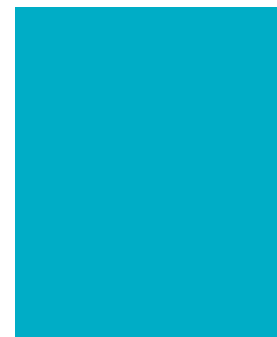
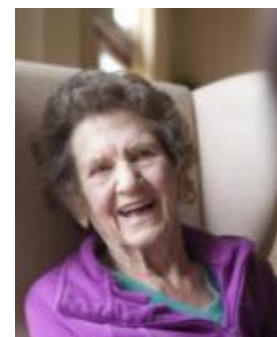


REVIEW OF PMS CONTRACTS



NHS England
February 2014
Gateway Reference 01091



What are PMS contracts?

- Personal Medical Services (PMS) agreements are locally agreed contracts between NHS England and a GP practice.
- PMS contracts offer local flexibility compared to the nationally negotiated General Medical Services (GMS) contracts by offering variation in the range of services which may be provided by the practice, the financial arrangements for those services and the provider structure (who can hold a contract).

Aim of PMS review

- To establish how best to apply the principles of equitable funding to PMS practices.
- To identify how to get best value from investment in quality improvement and innovation.

PMS data collection

- We asked area teams to undertake a data collection exercise to gather and understand at individual contract level the basis of existing PMS funding and its component parts.
- We wanted to consider how far PMS expenditure is effectively paying for ‘core’ primary care services, how far it is paying for innovation and quality improvement in primary care, and how far it is paying for ‘enhanced’ primary care services.
- We asked area teams to complete an excel spreadsheet template to record the data for individual PMS contracts.
- Using these returns, we first identified total expenditure on PMS (‘PMS baseline’). We then identified all those elements of PMS expenditure that are comparable with payments made to GMS practices, in order to arrive at a revised PMS baseline.
- Finally, we calculated the difference between this revised baseline and the weighted capitation that PMS practices would earn if they were on GMS contracts. This difference makes up the PMS ‘premium’.

