

## **Variation to Agreement**

**Between**

**«DHB\_NAME» DHB**

**And**

**«PROVIDER\_NAME»**

**Funding for travel time and mileage relevant to the Home and  
Community Support (Payment for Travel Between Clients)  
Settlement Act 2016**

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## A: SUMMARY

### A1 Definitions

- a. **Bill** means the Home and Community Support (Payment for Travel Between Clients) Settlement Bill<sup>1</sup>(Act)
- b. **DHBs** means all 20 District Health Boards as listed in Schedule 1 of the New Zealand Public Health and Disability Act 2000
- c. **Providers** means all Home and Community Based Support Services Providers as listed in Schedule 2 of the Act
- d. **Ministry** means the Ministry of Health acting as a funder for Disability Support Services

### A2 Background

- A2.1. The DHBs, Ministry and Providers entered into a Settlement Agreement concerning the payment of travel time and travel costs incurred by non-salaried employees of Providers providing home and community-based support services (“the Settlement Agreement”).<sup>2</sup>
- A2.2. The Settlement Agreement is subject to legislation being enacted<sup>3</sup> which will, among other things, provide for the payment by Providers to their applicable non-salaried employees. The legislation was introduced into Parliament on 24 September 2015 and is intended to come into force the day after it receives the Royal assent; payments under the Act will commence on 1 March 2016<sup>4</sup>.
- A2.3. This variation provides for the payment by the Ministry and DHBs to Providers to enable them to meet their obligations under the Act at the rates for travel time and mileage in the Act.
- A2.4. This variation supersedes payments by the Ministry and DHBs to enable Providers to meet their obligations, under the interim payment arrangement (to pay travel time), that commenced on 1 July 2015 and will expire on 28 February 2016.

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<sup>1</sup> <http://www.legislation.govt.nz/bill/government/2015/0067/latest/DLM6600910.html?src=qs>

<sup>2</sup> <http://www.health.govt.nz/new-zealand-health-system/claims-provider-payments-and-entitlements/home-and-community-based-support-services/between-travel-update-december-2014>

<sup>3</sup> Clause 4

<sup>4</sup> Home and Community payments systems are based on Monday to Sunday schedule. The 29<sup>th</sup> of February 2016 is the closest Monday to the 1<sup>st</sup> of March 2016, and therefore is the effective start date.

### **A3 Automatic Variations**

A3.1 The funding payable by the Ministry and DHBs will be automatically varied to enable the Providers to meet their obligations (to pay travel time and mileage) under the Act following any order in council to vary any provision under Schedule 3 of the Act.

A.3.2 The parties acknowledge that the Act only enables Schedule 3 to be varied to the advantage of the employees and Providers, to the intent that the Ministry and DHBs will ensure that funding under this variation will be varied accordingly.

A3.3 The parties acknowledge:

(a) that the base rates payable to Providers, in accordance with the Settlement Agreement, are:

- (i) \$20.10 per hour for travel time; and
- (ii) 53 cents per kilometre (including 6% margin) for travel cost;

(b) that the base rates will automatically be varied following any amendment to the Act; to the intent that this variation does not have to be further varied to reflect that amendment.

(c) that the travel costs funding model is based on an hourly rate significantly below the sector average contract rate. Accordingly, any statutory minimum wage increase is likely to have a material impact on the sector in relation to the payment of travel costs;

(d) that the Settlement Agreement recognises that there might be an increase to the minimum wage each year in April, and costings have been based on a minimum wage of up to \$14.75 per hour from the beginning of this Agreement (29 February 2016);

(e) if:

- (i) the Minimum Wage increase in April 2016 means the rate is higher than \$14.75; and/or
- (ii) from July 2016 there are any further adjustments to the statutory minimum wage;

the parties will meet (within 20 working days of notification to the Ministry), to seek to agree a process to identify and quantify the impact or potential impact of the minimum wage adjustment on the provision and on-going sustainability of services. The reporting requirements of Cabinet Minute 14 (10) 14 will apply;

(f) any agreed increase to base rates, payable by the Ministry or DHBs to Providers will be:

- (i) published on the Ministry of Health's website; and
- (ii) apply from the date that the parties agree.

- A3.4 If any party invokes this clause in relation to a potential variation required as a result of a minimum wage increase, the procedure in this clause will be carried out as a national process. As part of the national process all reasonable steps will be taken to notify all parties of the potential variation and invite them to participate in the national process.
- A3.5 All parties will act in good faith and use best endeavours to identify and quantify the impact or potential impact of the minimum wage increase within the timeframe.
- A3.6 Where the parties are not able to agree that there is an impact on the provision of services as a result of a minimum wage increase, an independent assessment will be sought within one month of notification of the issue and the parties will be guided by the results of the independent assessment. The parties will endeavour to have that assessment available within 20 working days of commissioning it.
- A3.7 Where all parties agree, or the results of an independent assessment indicate, that there is an impact on the provision of services resulting from the minimum wage increase, all parties will then seek to:
- (a) agree a variation which may include without limitation:
    - (i) reconfiguration of the services; and/or
    - (i) adjustment to prices or payments in respect of the services; or
  - (b) present to the Minister of Health and Minister of Finance, pursuant to Cabinet Minute (14) 30/21.
- A3.8 The Agreement may be varied any time on written notice:
- (a) if it is necessary to comply with a change in law; or
  - (b) if it is necessary to comply with a Crown direction; or
  - (c) if the Crown funding agreement between the parties is varied or amended and the effect of any such variation or amendment is that a variation is needed so the parties can comply with obligations under the Crown funding arrangements
- A3.9 Any variation must be in writing and must be signed by all parties.
- A3.10 The procedure in this clause may be utilised only once in respect of each minimum wage increase.

