

Gateway reference number: 01131

## **Impact of phasing out the Minimum Practice Income Guarantee: 'Outlier' GP practices**

### **Introduction**

1. As part of the 2013/14 GMS contract settlement, the Government made the decision to phase out the Minimum Practice Income Guarantee (MPIG) over a seven-year period beginning in April 2014 and to use the freed-up resources to increase the basic funding that all GMS practices receive. The majority of GMS practices will gain funding as a result of these changes, but some will lose funding.
2. Following the agreement of other changes<sup>1</sup> to the GMS contract from 1 April 2014, NHS England has modelled the amount of funding that GP practices are likely to gain or lose as a result of phasing out MPIG payments together with these other changes.
3. MPIG was introduced ten years ago as part of the 2004 GMS contract to smooth the transition to new funding arrangements.
4. NHS England considers that MPIG payments are inequitable because practices serving similar populations can receive very different amounts of money per registered patient. The changes that will start to take effect from April 2014 mean that the funding for GP practices will be properly matched to the number of patients they serve and the health needs of those patients. Funding will also continue to take into account the unavoidable costs of providing services in rural areas.

### **'Outlier' practices**

5. While the majority of practices will gain extra funding under these changes, a minority will lose and some more than others. NHS England's area teams are working with the practices most significantly affected to identify if there are special circumstances that would justify making other payments to them, for instance to reflect any factors that are not adequately captured by the normal funding formula, or if any services that the practice provides would more appropriately be commissioned by clinical commissioning groups (CCGs).
6. Dr David Geddes, Director of Primary Care Commissioning for NHS England, wrote to area teams on 18 December, setting out guidance on how to manage this process (see annex A). Alongside this, spreadsheets were sent to each area team, setting out the estimated effect on practice income of the prospective changes agreed to GMS contracts from 1 April 2014, including the MPIG change.

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<sup>1</sup> Details of the GMS contract changes from April 2014 are available at:  
<http://www.england.nhs.uk/2013/11/15/empowering-gps/>

7. NHS England has not made any decisions in advance as to the number of practices that should receive other payments. We have, however, shared with our area teams the details of 98 'outlier' practices that could lose more than £3 per patient in 2014/15 as a result of the overall changes coming into effect from April 2014. The table attached sets out an anonymised list of the 98 potential outlier practices.
8. The list of outlier practices is only a guide for area teams. There is no guarantee that all practices on the list will receive support of other kinds. Conversely, there may be practices outside the list of 98 'outliers' for whom other commissioning arrangements may be appropriate. Area teams have been asked to look at each case on its merits.

### **Basis of modelling**

9. The analytical modelling is designed to provide the best possible estimate of the scale of the impact at practice level. We cannot, however, be certain at this stage that actual changes in income will precisely match these modelled figures. The actual changes may be affected by a number of other factors, including decisions on uplift in GMS contract values following the recommendations of the Doctors' and Dentists' Review Body and the degree of adjustment to GMS global sum payments to reflect likely reductions in expenditure on seniority payments – which will depend on the approach chosen.
10. The methodology for producing these estimates has been discussed with analysts from the British Medical Association.
11. The figures have been modelled using a number of assumptions, including that:
  - a. one seventh of the value of MPIG correction factor payments is reinvested into global sum payments and redistributed to all GMS practices through the Carr-Hill global sum funding formula;
  - b. the Carr-Hill formula for calculating global sum payments does not change over the seven years from 2014/15;
  - c. aside from global sum, MPIG and some Quality and Outcomes Framework (QOF) payments, all other funding streams remain constant;
  - d. there are no mergers or reconfigurations of practices across the seven years; and
  - e. the registered population of each practice will increase in line with the Office for National Statistics population projections for England.

### **Impact of changes in rural and urban areas**

12. There have been some suggestions that the phasing out of MPIG payments has a disproportionate impact on practices in rural areas. This is not the case. Rural practices make up less than 15 per cent of the 98 'outliers', whilst they make up 18 per cent of all GMS practices in England. The majority of practices in both urban and rural areas will gain from the redistribution of MPIG resources.

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## **Publication of data**

13. It is not our policy to publish unaudited data showing the earnings of individual practices. We plan to publish, in un-anonymised form, the gross earnings of all GP practices during summer 2014, following discussions with the GPC and the audit of NHS England's 2013/14 accounts.

**NHS England**  
**31 January 2014**



Rank	Initial estimate of average loss per weighted patient, per year over next 7 years
1	-£119.27
2	-£113.85
3	-£33.90
4	-£28.00
5	-£22.34
6	-£14.26
7	-£11.58
8	-£10.97
9	-£10.22
10	-£8.59
11	-£8.01
12	-£7.43
13	-£7.01
14	-£6.40
15	-£6.02
16	-£5.69
17	-£5.61
18	-£5.52
19	-£5.31
20	-£5.18
21	-£5.17
22	-£5.02
23	-£4.97
24	-£4.89
25	-£4.88
26	-£4.86
27	-£4.86
28	-£4.74
29	-£4.72
30	-£4.71
31	-£4.71
32	-£4.36
33	-£4.31
34	-£4.30
35	-£4.29

Rank	Initial estimate of average loss per weighted patient, per year over next 7 years
36	-£4.26
37	-£4.25
38	-£4.16
39	-£4.12
40	-£4.07
41	-£4.04
42	-£3.98
43	-£3.97
44	-£3.95
45	-£3.93
46	-£3.85
47	-£3.84
48	-£3.81
49	-£3.79
50	-£3.77
51	-£3.77
52	-£3.77
53	-£3.76
54	-£3.74
55	-£3.71
56	-£3.69
57	-£3.68
58	-£3.67
59	-£3.64
60	-£3.58
61	-£3.57
62	-£3.56
63	-£3.55
64	-£3.54
65	-£3.53
66	-£3.46
67	-£3.46
68	-£3.45
69	-£3.42
70	-£3.39

Rank	Initial estimate of average loss per weighted patient, per year over next 7 years
71	-£3.37
72	-£3.36
73	-£3.36
74	-£3.36
75	-£3.36
76	-£3.28
77	-£3.23
78	-£3.22
79	-£3.22
80	-£3.20
81	-£3.18
82	-£3.18
83	-£3.17
84	-£3.15
85	-£3.15
86	-£3.13
87	-£3.12
88	-£3.10
89	-£3.10
90	-£3.10
91	-£3.10
92	-£3.09
93	-£3.09
94	-£3.06
95	-£3.05
96	-£3.05
97	-£3.01
98	-£3.01