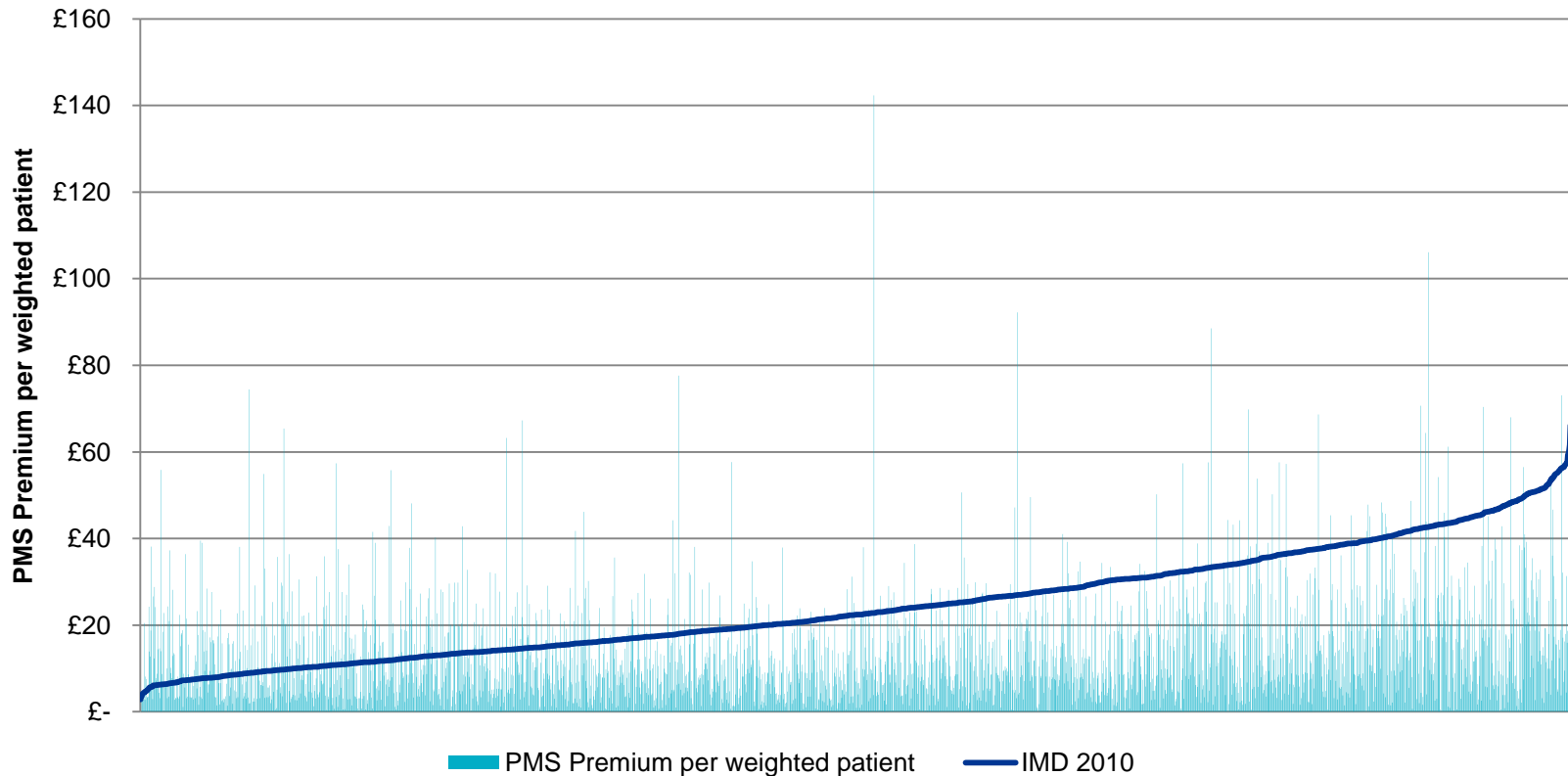
Results of data collection

- Based on PMS expenditure as at 1 April 2013.
- PMS expenditure in excess of GMS equivalent: £325 million, or £13.52 per weighted patient.
- £67 million linked to defined enhanced services or Key Performance Indicators (KPIs). Remaining £258 million may be associated with enhanced services or populations with special needs, but is not defined.
- Once the Minimum Practice Income Guarantee (MPIG*) is fully phased out in GMS, total PMS premium will reduce by around £90 million to £235 million, or an average of £9.80 per weighted patient. (Note: does not mean PMS practices necessarily earn less, but a greater proportion of their earnings will be equivalent to what they would get under GMS).
- No relationship between current PMS expenditure and deprivation. Modelling shows a random distribution of PMS premium against the Index of Multiple Deprivation (IMD) scores.

* MPIG was designed to ensure that practices were not financially destabilised with the advent of the new GMS contract in 2004. Most GMS practices receive a correction factor payment in addition to a weighted capitation payment. These correction factor payments will be removed from practices over a 7 year period commencing 1 April 2014 and the funds will be reinvested in global sum.

