

Supporting General Practice Stability and Transformation

East Anglia Area Team Options for PMS Practices

1. Summary

This paper outlines the options for PMS practices in East Anglia recognising national policy. It has been developed in discussion with our three Local Medical Committees and reflects a shared commitment to:

- Facilitate the move to a fair funding of general medical practice ensuring pace and transparency
- Maximising stability for general medical practices,
- Facilitating the opportunity to work in collaboration with local CCGs to support the development and transformation of local primary care services.

2. Background

Personal Medical Services (PMS) agreements are locally agreed contracts between NHS England and a GP practice. They were created in 1998 to offer local flexibility compared to the nationally negotiated General Medical Services (GMS) contracts, with the aim of promoting innovation and local service improvement.

In recent years it has been recognised that it has become increasingly difficult to demonstrate that, despite significant additional resources being associated with PMS contracts, they are delivering more than core GMS contracts. We acknowledge that in some circumstances a PMS contract may still be needed to cater for exceptional circumstances. In February 2014 NHS England therefore confirmed that each Area Team would be required undertake a review of all local PMS contracts, to be completed by March 2016 at the latest (Gateway 01091, dated 3/2/14 refers). Specifically, Area Teams are required to:

- complete reviews of all PMS arrangements within 2 years;
- secure best value from the 'premium' element of PMS funding;
- give equality of opportunity to all GP practices to earn 'premium' funding; and
- where funding is to be redeployed, decide an appropriate pace of change.

3. East Anglia Context

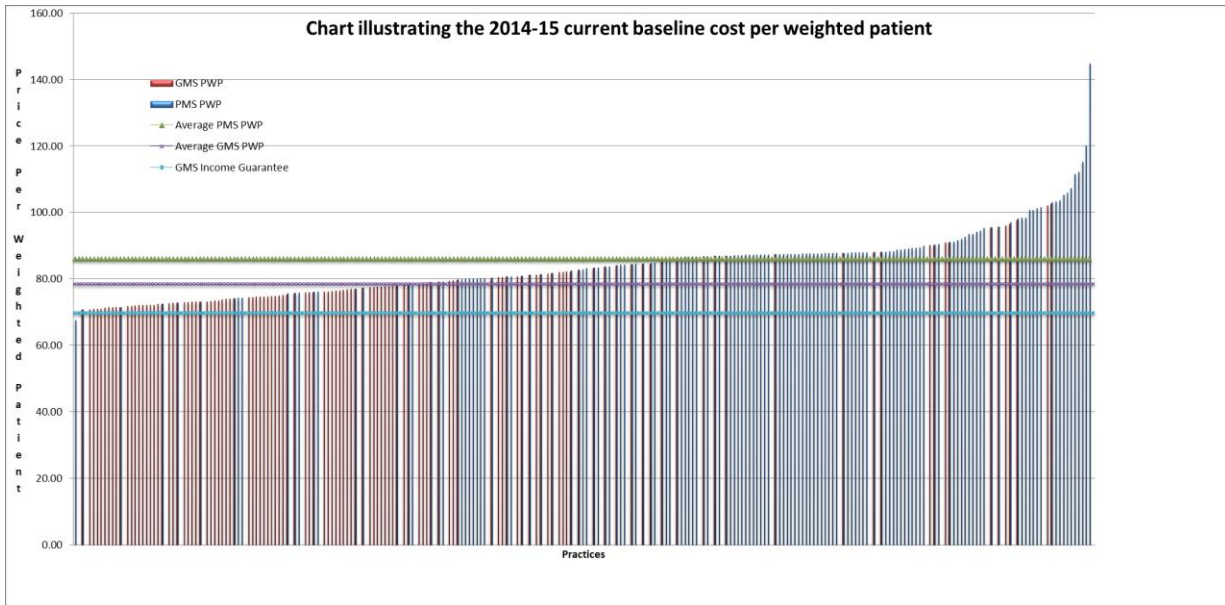
In East Anglia, just over fifty percent of practices hold a PMS Contract (149 of 283) (plus 2 PMS practices that are members of Cambridge and Peterborough CCG but are under Hertfordshire and Midlands Area Team). For the purposes of this paper these 2 Hertfordshire and Midlands AT practices are excluded.

