MEDECONOMICS GP

GMS CONTRACT

GPs' pay deal for 2009/10 explained

Use this guide to help you unravel the changes to calculating practice funding. By *Laurence Slavin*

Last October the GPC and NHS Employers agreed a radical overhaul of GMS funding for 2009/10.

This involves reducing practices' reliance on the MPIG and changes to the quality and outcomes framework. The latter includes removing the square root formula for damping disease prevalence.

How precisely all this will affect your practice's funding will depend on the funding uplift to be announced by the Doctors and Dentists Review Body (DDRB) before 1 April.

New mechanism

The way funding for 2009/10 will be set is not, alas, easy to follow as it involves a formula for distributing any DDRB uplift in different proportions (based on 19ths) across the different GMS components. The components are:

- Global sum.
- Global sum plus correction factor (MPIG).
- Quality and outcomes framework.
- Enhanced services.
- Locum payments.
- Seniority pay.

Uplift ratios

As part of the agreement, a ratio will be applied to each of the GMS components above (see top box, right).

The DDRB pay award percentage rise will then be added to the current total of all the GMS funding sources to arrive at a new total funding amount.

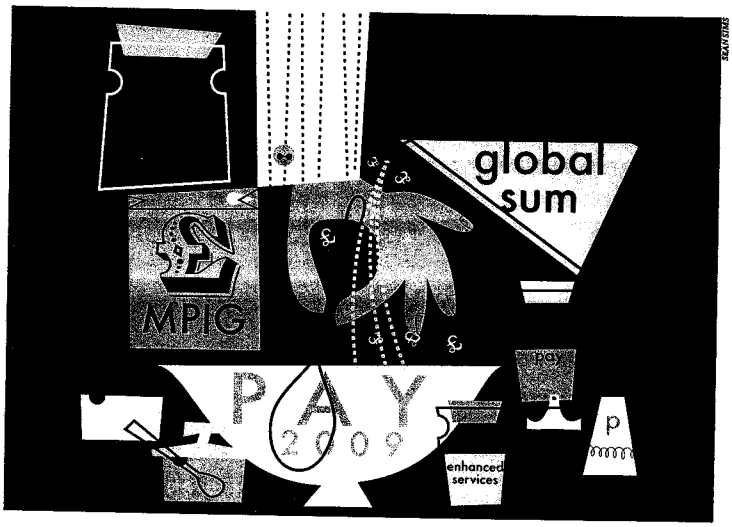
This amount will be split between the individual GMS components.

Correction factors

Having established the uplift to be applied to each component, the MPIG/correction factor is calculated in the same way that applied in 2008/9.

In other words, the increase added to the global sum is deducted from the correction factor. If a practice does not have a correction factor it will get the full increase.

If the practice does have a correction factor that effectively absorbs the increase in global sum, it will still get an increase.



UPLIFT FORMULA

PAY UPLIFT DISTRIBUTION RATIOS

Funding source	Ratio
Global sum	7
Global sum plus correction factor (aka MPIG)	2
Quality and outcomes framework	5
Enhanced services	5
Locum payments	0
Seniority pay	0
Total	**19**

PAY AWARD EXAMPLE

IMPACT OF 2 PER CENT UPLIFT

Funding source	Percentage rise
Global sum	2.13%
Global sum plus correction factor (aka MPIG)	0.61%
Quality and outcomes framework	1.52%
Enhanced services	1.52%
Locum payments	0%*
Seniority pay	0%*

*As ratio (see above) is zero.

QUALITY INCOME

EXAMPLES: QOF USING TRUE PREVALENCE

Practice	List	Income change 2009/10	Income change 2010/11
Inner city	6,583	£12,007 less	£15,580 less
Inner city	8,396	£13,309 less	£15,231 less
Suburban	12,134	£2,868 less	£4,434 less
Rural	7,967	£1,395 less	£3,037 less

Assuming DDRB award of 2 per cent, the total of global sum plus correction factor would go up by 0.61 per cent (see middle box, left).

If that is not complicated enough, the formula is then put through what is called an 'iterative effect'. Recycled savings on the correction factor will be applied again using the formula identified above a further 40 times to increase the final award.

Quality framework

The GPC and NHS Employers agreed to retain 1,000 quality points and to keep the thresholds for them at current levels.

The existing (practice-organised) patient survey is to be replaced with a new postal version. A total of 72 points are to be re-allocated and new indicators added.

For more about this and advice on achieving the re-allocated points key 'How to prepare for quality scheme changes', into the search function at www.healthcarerepublic.com.

The BMA suggests that the payment per point will rise from £124.50 to £126.40 for an average practice (assuming a 2 per cent DDRB uplift).

There has been much criticism of the square rooting mechanism applied to the calculation of prevalence, and there is a commitment to replace this with true prevalence.

> **If the practice does have a correction factor that effectively absorbs the increase in global sum, it will still get an increase**

The change is likely to be advantageous to some practices but disadvantageous to others. The suggestion is that primary care organisations will assist those practices likely to lose a significant amount of funds has been greeted with some cynicism.

Square-rooting will be discontinued on 1 April 2009 and true prevalence will be used to calculate payments on 1 April 2010. True prevalence will be used to calculate QOF.

Use the QOF prevalence calculator at www.qof.ic.nhs.uk or www.bma.org.uk to see how your practice will be affected.

Future changes

In his letter to the profession last October, GPC chairman Dr Laurence Buckman mentioned the GPC had started working with NHS Employers in find ways to reduce reliance on MPIG over a number of years.

One of GPC's conditions is that practices should not be destabilised through lack of resources. The expectation is that a new method will be found to reduce reliance on MPIG by 2010/11 and the complicated ratio formula can be dropped.

Also on the agenda is an overhaul of the way seniority is calculated. Discussions on this between the GPC and NHS Employers are ongoing.

● *Laurence Slavin is a partner with Ramsay Brown & Partners, chartered accountants specialising in the finances of GPs, www.ramsaybrown.co.uk*