PMS premiums and deprivation

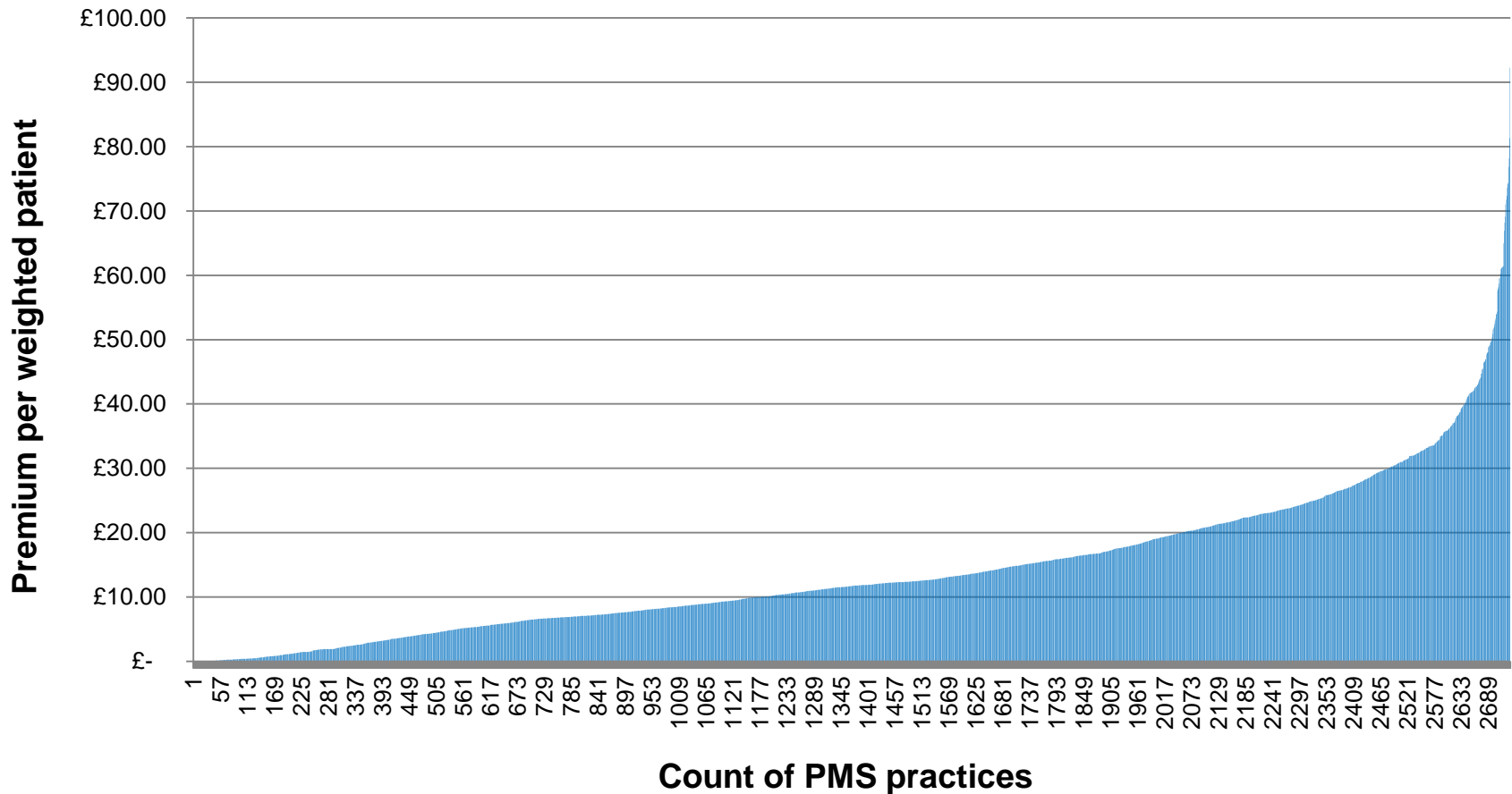
+ve PMS premium, in £s per weighted patient, and estimated practice Index of Multiple Deprivation 2010



