How Will The New Contract Changes Affect PMS Practices?

NHS England has written to all of their Area Teams advising them to begin a review of all their PMS contracts (unless they have already been subject to a review that meets the criteria), which must be completed by 31st March 2016. The purpose of the review is to ensure that, at the end of it, there is equity of funding across all practices whether GMS, PMS or APMS and that they receive the same funding for core services. Any additional funding must be linked to enhanced quality or services to meet specific needs of a local population.

PMS contracts were introduced so that practices could offer services to meet the local needs of their patients which were not covered by the old contract known as “the Red Book”. The intention was that PMS contracts would improve patient quality. Practices negotiated their funding locally and could be awarded growth funding for employing a salaried GP or a nurse practitioner. As the contracts were locally negotiated, there was not a set amount of core funding per patient like there is for GMS. Also, PMS practices in the same area would have a different amount of funding per patient depending on what they had negotiated. When the new GMS contract was introduced in 2004, PMS practices could also be paid for achieving the Quality and Outcome Framework (QOF), but they had 103 points deducted to recognise that their contract had already been uplifted for providing a better quality service.

We see core funding for PMS practices ranging from £59 per patient to £145 per patient and in addition, practices would receive funding from QOF and for providing enhanced services. For a GMS practice, the global sum per patient is currently £66.25 (2013/14) and our average including the MPIG correction factor is £70 per patient, so you can see that there is a significant difference between the core funding for a GMS and PMS practice.

Over the past few years, PCTs have been reviewing the amount of core funding that PMS practices are paid and introducing the same funding per patient for all their local practices in line with the average for GMS, together with Key Performance Indicators (KPIs), which have to be achieved to continue to receive a premium over and above GMS. These reviews have already seen some practices lose funding, while a few have actually seen an increase in funding.

NHS England had advised local area teams to suspend any new PMS reviews until they had identified the national arrangement to be applied to PMS resources from April 2014.

As part of their review, they have identified that PMS practices currently receive a premium of £13.52 per patient in core funding above GMS practices. As the global sum increases for GMS practices, as a result of the phasing out of the MPIG correction factor, this premium will reduce to £9.80.
NHS England had considered moving the PMS premium into core funding, increasing the standard capitation price that would have been applied to all GMS and PMS contracts, in line with the MPIG correction factor being phased out. However, as the amount of the premium would reduce to £9.80, it meant that this left NHS England with very little funding to support quality improvement and local innovation in primary care.

This means that the premium element in PMS contracts will be removed from core funding and re-deployed to services that go beyond core national requirements and should meet the following national criteria:

- Reflect joint plans for primary care
- Provide services outside the scope of core activities
- Help reduce health inequalities
- Give equality of opportunity to all GP practices
- Distribute resources fairly at a local level

It will be up to Area Teams to make the decisions on both how far to re-deploy any premium funding and also the pace of change to take into account the impact on services to patients and the practice.

So, what does this mean for PMS practices? If you have had a PMS review and it meets the national criteria above, then there will be no need for Area Teams to conduct a further review. If you have not had a PMS review, then these will start from April 2014.

If you are a PMS practice receiving a higher than average core funding per patient, then it is likely that you will see a drop in funding. Practices being faced with a reduction in core funding will need to re-consider the services that they are offering and the resources they have available to them to provide these services. Also, a practice will need to consider the cost of providing services to meet the premium that they may continue to be paid.

The changes under the new contract in respect of QOF, enhanced services and seniority will also be applied to PMS. If a PMS practice has had a review that meets the national criteria and there will be no plans for the local Area Team to review this again, then a PMS practice should still see an increase in the amount of core funding per patient to take into account the income from some of the QOF points, some enhanced services and seniority which are being transferred into core funding.