



17 July 2025

Tēnā koe

### **Official Information Act request**

Thank you for your email of 5 May 2025, requesting information about the hospital rate of benefit paid to eligible clients who have been admitted to hospital for more than 13 weeks.

I have considered your request under the Official Information Act 1982 (the Act). Please find my response to each part of your request set out below.

#### **1. Policy Origins and Implementation**

##### ***a. What is the rationale for reducing a person's benefit to the hospital rate?***

Benefits are reduced to the hospital rate, as it is acknowledged that, considering the person has been admitted to a hospital and health service facility, the health system takes responsibility for meeting the majority of their needs.

##### ***b. Who (which benefits) does this hospital rate affect?***

The hospital rate is set by legislation. Section 206 of the Social Security Act 2018 (the SSA) and Schedule 4, Part 12, of the SSA state that a single person in hospital should be paid \$55.35 per week, after their 13th week of hospitalisation.

The hospital rate applies to people who receive a main benefit, New Zealand Superannuation (NZS) or a Veteran's Pension (VP). The hospital rate is not paid to married, civil union or de facto couples who have dependent children.

In addition, the hospital rate does not apply to a recipient of NZS who is assessed as requiring long term care in a hospital or rest home, where a funder is paying for part or the full cost of contracted care services. In these cases, a personal allowance is paid to the affected client. The rate is the same amount as the hospital rate.

**c. When was this policy introduced?**

Benefits have been paid at a reduced rate to some long-term patients in hospital care since the introduction of the Social Security Scheme in 1939. Amendments made to Section 75 of the Social Security Act 1964 on 28 September 1982 allowed for a hospital rate to be created.

**d. Has this policy been implemented consistently since its introduction?**

As mentioned above, the SSA requires Ministry staff to apply the hospital rate to anyone on a benefit who has sustained 13 weeks in full-time hospital care in the first instance.

A hospital is defined as an institution that provides hospital care (children's health services, geriatric services, maternity services, medical services, mental health services, or surgical services), and:

- the premises can accommodate two or more of the people for whom the services are provided for continuous periods of 24 hours or longer, and
- the hospital care is paid for by the Crown, the person receiving care, or any other person.

**2. Financial Impact on Clients**

**a. What calculations or assessments determined that the hospital rate is sufficient for individuals to cover basic living expenses during hospitalisation (\$55.58 SLP / \$55.35 Super)?**

The hospital rate is tied to the personal allowance rate for those receiving long-term residential care. The personal allowance rate determines the hospital rate.

The personal allowance rate was increased in 2011 and as a result the hospital rate increased too. The increase was implemented to maintain consistency across all subsidised residents and to acknowledge an analysis that had shown that the personal allowance was insufficient to cover the cost of items likely to be considered personal expenses for older people in long-term care. The increase to the personal allowance rate that took place in 2011 represented a 17.13 percent increase of the pre-2011 rate.

No specific analysis or assessment was undertaken in respect of the hospital rate.

Since 2011, additional increases to the personal allowance and hospital rates have occurred as a result of the legislative requirement, in accordance with section 453 of the Social Security Act 2018, to adjust the rate from 1 April each year by the Consumer Price Index. This is called the Annual General Adjustment. As a result, the rate is increased annually in line with changes to the price of goods and services in New Zealand.

**b. The hospital rate only covers personal items—how are individuals expected to meet their living expenses (e.g.: mortgage, rent, insurance, etc.)?**

The hospital rate is intended to cover the costs of personal items. All other costs associated with a client's health are the responsibility of the health provider.

If the hospital is unable to fund the medications a client needs, the Ministry would require verification from a recognised health practitioner that those medications are essential for the client's condition and provide reasons why the hospital cannot pay the costs.

If a client's personal circumstances and expenses warrant an exception to the hospital rate policy, they can submit a request to be paid a higher rate of benefit depending on their financial circumstances.

To do so, the client needs to complete an 'Increased Payment while you are in Hospital' form, advising what expenses they have and what income they receive while in hospital. Expenses could include rates, rent, insurance and mortgage repayments. You can access a copy of the form here: [www.workandincome.govt.nz/documents/forms/increased-payment-while-in-hospital-form.pdf](http://www.workandincome.govt.nz/documents/forms/increased-payment-while-in-hospital-form.pdf).

Each application is considered on its own merits according to the guidelines for paying a higher rate. You can find the guidelines online here: [www.workandincome.govt.nz/map/income-support/main-benefits/emergency-benefit/changes-and-reviews-emergency-benefit/paying-a-higher-rate-01.html](http://www.workandincome.govt.nz/map/income-support/main-benefits/emergency-benefit/changes-and-reviews-emergency-benefit/paying-a-higher-rate-01.html).