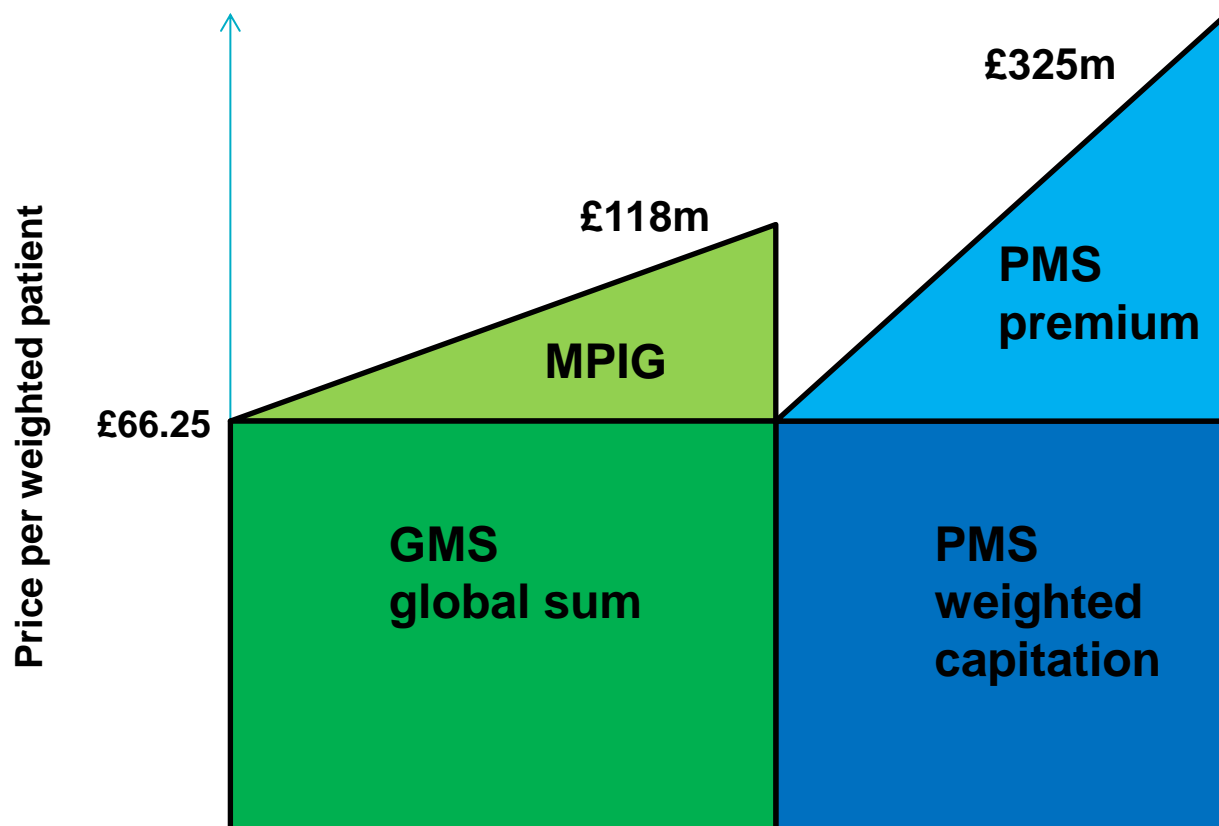
Breakdown of PMS expenditure

	£m
PMS baseline	2,043.3
Premises	29.6
Seniority and other GMS (e.g. dispensing)	25.0
Directed Enhanced Services	21.3
QOF deduction	44.3
London adjustment	10.3
Total adjustments	130.6
Revised PMS baseline	1,912.7
Less weighted capitation	1,587.7
PMS 'premium'	325.0
Of which:	
KPIs	25.9
Other enhanced services	41.0
Total	66.9

