working on how to apply this to your practice.

13. **Is there anywhere where we can find our practice demographics compared to the 1080 proposed capitation rates? Or is Wellsouth working on this for us? Both the current capitation system and the new proposed system?**
    We have looked at providing this information but it is complex to extract into a format that is meaningful. We have approached Health New Zealand to see if they are able to provider this information.

14. **Is high user health card funding going potentially and what about patients who have a current HUHC?**
    Yes and there will be no additional funding for patients with HUHC. The cards themselves will still be available for patients to obtain any other benefits.

Rural Funding

15. **Under the proposal will rural funding be included in the capitation payment or will practices still continue to get two payments?**
    Under the revised offer, rural funding will continue to be paid separately from capitation – so eligible practices will receive two payments each month.

16. **Is there any increase in rural funding under the revised offer?**
    There is a 3.16% increase to 2025/26 rural funding for all eligible practices. Practices who were not previously identified as rural but are now eligible will receive a rural funding allocation in 2026/27. This applies to two new practices in the region.

17. **Can you be an urban practice that receives rural funding because some of your patients live rurally?**
    No. Rural Funding is a facility level payment, not a patient level payment like capitation. The funding is based on the attributes of the practice.

    However, under the proposed agreement Capitation will now include consideration of the rural address of patients, this is a separate calculation from rural funding. This is represented by the R1, U1, U2 % in the capitation funding formula.

18. **What is the breakdown of patients by code U1, U2, R1 – can this be verified?**
    The definition of rural and urban codes is based on the Geographic Classification for Health (GCH). For more information on the GCH refer to Geographic Classification for Health | University of Otago

19. **Is there a map that defines the boundaries between Urban and Rural codes?**
    The Health Facilities Map 2025 shows the Geographic Classification for Health in map form. This map includes all Health Facilities not just General Practices. It is possible to use the search function to find your practice on the map.

20. **How is the rurality rating of a patient's place of residence going to be meaningfully measured and how often? Patients come and go all the time**
    We believe this will be completed monthly as part of the capitation process but will check this with Health New Zealand.

21. **How was the GCH determined?**
    We will seek advice from Health New Zealand on this.

Transitional Funding

22. **In simple terms how does the transition funding work?**
    If the newly calculated capitation rating for your practice is below 2025/26 levels, your practice will receive transition funding at the 2025/26 levels plus 4% for VLCA practices and 4.46% for non-VLCA practices. The amount of transition

funding will be recalculated each year.

23. **Will the transition funding be in place until it matches the new capitation level or is it only in place for 4 years as set out in the HOA?**
    The current proposal has committed to 4 years of transitional funding, the Government is unable to confirm funding beyond this.

24. **If my practice is receiving transition funding, does this mean I will not receive any future uplift increases, and my practice income will effectively remain static until we have "caught up"?**
    For all practices capitation funding will increase each year (assuming population rate remains the same or increases), however under the current offer, as capitation increases, transition funding will reduce.

    The revised offer states that Health NZ commits to ensuring that any practices receiving transitional funding will receive at least 50% of the general capitation uplift offered to primary care each year.

    For the majority of practices it is expected that by the end of the four year transition funding they will have "caught up". For practices that have not 'caught up' to their pre-reweighting capitation it is not clear what will happen.

25. **What happens if my Transitional Funding will be caught up by capitation within the first year? Are we capped for one year, or part thereof?**
    We understand that transitional funding will be calculated annually based on the practice population and level of capitation funding as of 1 March and will be paid on a monthly basis.

26. **How do practices in WellSouth compare to other regions in NZ re increases or reductions?**
    Nationally there is a 75/35 split with the majority getting a positive increase, in WellSouth 17 out of 80 practices are negatively impacted.

Counterfactual or Counteroffer

27. **If we do not accept the proposed agreement what is the alternative?**
    HNZ have indicated that if agreement cannot be reached on the proposal, the uplift offer will be a simple 3.16% capitation increase and 3.16% fee increase for all practices.

28. **If GPs do not accept this offer does the re-weighting then NOT occur?**
    Yes that is correct - the funding for 2026/27 would follow the compulsory variation process in the PHO Services Agreement which limits what Health NZ

can change. The capitation reweighting and other changes would need to be settled by negotiation but this would likely be postponed to the next financial year.

29. **What is the majority vote required to change the capitation model and are we bound by the majority or can we elect to remain with the status quo?**
    HNZ have indicated that 75% will need to support the proposal for the HoA to be approved. Once the decision is made all practices will be bound by the agreement if they wish to continue to receive capitation funding.

Voting

30. **Is there only one vote per practice or does each partner get a vote?**
    There is only one vote per practice.

Acronyms:

HoA – Heads of Agreement

CP – Contracted Provider

GCH - Geographic Classification for Health