All clients have the right to review and appeal decisions made by the Ministry that they do not agree with. The review and appeal process is a legal one, which is in place to protect the rights of people. The process allows a consideration as to whether the decisions made are in line with the appropriate legislation. Accordingly, a review of decision cannot be overturned when the legislation has been correctly applied. You can read more about reviews of decision here: [www.workandincome.govt.nz/about-work-and-income/complaints/review-of-decisions.html](http://www.workandincome.govt.nz/about-work-and-income/complaints/review-of-decisions.html).

***c. How much money did MSD save due to the hospital rate reduction (less approved additional payments) in calendar years 2023 and 2024?***

The Ministry did not save any money. The Ministry pays clients any financial support they are eligible for under the SSA.

***d. If there is a delay in responding to a client's request for an increased payment, and they are deemed eligible for extra funding, is the funding retrospective to cover the period from the date of the initial request to approval?***

Consideration is given to the date of first contact when assessing a client's eligibility to any financial assistance applied for and may be backdated.

A client can apply for a Review of Decision if they disagree with the Ministry's decision about when financial assistance is payable from.

***e. How long does it take on average for increased payment requests to be processed and funds to be paid?***

There is a standard processing timeframe of 5 business days once all required information has been provided.

**3. Affected Demographics**

***a. How many single individuals without dependents (excluding veterans) receiving a SLP, Super, or other benefit were notified of this reduction in 2023 and 2024?***

We have based our response to your question on data the Ministry holds for the number of people who received the Supported Living Payment (SLP), New Zealand Superannuation (NZS) or another main benefit and had their payment rate changed to the hospital rate.

Please refer to Table One in Appendix One (attached) for this information.

Some values in Appendix One are suppressed and are represented by 'S'. The Ministry is unable to provide you with the exact number, as releasing this information is likely to risk identifying the individuals concerned. As such, this information is withheld under section 9(2)(a) of the Act. The need to protect the privacy of these individuals outweighs any public interest in this information.

***b. Of these, how many completed the Increased Payment Form in those years?***

Your request is refused under section 18(f) of the Act, as substantial manual collation would be required to collate this information.

This information would only be contained within individual client files, which would require manual review to respond to your request, taking hundreds of hours of Ministry staff time. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

***c. How many applications for increased payments were accepted in full, partially accepted, or declined in 2023 and 2024.***

Your request is refused under section 18(f) of the Act, as substantial manual collation would be required to collate this information. The same reasons as outlined our response to question 3(b) apply.

***d. Could MSD clarify whether individuals in specific living situations (e.g., solo parents, partnered but childless, flatting, living alone) are impacted by the hospital rate reduction?***

I am refusing your request under section 18(g) of the Act as the information you have requested is not held by the Ministry and I have no grounds to believe that the information is either held by or closely connected to the functions of another department, Minister of the Crown or organisation.

***e. How many individuals impacted by this reduction fall into each of these demographic categories for the same years?***

I am refusing your request under section 18(g) of the Act as the information you have requested is not held by the Ministry and I have no grounds to believe that the information is either held by or closely connected to the functions of another department, Minister of the Crown or organisation.

***f. What is the gender and ethnicity breakdown of those affected by this rate in the dates above?***

Please refer to Table 2 in Appendix One for this data.

***g. For those affected by the hospital rate in the 2023 and 2024 periods, what length of time did those individuals remain in hospital?***

Your request is refused under section 18(f) of the Act, as substantial manual collation would be required to collate this information. The same reasons as outlined our response to question 3(b) apply.

***h. For those affected by the hospital rate in the 2023 and 2024 periods, what average length of time were individuals receiving a benefit prior to hospitalisation?***

Your request is refused under section 18(f) of the Act, as substantial manual collation would be required to collate this information. The information you have requested is not standard reporting for the Ministry and hundreds of hours of Ministry staff work time would likely be required to create and generate the reporting parameters required to produce accurate data to respond to your

question. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

***i. For those affected by the hospital rate in the 2023 and 2024 periods, what percentage returned to their previously allocated benefit (SLP, super, other)?***

Your request is refused under section 18(f) of the Act, as substantial manual collation would be required to collate this information. The same reasons as outlined in our response to question 3(h) apply.

