National Support Centre

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To:

Area Team Directors

Cc:

Area Team Directors of Commissioning
Area Team Directors of Finance

Regional Directors
Regional Directors of Commissioning

Dear Colleagues,

Personal Medical Services (PMS) contracts: locum employer superannuation funding and out of hours opt out deductions

This letter sets out arrangements to ensure a consistent and equitable approach, in relation to PMS contracts, to funding of employer superannuation costs for GP locums and deductions for having opted out of providing out of hours services.

Locum employer superannuation funding

Following the Government's decision to transfer responsibility for funding employer superannuation costs for GP locums from Primary Care Trusts to GP contractors, the cost was calculated for GMS contractors and added to the Global Sum Equivalent from April 2013.

NHS England committed to ensure this transfer of responsibility was also a cost-neutral change for PMS contractors.

Following the desk top review of PMS expenditure, we have identified that (unless they have already done so) area teams will need to make an equivalent uplift for PMS contractors, to be backdated to 1 April 2013, using the methodology set out in the attachment to this letter.

Out of hours opt out deduction

In the case of deductions to PMS contracts for having opted out of responsibility for providing out of hours services we again need to ensure the approach is consistent with the arrangements that are applied in GMS.

Area teams will therefore need to ensure (unless they have already done so) that PMS contracts are updated, as soon as practicable this financial year, to bring the deduction in line with that applied in GMS in 2013/14, using the methodology

set out in the attachment to this letter.

Methodology

The attached note provides details of the methodology to follow in making these changes. Area teams will also need to calculate the equivalent adjustments for appropriate Alternative Provider Medical Services (APMS) contracts.

Next steps on PMS

We expect to be in a position to announce wider next steps on PMS, following the PMS disaggregation exercise, in about a month's time. As you know, this review was established to look at how we apply the principles of equitable funding to PMS contracts and how we ensure we get best value from investment in quality improvement and innovation in primary care.

We envisage setting out the criteria and principles that area teams should follow in reviewing the 'premium' element of PMS expenditure. We recognise that this will require significant further work on the part of area teams, and we will continue to work with you to develop appropriate support arrangements. Should you have any queries please email:

England.primarycareops@nhs.net

Yours sincerely

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Director of Commissioning (Corporate)

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Update on uplifts to PMS contracts 2013/14

1. All PMS practices should have received the agreed uplift for 2013/14. For completeness, the text of the instructions previously sent to Area Teams is set out below:

   "1. Uplift to PMS contract

   NHS England has committed to a common uplift to General Medical Services (GMS) and PMS contracts. The overall impact to GMS contracts will be a gross uplift of 1.32 per cent (the rationale is set out below). Area teams now need to calculate the equivalent uplift to PMS and Alternative Provider Medical Services (APMS) contracts.

   For GMS practices, there are broadly three categories of spend:

   (A) global sum or global sum equivalent;
   (B) other income streams that are within the scope of the annual percentage uplift, i.e. Quality and Outcomes Framework (QOF), Directed Enhanced Services (DES) and seniority pay;
   (C) other income streams that are outside the scope of the percentage uplift: e.g. premises reimbursement, IT reimbursement.

   GMS practices are receiving a 2.2% increase in category (A) payments and a 0% increase in category (B) payments in order to deliver a 1.32% increase in category A/B. Area teams should treat PMS contracts in the same way.

   The closest equivalent to Global Sum/Global Sum Equivalent expenditure for PMS practices is their 'baseline' funding: ie that element of their funding that includes PMS 'growth' monies (and potentially some enhanced services, seniority and other payments) but excludes QOF and DESs. Area teams should uplift this 'baseline' element by whatever amount is needed to give a 1.32% uplift in overall PMS funding (excluding the equivalent of category C). If, for instance, a PMS practice's baseline forms 70% of its overall contract income (excluding category C), then its baseline would be uplifted by 1.32% divided by 70% = 1.89%

   This uplift is without prejudice to any future reviews of PMS contractual and funding arrangements."

Locum employer superannuation costs in PMS

2. Since April 2013, locums employed by GP practices have been responsible, as self-employed contractors, for making both the employer and employee superannuation payments to the NHS Pensions Agency.

3. PCT expenditure on GMS locum superannuation costs (less the amounts needed to cover the superannuation element of the locum allowances for which GP practices are reimbursed) was added to GMS Global Sum

Equivalent funding to enable GMS practices to reflect these costs in the fees they pay to locums.

4. Although PCT audited accounts did not identify any equivalent payments being made to PMS practices, NHS England has determined that an adjustment for locum employer superannuation costs equivalent to that applied to GMS contracts at 1 April 2013 should also apply to PMS arrangements from that date. **Area Teams should now ensure that all PMS arrangements are uplifted to include funding for locum employer superannuation costs, backdated to 1 April 2013.**

5. We are aware that some area teams may have already applied this adjustment to a number of PMS practices, usually where there is a contractual requirement to match the GMS global sum price. The GMS global sum price includes funding for locum employer superannuation costs. Where the adjustment for locum employer superannuation costs has already been included in the uplift to PMS contracts, no further action is needed.

6. For GMS practices, funding for locum employer superannuation costs was delivered through an additional gross uplift of 0.15 per cent. GMS practices therefore received a 0.25 per cent increase in category (A) payments and a 0 per cent increase in category (B) payments in order to deliver a 0.15 per cent increase in category A/B. Area teams should treat PMS contracts in the same way.

7. Area Teams should therefore apply the equivalent total gross uplift for GMS practices of 1.47 per cent to PMS practices using the mechanism set out previously. The increased uplift applies from 1 April 2013 and area teams will need to make appropriate arrangements for backdating payments.

PMS deduction for opting out of out of hours provision

8. Where GMS providers have opted out of the provision of out of hours (OOH) services, their global sum payment is automatically reduced by the application of the deduction percentage specified in the SFE. When the global sum price increases (as it has in 2013/14), the price of the OOH opt out also increases.

9. For 2013/14, the price of the GMS OOH opt out is £3.975 per weighted patient. This is determined by applying the current deduction percentage for OOH services (6%) to the current global sum price per weighted patient (£66.25), as set out in the SFE.

10. For the purposes of calculating an OOH opt out deduction for PMS arrangements, this OOH opt out price per patient (£3.975 in 2013/14) should also be applied. The opt-out price (or tariff) should be applied to either weighted or raw list sizes depending on the contractual agreement.

11. Area teams should ensure at the earliest opportunity that their PMS arrangements maintain an equitable position with GMS, reflecting the price of the OOH opt out in GMS. Area teams should continue to ensure that whenever there are changes to the cost of the OOH opt out in GMS (either through changes to the global sum price and/or the deduction percentage for OOH services), those changes are also reflected in the OOH opt out tariff applied to PMS arrangements. We anticipate that this would usually take place as part of the annual uplift process.