Table 1. Number of PMS Practices across East Anglia CCGs

CCG	LCG - Groups of Practices (if relevant)	East Anglia Practices only	
		Number of Practices	Number of PMS Contracts
Cambridgeshire and Peterborough	Borderline	8	4
	Cam Health	9	1
	CATCH	25	11
	Hunts Care Partners	17	10
	Hunts Health	9	9
	Isle of Ely	10	4
	Wisbech	4	4
	Total	103	59
Norwich		22	9
South Norfolk		25	6
North Norfolk		20	15
West Norfolk		22	4
West Suffolk		25	14
Ipswich and East Suffolk	Commissioning Ideals Alliance	9	7
	Deben Health Group	6	4
	Ipswich	14	13
	Suffolk Brett Stour	12	4
	Total	41	28
Great Yarmouth and Waveney (HealthEast)		25	15
TOTAL		283	149

Initial scoping of the current PMS contracts within East Anglia has established that there are at least 13 different PMS contracts with a large differences and inconsistencies e.g. variance in how list size adjustments are applied.

Many of the PMS practices appear to be delivering core services at a higher cost than GMS practices. Without prejudice to the outcome of any PMS reviews, the Area Team considers that most PMS practices are not generally delivering services or quality beyond that which would be expected from a GMS practice.



There is a wide range of funding per weighted patient across the practices in East Anglia –the graph above shows pictorially the spread using information as at 1 April 2014. The figures use the information provided to Practices informing them of their calculated baseline funding position for 2014-15 after applying the 2014/15 GP contract changes as detailed in Gateway reference 1320 (these figures require validation with individual practices). It is recognised that there are still some issues still be resolved for some practices, although these are thought not to be material. The unit cost takes into account the deduction for out of hours in line with the 2014-15 contract guidance. The elements that form part of the calculated PMS baseline is as follows:-

- Baseline
- Uplift – both current & historical
- List size adjustments
- Growth
- Additional staff payments
- Superannuation – Locum

This detail has been provided as in some areas these elements form one figure and in other areas they are shown separately.

The GMS equivalent takes into account the following expenditure headings.

Expenditure Type	Value/Supporting narrative
GMS Global Sum	£66.25
ES Reinvestment	£1.35
Inflation Uplift	£0.27
MPIG Reinvestment	£0.55
QOF Reinvestment	£5.15
OOH Deduction	£-4.02
Seniority	Based on 2013-14 Expenditure
MPIG	Based on 2013-14 Expenditure
MPIG 1/7th Deduction	Based on 2013-14 Expenditure

The GMS Income guarantee is based on £73.57 less the £4.02 Out of Hours deduction giving a net figure of £69.55.

While in April 2013 the PMS premium in East Anglia was calculated nationally to be in the region of £25.9 million, the initial assessment locally suggests that the PMS review premium as at 1st April 2014 is £25.0m. Of this £25.0m there is a significant element which relates to expenditure that would be liable for reimbursement under GMS, for example premises rates has an estimated value of £1.2m. Although the redeployment of this funding has the potential to mitigate some of the losses, the financial consequences for PMS practices are recognised as being significant, with the potential to destabilise practices if not managed carefully. The scale of impact for some is considerably greater than the impact of the phased abolition and redistribution of the Minimum Practice Income Guarantee being applied to GMS contracts.

Table 2. Potential practice losses from PMS reviews

<i>Financial Impact</i>	<i>Number of Practices</i>
Loss >£200K annually	42
Loss £100-199K annually	67
Loss £0-99K annually	38
Gainers	2
Total	149

Table 3. Practice losses and gains from redistribution of MPIG

<i>Financial Impact</i>	<i>Number of Practices</i>
Loss of £50-£185k	15
Loss £0-50K	27
Gain of £0-£50k	46
Gain of £50-£165k	34
Total number of Practices	122

4. Principles for the East Anglia Area Team approach to the PMS Review

The East Anglia Area Team, in discussion with our 8 Local Clinical Commissioning Groups and the three Local Medical Committees is proposing the following set of principles that will underpin the approach to the PMS Review with the aim of securing fair funding for general medical services:

- Our shared priority will be to safeguard the continuity of high quality services across the whole Area Team
- We will work to ensure stability, but collectively recognise that this does not mean supporting the status quo
- That re-investment of PMS premium funding will be targeted to support general practice services that respond to the health and care needs of local people in line with the Primary Care Strategy and local CCG priorities.
- That we will work to ensure that PMS premium funding remains within Primary Care in the Area Team with indicative budgets at CCG level
- Reinvestment of the PMS premium will be targeted to support direct patient care
- That the financial framework will assume that the PMS target floor should be equivalent to the GMS endpoint.