Distribution of PMS premium

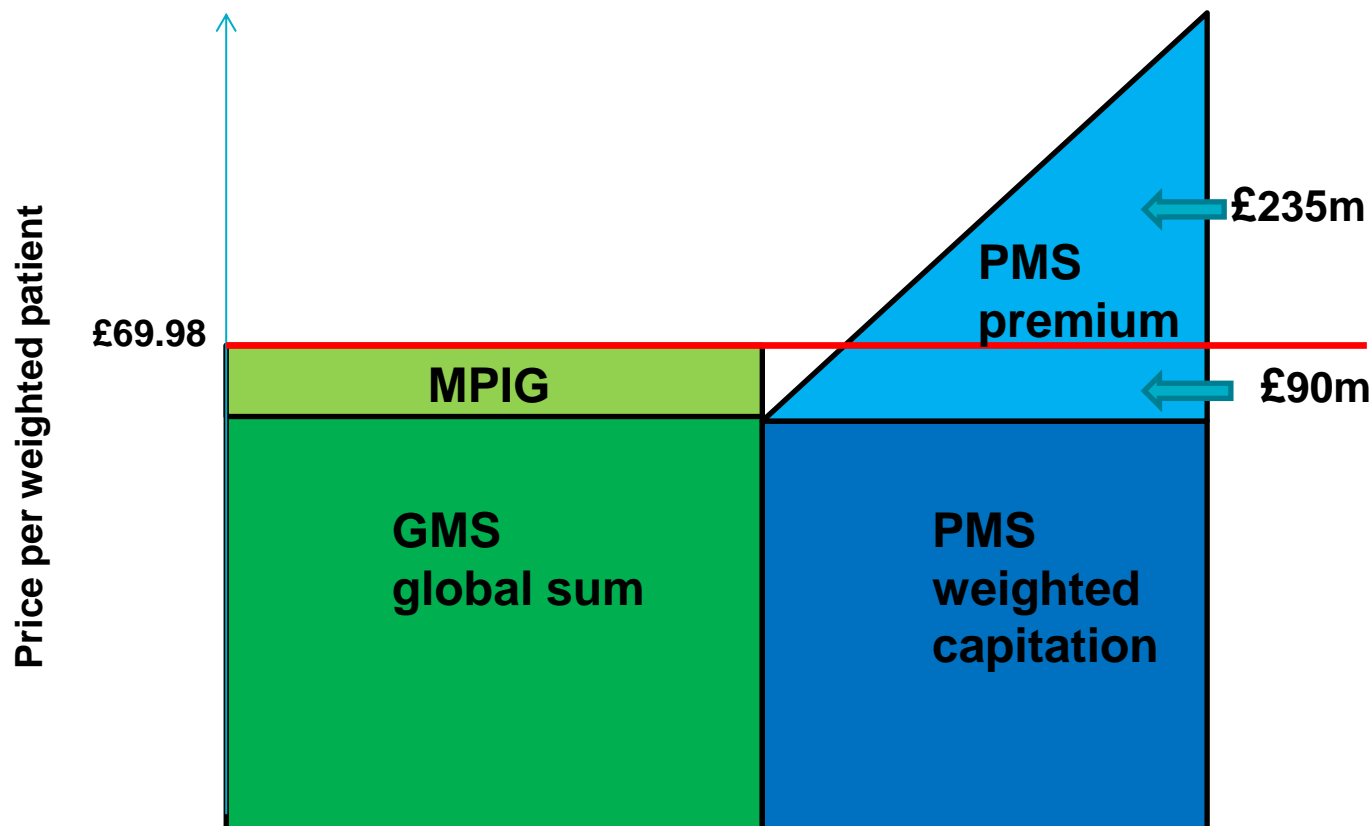


PMS premium and MPIIG



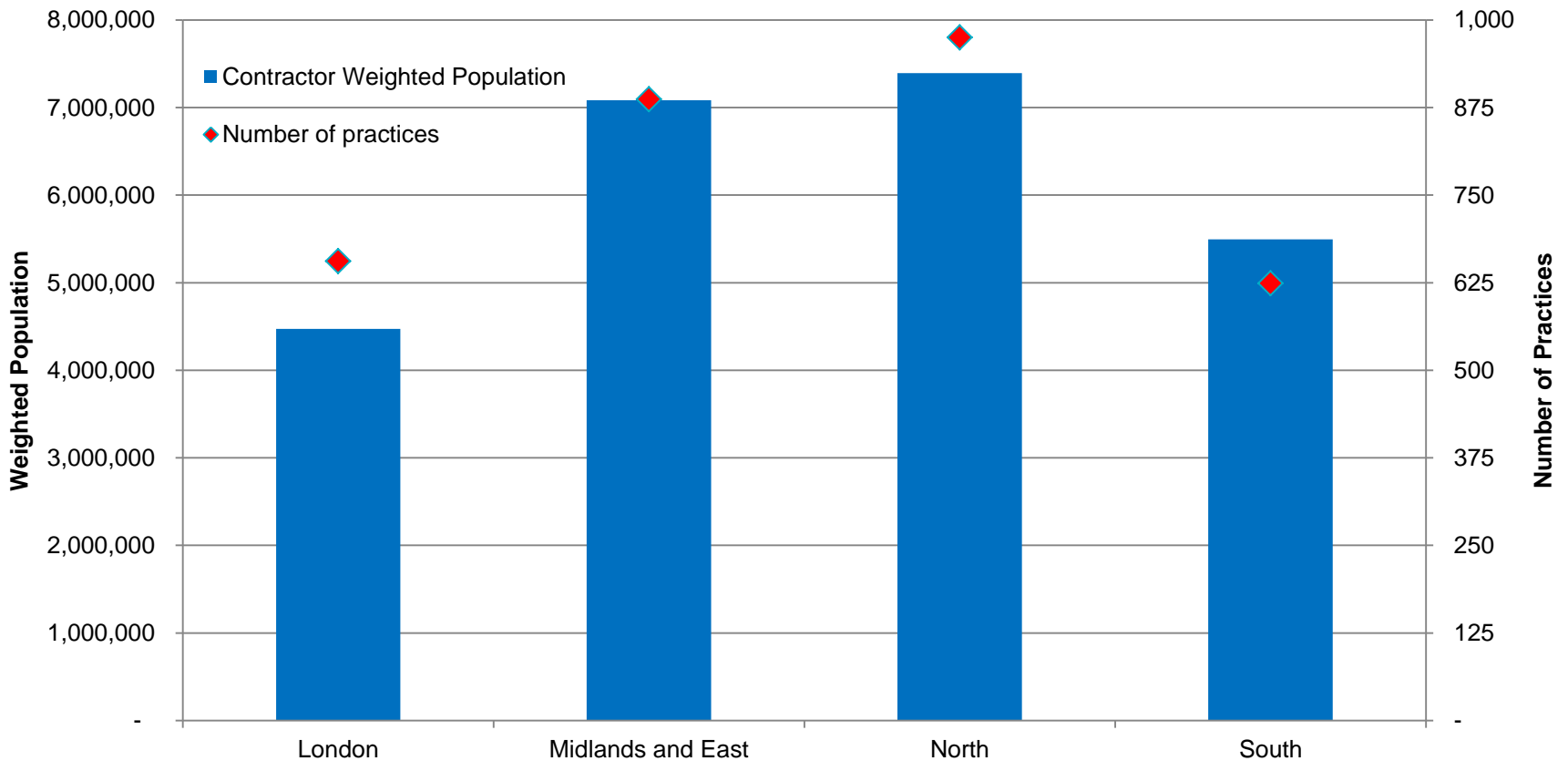
- MPIIG or correction factor payments of £118m are unevenly distributed across GMS practices.
- PMS premium is the difference between PMS price and the equivalent population's GMS price.
- PMS premium of £325m is unevenly distributed across PMS practices.

