North Yorkshire County Council

Scrutiny of Health Committee

6 September 2013

Healthcare Services Commissioned by NHS England

Purpose of Report

1. This report recaps on some of the discussions that took place at the meeting in June and provides a framework for the Committee to be briefed on the services in North Yorkshire commissioned by NHS England.

Introduction

2. Members will recall that at the Committee meeting on 14 June 2013 the clinical commissioning groups covering North Yorkshire summarised their role in commissioning:
    - planned hospital care;
    - rehabilitative care;
    - urgent and emergency care (including out-of-hours);
    - community health services (eg. Health visitors, school nurses, physiotherapists, Fast Response Teams etc.);
    - mental health and learning disability services.

3. The main trusts providing these services for North Yorkshire residents are:
    - Airedale NHS Trust;
    - Harrogate and District NHS Foundation Trust;
    - South Tees Hospitals NHS Foundation Trust (James Cook University and Friarage Hospitals);
    - York Hospitals NHS Foundation Trust (York and Scarborough Hospitals);
    - Tees, Esk and Wear Valleys NHS Foundation Trust;
    - Bradford District Care Trust;
    - Leeds and York Partnerships NHS Foundation Trust.

4. North Yorkshire is covered by the Yorkshire Ambulance Service.

5. Also at the meeting in June the Corporate Director (Health and Adult Services) summarised the commissioning priorities for adult social care in North Yorkshire. The Director of Public Health summarised the public health services which, from 1 April 2013, are now commissioned by the County Council.

6. It should be noted that nationally Public Health England provides advice and leadership to support the public health function of local authorities, including working with local government and the NHS to respond to emergencies.

NHS North Yorkshire and Humber

7. In order to complete the picture "*of who commissions what",* the Director of Commissioning (Julie Warren) from NHS North Yorkshire and Humber – the local area team of NHS England – will be attending the meeting to summarise the services they commission:

   - specialised services;
   - primary care services;
   - public health;
   - offender healthcare; and
   - services for members of the armed forces.

8. Note: In summarising primary care services it is anticipated that the Director will refer to the GP Minimum Practice Income Guarantee (MPIG), shown as APPENDIX 1. The MPIG is used to top up practices' core funding to match their basic income levels, before the New General Medical Services (nGMS) contract was introduced in 2003/04. The Department of Health has announced it is phasing out MPIG from next year until 2021. Some rural practices in North Yorkshire have indicated that they will have to close surgeries because of the loss in income – in some cases calculated at £78,000pa. Access locally to a GP is a fundamental need for all communities and for small isolated rural communities it is a key part of the very sustainability of that community. The Committee will be looking at plans for withdrawing MPIG in more detail at its meeting on 8 November 2013 with a view to ensuring access to primary care in rural areas such as North Yorkshire will not undermined by the changes.

Recommendation

9. Members are asked to note the information set out in this report.

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23 August 2013

Background Documents: None

APPENDIX 1

Minimum Practice Income Guarantee (MPIG)

The minimum practice income guarantee (MPIG) was introduced in 2004 as part of the transition of General Medical Services (GMS) to new contractual arrangements and was introduced as a way of smoothing transition into new ways of working. The MPIG itself was developed through national negotiations between NHS employers, acting on behalf of the Department of Health and the British Medical Association, General Practitioners Committee.

Funding pre 1st April 2004

Prior to the introduction of the new General Medical Services (nGMS) contract in 2004 GPs practice income was determined through a large number of items of service payments and fees and allowance all set out within the "Red Book" as such a practice received elements of funding based on the number of GP partners they had, the number of patients on their list and the age profile of those patients, payments for patients living within deprived areas and allowances for patients living in rural areas. In addition to this they received items of service payments for a wide range of interventions including for example minor surgery procedures carried out, recalling patients on contraception for an annual review, running Chronic Disease management clinics and hitting vaccination and immunisation targets
In addition to the fees and allowances above they received reimbursement of staff salaries, usually up to 70% of the cost.

Therefore a practices income was determined by their ability to maintain and grow a registered list and their ability to accurately record and claim for a wide range of fees and allowances.

Practices had a responsibility for their registered patients 24 hours a day 7 days per week.

Funding post 1st April 2004

The basic premise of the new funding regime was that practices would be freed from the bureaucracy of form filling and be paid a Global Sum of money, based on the Carr-Hill formula which had been developed to take into account a wide range of demographic factors that affected demands on primary medical care. For a detailed explanation of the formula visit the NHS Employers website. The formula takes into account additional factors such as rurality and makes allowances for this with the global sum calculation.

In addition to the Global Sum practices can choose to deliver a range of additional services and take part in the Quality and Outcomes Framework (QOF) to generate additional revenue for the practice.

Practices can choose to opt out of providing out of hours services to their patients for which 6% deduction is made from the global sum. Practices opting out have responsibility for their patients from 8am to 6.30pm Monday to Friday excluding Bank Holidays.

Transition into the nGMS contract

As part of the negotiations around the move to the nGMS contract an agreement was reached that practices would receive MPIG to top up to their global sum payments to match their income levels before the nGMS contract was introduced. Payments made under MPIG are called correction factor payments.

In 2006/07 NHS Employers and the GPC agreed that any future uplifts to the global sum should aim to reduce practice reliance on correction factor payments, to ensure a fairer allocation of resources across practices.

Reductions in MPIG payments have been offset by an increase in Global Sum payments.

Moving Forward

The future of MPIG has been subject to discussion between the British Medical Association (BMA) and NHS Employers for some time. The intention is to move to a common capitation price based on current average expenditure on "global sum" payments, correction factor payments paid under the Minimum Practice Income Guarantee (MPIG) and comparison to the basic elements of PMS funding. This common capitation price would be applied to both core contract types, General Medical Services (GMS) and Personal Medical Services (PMS) over a seven year period.

It is intended that the funding formula would take into account the number of patients served, weighted for a range of demographic factors that affect patient need and practice workload.

The guidance on how this will be undertaken across the respective Area Teams within NHS England is in the process of being developed. However what is important to emphasise is that the proposal will include a specific undertaking to include GMS contractors where MPIG forms a significant proportion of practice income. To this effect the Area Team will be liaising closely with these practices over the coming months to ensure we have a full understanding of the financial position and likely impact for these practices and the services that they provide. This will be used to inform the disaggregation process to progress towards establishing equitable payments.

Whilst we recognise that over the 7 years the "MPIG" will no longer be a recognised element of funding for general practice the changes to the national capitation formula should ensure that the practice receives a level of funding that is equitable across the country for its patient numbers and demographics. The Area Team will be taking a pro-active role in shaping the revisions to the formula and will be seeking to ensure that the specific issues faced by rural practices are accurately reflected in the formula.