With these principles in mind, the Area Team has considered the potential options available to support PMS practices and progress the reviews.

5. Options for PMS Practices

The East Anglia Area Team has identified three possible options for PMS Practices:

Option 1: Move to GMS.

Practices can choose to revert to a GMS Contract following NHS England's standard operating Procedures. The practice will not be entitled to correction factor payments such as Minimum Practice Income Guarantee (MPIG) and for the majority of PMS practices such a move would make no financial sense.

Option 2: Remain PMS.

Practices can choose to remain on a PMS contract and participate in the PMS review with the expectation that there will be renegotiation of these contracts that will remove any premium funding that cannot be directly related to services provided over and above those expected from a core GMS contract.

Option 3: East Anglia Transition Offer.

PMS Practices can opt to revert to a GMS Contract and apply for transitional support. Under this option, recognising the current risks and issues impacting on local practices, the Area Team will provide transitional support over a period of four years (from October 2014 to October 2018). The target contract value at the end of September 2018 will be the equivalent to the GMS contract value without any MPIG (the seven-year endpoint). If a practice requests to revert from PMS to GMS from 1st October 2014, the following will happen:

- The practice's PMS premium is calculated as the difference between the PMS baseline and estimated GMS endpoint (from NHSE in their letter re GMS from December 2013) of £78.33
- On return to GMS, the practice's PMS Premium will be converted to transitional funding (there will be no efficiency saving from practice income).
- Once in GMS, the transitional funding gradually reduce on a monthly basis over a 48 month period commencing October 2014, with part year effect in 2014/15.

Example of PMS Premium Reduction for a practice

PMS Premium to be removed is £48,000 spread across 48 months commencing 1 October 2014.

2014			2015						2016		2017		2018	
Sept	Oct	Nov	Dec	Jan	Feb	March	April	Oct	April	Oct	April	Oct	April	Sept
Phased Premium Reduction (£000's)														
48	47	46	45	44	43	42	41	35	29	23	17	11	5	0
Impact on practice payment from 2014/15 PMS Baseline and premium (£000's)														
	-1	-2	-3	-4	-5	-6	-7	-15	-21	-27	-33	-39	-43	-48

The Area Team will offer this third option on a strictly time-limited basis, with any practice wishing to pursue this option required to indicate their preference by the end of July 2014. This

will enable practices to look at detailed modelling prior to a definitive sign up by the end of September 2014.

Previous PMS reviews will have identified and funded further services within the PMS baseline. It is acknowledged that these are an important element to service provision and financial stability but they need to be reviewed within the context of the new commissioning environment with involvement of the CCG's.

Any Practice seeking transitional support will be required to confirm their commitment to maintaining their current level of service in 2014/15. During the first year of transition the Area Team will work with the practices and LMC to identify additional services being provided which are currently commissioned, or need to be commissioned as locally procured (list based) services. Practices will be entitled to apply to provide these services and payment would start at the point where the reduction in transitional payment means the Practice would be financially disadvantaged. The Area Team will work closely with the CCG and LA to ensure that there is an appropriate transfer of funding and no practice or commissioner is disadvantaged.

6. Re-investment and Transformation

It is proposed that the funding released through the PMS review/transition will form a General Practice Transformation Fund held by the Area Team. CCGs will have an indicative budget equating to the sum of the released PMS Premium from their member practices. This will be reviewed in the context of future frameworks to support co-commissioning.

This funding will be available to **all** practices in East Anglia to support developments in line with the agreed primary care strategy. We envisage a constructive dialogue with the LMC to ensure that this funding is used effectively to benefit patients and support primary care transformation.