Impact of MPIG recycling



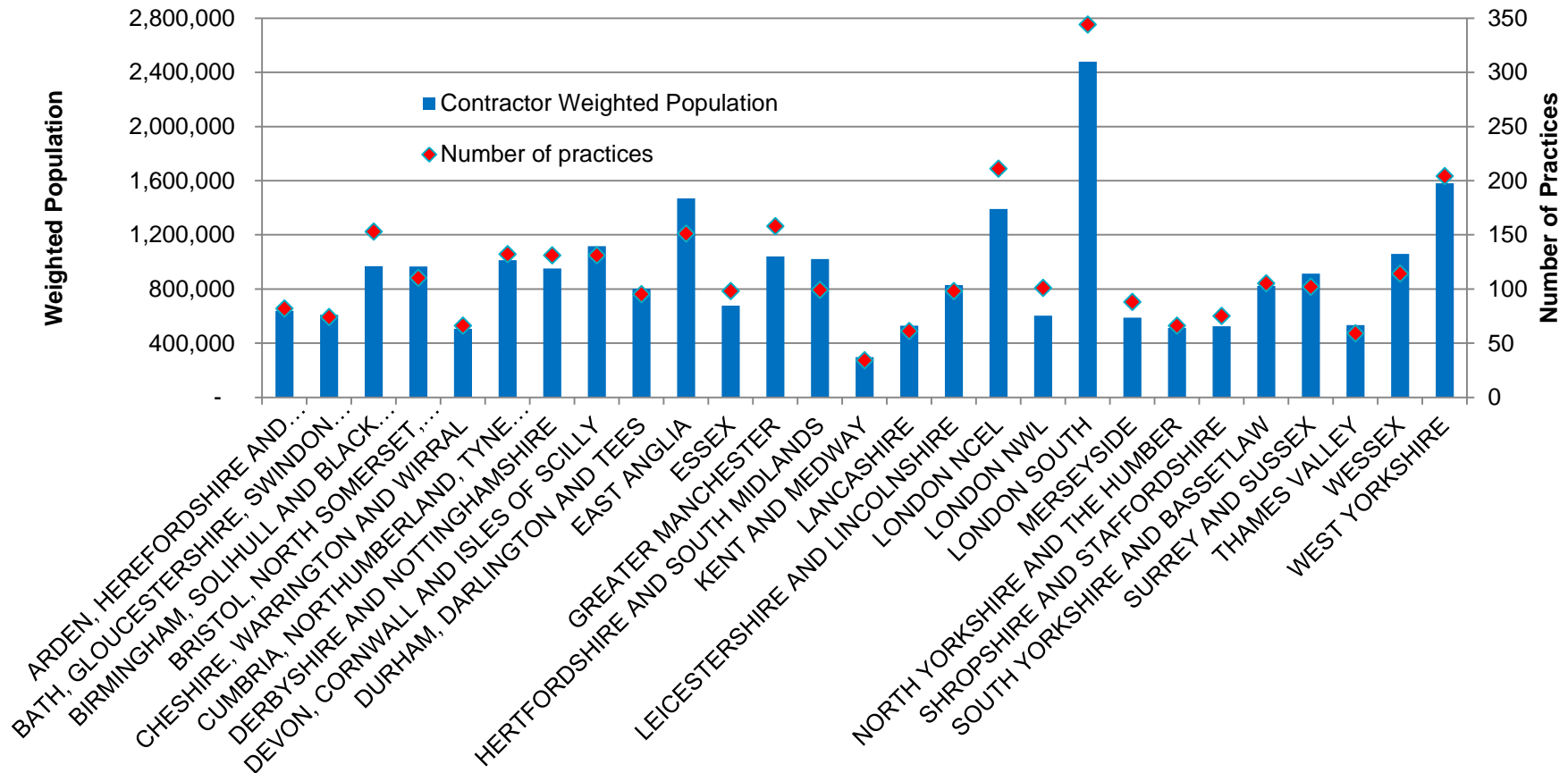
- MPIG or correction factor payments of £118m are reinvested into GMS global sum over 7 years.
- When MPIG is fully reinvested, GMS global sum price rises to £69.98.
- The higher GMS price means PMS premium is reduced to £235m.