**A4 Commencement Date**

This variation commences on 29 February 2016.

This variation will automatically expire if:

- (a) the Act is repealed; or
- (b) it becomes redundant due to regularisation of the workforce following the process in Part B of the Settlement Agreement.

**A5 Section B**

The attached Section B includes all of the adjustments to this Agreement as a result of this variation.

**A6 Remainder of Agreement**

The remaining terms and conditions of the Agreement are confirmed in all respects except for the variations as set out in this document.

**A7 Signatures**

For «DHB\_NAME» DHB:

For «PROVIDER\_NAME»:

\_\_\_\_\_ (signature)

\_\_\_\_\_ (signature)

Name .....

Name .....

Position .....

Position .....

Date .....

Date .....

## B: VARIATION TO FUNDING ARRANGEMENTS

### B1. Funding by the DHBs and Ministry of Health

The DHBs and Ministry shall pay the Providers sufficient funding for the Providers to meet their obligations under the Act.

### B2 It is agreed that the following details apply to this Variation

<b>Legal Entity Name</b>	«PROVIDER_NAME»
<b>Legal Entity Number</b>	«PROVIDER_NUMBER»
<b>Contract Number</b>	«CONTRACT_CONTRACTID»«CONTRACT_VERSION»
<b>Variation Commencement Date</b>	29 February 2016
<b>Variation End Date</b>	«CONTRACT_ENDDATE»

### B3 Details of all purchase units which apply to this Variation

All fair travel, extraordinary travel, and rural travel funding ceases on 28 February 2016 and is replaced by the In-between travel band and exceptional travel funding.

<b>Purchase Unit (PU ID)</b>	<b>Old Unit Price excl. GST (per PU)</b>	<b>New Unit Price excl. GST (per PU)</b>	<b>GST Rate (%)</b>	<b>Payment Type</b>
HOP1009 Home Based Support - Household Management	\$	\$	15	CCPS
HOP1010 Home Based Support - Personal Care			15	CCPS
HOP1010 Home Based Support – Night Support			15	CCPS
IBT – In-Between Travel Band Rate	\$3.10	* <sup>5</sup>	15	IBT Portal
IBT - In-Between Travel Exceptional Travel Time	N/App	*	15	IBT Portal
IBT - In-Between Time Exceptional Travel Distance	N/App	*	15	IBT Portal

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<sup>5</sup> The IBT Band Rate and Exceptional Travel rates are based on weighted averages and calculated in accordance with Schedule 3 of the Act. Agreed increases (to the base rates) for the band rate and exceptional travel rates are published on the Ministry of Health website.

**B4 PAYMENT DETAILS – In-Between Travel Portal**

- B4.1 Payment for services will be made within seven working days after the Ministry receives a claim through the provider portal in the format prescribed below in Appendix 1.
- B4.2 Providers are responsible for all taxation liabilities and all other costs and expenses arising in relation to the Services and the payments.
- B4.3 The Ministry and DHBs will consult with providers 3 months prior to the implementation date of any proposed changes to the claiming process. For clarity, it is noted that it is not intended to use the “IBT PSO” field (or any purchase order system) until such time as the parties have consulted in good faith with each other.



**APPENDIX 1**

<b>Fields</b> (as defined in field definition name)	<b>Sample</b>	<b>Data Description</b>	<b>Allowable Formats</b>	<b>Validation</b>	<b>Unchanged/ New/Modified</b>	<b>Optionality/ Usage</b>
IBT PSO		Future Use	Alphanumeric length 15 (TBC)	As per format	Unchanged	Optional
Employee ID	John Doe 12	The ID of the employee visiting	Alphanumeric, max length 50	As per format	Unchanged	Mandatory
Visit Date	11/03/2016	The date of the visit	dd/mm/yy	Valid date, as per format	Unchanged	Mandatory
Visit Time	14:32	The start time of the visit (24 hour clock, no seconds)	hh:mm	Valid time in 24 hour format	Unchanged	Mandatory
Post code	1023	Post code	Three or four numbers	Three or four numbers, with or without leading '0'	Unchanged	Optional
First Visit	N	"Y" if this was the first visit for that employee on that day, "N" If not	One capital letter : 'Y' or 'N'	Only 'Y' or 'N' allowed	Unchanged	Mandatory
Person NHI	AJDS27	Valid NHI	Three letters, four numbers	As per format	Unchanged	Mandatory
Funder	SAK	Alphanumeric	Alphanumeric, length 3	3 letter abbreviation of the funder (one of 20 DHBs or MoH)	Modified	Mandatory
FFS/Bulk	FFS	To show if the claim is from a bulk or FFS funded contract part	FFS, Bulk or Null	Only allow these 3 options	Modified	Optional
Record ID	A123	For internal use by the provider, to aid provider reconciliation	Alphanumeric, length xxx		Unchanged	Optional
Agreement Number	350001	Reference number into Contract Management system	Numeric	6 digits	New	Mandatory from 29 Feb 2016 onwards

Exception Travel Time	61	Travel time in full minutes (no hours, no seconds)	Numeric	Below a max allowed value (TBC)	New	Optional: actual "door-to-door" time in full minutes for exceptional travel. Note: has to be below 120 mins for a single trip, can be double that for a round trip.
Exception Travel Distance	20	Travel distance in full kilometres.	Numeric	Between two configurable numbers, i.e. 15 and 100	New	Optional: actual "door-to-door" distance in full km for exceptional travel; eg 20. Note: has to be between min and max thresholds, possibly 15 and 100km for a single trip, can be double that for a round trip.