

Indemnity payment – 2018 briefing note

As part of the 2018/19 GP contract agreement in England, we have secured £60m to be paid to practices to assist with 2016/17 and 2017/18 rises in indemnity costs for doctors delivering GMS work. This amount has been based on annual average rises in costs using figures received from surveyed GPs and medical indemnity organisations.

This will be paid to practices on a per patient basis, set out under the Statement of Financial Entitlements (SFE), and will not be weighted as a result of the Carr-Hill formula. This funding is intended to cover the average rise in indemnity cover costs for the last two years. Practices will receive a payment of £1.017 per patient based on their registered list on 1st February 2018. **This funding will be paid to practices in March/April 2018. Some payments have now already been made.**

These payments will be made on the condition that, where principal and salaried GPs are paying for part or all of their indemnity costs, the practice will reimburse to them, from the payment received, **an appropriate proportion** of the amount which the GP has paid for their cover. The reimbursement amount should also be based on the proportion of GMS services which the GP is providing for the practice. Examples of how this funding could be distributed within a practice is provided below.

It is recognised that every practice will have its own arrangements in place. In some practices, GPs are responsible for paying the entirety of their own indemnity costs. In some, part or all of the indemnity costs for GPs at the practice are paid for by the practice/reimbursed by the practice. Therefore, each practice will need to allocate payment to its GPs which is equitable and proportional based on their circumstances. These conditions will be set out in the revised SFE.

Example 1: A practice with 10,000 registered patients will receive £10,170

- If the practice has four GPs (salaried and partners), each delivering an equal share of GMS services, then each would initially be allocated £2,542.50
- If one GP pays 100% of their indemnity bill they would receive the full £2,542.50
- If this GP pays 50% of their indemnity bill, they would receive £1,271.25 – the practice partnership (which pays the remaining 50%) would be able to retain the other £1,271.25

Example 2: A practice with 8,500 registered patients will receive £8,644.50

- If the practice has five GPs (salaried and partners), but one partner only provides 12% of the GMS delivered services, they would initially be allocated £1,037.44
- If this partner pays 75% of their indemnity bill their allocation would be reduced to £778.00 –
- the remaining £259.44 would be retained by the practice
- If this partner pays 50% of their indemnity bill this allocation would be reduced to £518.72 –
- the remaining £518.72 would be retained by the practice

Locum GPs will need to ensure that, as with all other business expenses, their charges reflect their costs, which should include indemnity insurance costs.