PMS coverage by Region



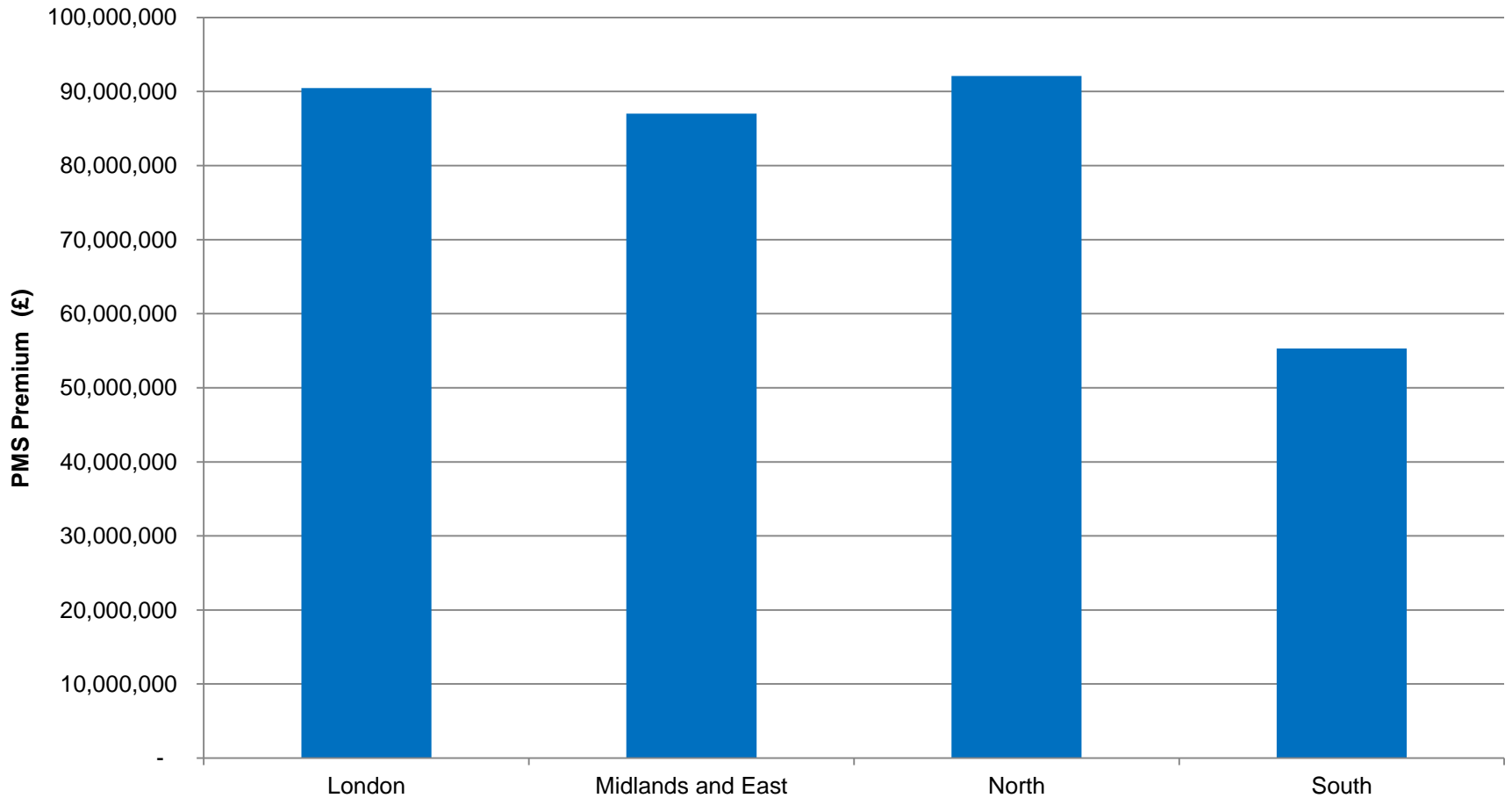
The blue bars and left hand axis indicate coverage by weighted population. The red diamonds and right hand axis indicate the number of PMS practices.

PMS coverage by Area Team



The blue bars and left hand axis indicate coverage by weighted population. The red diamonds and right hand axis indicate the number of PMS practices.

PMS Premium by Region



PMS Premium by Area Team

