[insert date]

Address to:

Your PHO Chief Executive

PHO Address

PHO email address

Copied to:

Minister of Health: S.Reti@ministers.govt.nz

Minister of Workplace Relations and Safety: B.vanVelden@ministers.govt.nz

Minister of Finance: N.Willis@ministers.govt.nz

Local MP: xxxxxxxxxxxxxxxxxxxxxx

Local Media: xxxxxxxxxxxxxxxxxxxxxx

Te Whatu Ora Chief Executive: margie.apa@health.govt.nz

GenPro: office@genpro.org.nz

# Tēnā koe (Name)

# **Clause 14 Notification of Problem**

1. This letter is to notify you under Clause 14 of our Contracted Provider Agreement (CPA), that we have identified a significant risk that is likely to materially reduce or affect our ability to meet our obligations under the CPA.
2. Clause 14 of the CPA provides that:

14. Notification of problems

14.1 Each of us will advise the other promptly in writing of any changes, problems, significant risks, or significant issues (including suspected fraud, serious non-compliance with an obligation under this Agreement or the PHO Services Agreement, and issues that could reasonably be considered to have high media or public interest), which materially reduce or affect, or are likely to materially reduce or affect:

(a) the ability of either of us to meet our respective obligations under this Agreement; or

(b) the ability of the PHO to meet its obligations under the PHO Services Agreement.

1. In early December we became aware that the NZ Nurses Organisation (NZNO) are raising a pay equity claim against General Practice (and other primary healthcare providers) on behalf of our nursing employees.
2. Firstly, our nursing staff and colleagues deserve pay parity and to be paid to the same level that Te Whatu Ora (TWO) nurses received this year, and progress towards this is likely to be the outcome of the pay equity process.
3. For reference as part of the TWO nurses pay equity claim resolution for public hospital nurses, TWO nurses received:
	* $25,000 lump sum.
	* Pay rise – such that a top of scale community registered nurse employed by TWO now receive approximately $51.17 per hour, compared to current primary health care PHO MECA pay rate of $43.42 per hour at top of scale.
	* New pay rates back paid > 12 months.
4. If the Primary Care Equity Claim is resolved (insert practice name) will be required to cover costs along these lines for each of our nursing staff. There is currently no obligation or reassurance from funders that the costs of an equity claim will be covered in any way by the funder.
5. The vast majority of our service is either fully funded, fee controlled, or fee restricted (all via the PHO); We have no functional means to negotiate our funding arrangements and are severely restricted in our ability to cover new costs by increasing our consumer copayments.
6. Within the restrictions that the CPA holds us to, we will therefore be unable to meet the costs of such an equity claim through the current funding restrictions and fee controls. I would specifically draw your attending to the national cervical screening and vaccination programs which form a substantial part of our nursing workload; these nursing services are predominately performed through funding arrangements without patient copayment as per our funding arrangements and guidelines.
7. This issue is compounded by repeated insufficient uplifts in capitation; this issue has not yet been addressed and leaves us in a position where our service has very limited resilience to overcome significant new costs such as these.
8. To ensure the viability of our service and our ability to continue providing care for our enrolled patients we request action to be taken on funding urgently, especially in light of the potential for a lump sum to be part of an equity settlement. We need either a commitment that the costs of the claim will be covered in full and in perpetuity by the funder, or for paid rates for nursing services AND capitation to receive urgent and substantial uplifts so that we can save up to cover these anticipated costs. If the funder does not act on this urgently, we are likely to need to restructure and / or reduce services far in advance of claim settlement in order to remain solvent. This is very likely to include reduced nursing capacity and may involve us handing some responsibility for provision of vaccination / screening services back to our PHO. Other broader effects may include:
9. Further reduction in service levels and access to general practice (especially for our most vulnerable populations).
10. Delays in diagnosis of serious and life-threatening illness.
11. Delays in access to specialist / secondary care.
12. Significant demand growth for unplanned secondary care (including ED attendances).
13. Direct harm to patients (including preventable illness and death).
14. We would request your immediate attention to address this anticipated change in funding requirements.

Nāku iti noa, nā

[Practice Signatory]