#### **4. Administrative Efficiency**

***a. Is it an efficient use of MSD resources to reduce payments to the hospital rate only to potentially increase them again via the Increased Payment Form process?***

For the Official Information Act 1982 to apply, the information must already be held at the time the request is received. There is no obligation on an agency to form an opinion or create new information to answer a request, except when providing a statement of reasons explaining a decision that has affected the requester. The Ministry is therefore not obliged to answer this question under the Act, as it is not asking for information that is already held.

However, it is important to note that the Ministry has a responsibility to ensure public revenue is used efficiently. Applying the hospital rate, in the first instance, to any beneficiary who has entered long-term hospital level care helps ensure the responsible administration of public funds.

As mentioned above, clients can submit an Increased Payment form if they consider their personal circumstances are such that a higher payment than the hospital rate is warranted. Any medication costs not covered by hospital would need to be verified by a recognised health practitioner.

***b. Has MSD evaluated the process of submitting the Increased Payment Form to ensure it meets the needs of hospitalised individuals?***

The Ministry has different methods for gathering client feedback on the process of accessing a range of its income support products, including online client experience surveys. However, the process for submitting the Increased Payment form has not been specifically evaluated.

I can, however, advise that the following enhancements to submitting the form are about to be implemented in coming weeks:

- Accessible formatting – changes are being made to the style, formatting and wording of the form to make it easier for some groups of clients (such as those with dyslexia, who speak English as a second language or who are vision impaired) to complete the form.
- Interactive – clients in hospital who are unable to arrange for the form to be submitted to us via an agent or hospital liaison staff will be able to telephone Ministry staff directly and have the form completed over the phone.

## **5. Policy Transparency and Accessibility**

### ***a. Are clients notified of the policy reduction via email one month before the 13-week threshold?***

The Ministry's database autogenerates letters to inform a client about the change in their benefit payment to the hospital rate at week 8/13 and 11/13.

However, whether the letters are sent or not depends on what point in time the Ministry is informed that the client is in hospital. The hospital rate is manually entered into a client's record as soon as a client informs the Ministry of their situation. Clients have an obligation to inform the Ministry of changes in their circumstances which may affect their benefit payment rate, such as being in hospital, as soon as possible.

### ***b. Does this notification explicitly inform clients about their ability to apply for additional funding via the Increased Payment Form?***

*(NB website states: an individual can "drop it off at one of our service centres or post it to us." If you are sick enough to be in hospital for more than 13 weeks it is unreasonable to expect people to be able to complete the form and drop them off or post them, whilst still hospitalised, nor expect nursing staff to do so, as the website suggests).*

The form explicitly informs clients that they can apply for a higher rate of payment if they have ongoing costs that they cannot meet from their income while they are in hospital. It advises clients to call the Ministry directly to apply for the higher rate, and states that, alternatively, they can ask a hospital social worker to do so on their behalf.

## **6. Policy Review and Equity Considerations**

### ***a. Has MSD reviewed the hospital rate policy's impact on financial stability and systemic costs for affected individuals?***

The hospital rate is determined by legislation and the decision to initiate a review of the impact of Government legislation is for the Government of the day.

To date, no Government has requested that the Ministry undertakes such a review.

***b. Are there plans to evaluate the hospital rate against international best practices, such as Australia's Disability Support Pension or UK models?***

To the best of the Ministry's knowledge, the Government has no current plans to undertake the evaluation you describe above.

***c. Has MSD assessed whether the hospital rate disproportionately impacts vulnerable groups, such as disabled individuals, solo parents, or marginalised communities?***

To date, no Government has requested that the Ministry undertakes such a review.

***d. What measures are in place to ensure equitable treatment under this policy?***

In addition to the responses provided in 2a and 2b above, I have set out further measures below in point form for ease of reference:

- The hospital rate policy has been structured in a way to broadly take into account likely financial commitments of different demographic groups:
  - The hospital rate is not applied to beneficiaries who are in a relationship and have dependent children.
  - While a beneficiary receiving Sole Parent Support (SPS) may have the hospital rate applied to them, a portion of their SPS may be paid to whomever has become the caregiver of the children.
- When a long- term patient is ready to leave hospital, they may be eligible for a Re-establishment Grant through the Ministry. This Special Needs Grant payment is available to eligible clients who have lived in a hospital unit or residential home for six months or more and are re-establishing themselves in independent accommodation in the community.

You can find more information about the grant here:

[www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/long-term-patients-01.html](http://www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/long-term-patients-01.html).

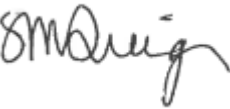
I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.



If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Ngā mihi nui

pp. 

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