

## **'Withdrawal of the minimum practice income guarantee'**

### **Westminster Hall Debate Wednesday 26 March 2014**

**The British Medical Association (BMA) is an independent trade union and voluntary professional association which represents doctors and medical students from all branches of medicine all over the UK. With a membership of over 153,000, we promote the medical and allied sciences, seek to maintain the honour and interests of the medical profession and promote the achievement of high quality healthcare.**

#### **Background**

The Minimum Practice Income Guarantee (MPIG)<sup>1</sup> was introduced in 2004 to support GP practices moving to the new General Medical Services contract (nGMS)<sup>2</sup>. The MPIG is used to top up the funding of practices to match income levels prior to the introduction of the 2004 contract. MPIG provides an important financial lifeline to many smaller GP practices by guaranteeing a minimum level of funding that is not dependent on the number of patients a GP practice has on its practice list.

The payments made by the MPIG amount to around £116 million annually and are referred to as correction factor payments. Initially, up to 90% of GP practices were in receipt of correction factor payments<sup>3</sup>, but this figure has since fallen to around 60%.

Last year, the Government announced that the MPIG was to be phased out over a seven year period as part of the 2013/14 GP contract imposition. From April 2014, correction factor payments to GP practices will be reduced by one-seventh each year for seven years. The BMA did, however, successfully negotiate the retention of the total sum of correction factor payments within the contract, to be redistributed across all GMS practices, thereby removing the threat that this funding would be lost to general practice altogether.

The total sum of correction factor payments will be retained but funding will be redistributed into global sum payments across all GP practices. The intention of these changes is for all practices to receive the same weighted funding per patient by 2020 – 2021.

#### **The impact of withdrawing the MPIG**

Changes to the way GP practices are funded will have a significant impact on practices in England with a few hundred losing noticeable levels of funding. Drastic funding cuts could threaten patient services or practice viability. This highlighted that the funding formula did not adequately reflect the needs and workload of practices with atypical populations.

NHS England has identified 98 GP practices, 15 of which are in rural areas, whose long term survival is at risk as a result of substantial cuts to funding. Withdrawal of the MPIG could cost these practices £3 or more per patient per year, while losses for some could be over £100 per patient annually. The severity of these cuts could threaten the ability of these practices to remain open.

In addition to the 98, there are a significant number of other practices that will be severely affected. In response to a parliamentary question

on 24 February 2014<sup>4</sup>, the Government confirmed that an additional 131 practices, 21 of which are in rural areas, may lose £2 - £3 per patient annually from 2014 – 2015<sup>5</sup>. NHS England acknowledges that there will also be other practices that suffer a significant income loss. Many of these practices will have as strong a case for support as the 98 outliers, with the list of 98 practices only being a guide for area teams<sup>6</sup>.

The BMA has consistently lobbied, as a minimum, for a nationally directed process for dealing with outlier practices for implementation by all area teams. We are, therefore, very unhappy with the approach taken by NHS England, which devolves decisions about how to deal with outlying practices to area teams, as well as the unacceptable delay in identifying and informing outlier practices. We have made these concerns very clear to NHS England.

NHS England's statutory obligation to ensure patients have access to comprehensive health services means that the distance patients are expected to travel to access primary care services should not be such that it places their wellbeing in jeopardy. Consequently, it cannot simply allow provision to cease.

### **The BMA's position**

The BMA is concerned that the Government has misjudged the potential impact of its funding changes on smaller GP practices. These changes come at a time when GP practices are already under pressure from rising workloads and declines in overall levels of funding.

We are particularly concerned about the impact on smaller GP practices in rural communities with a comparatively low number of patients registered with them. We believe that the closure of rural practices could leave geographical areas without a nearby GP practice. In these areas, accessing healthcare is made difficult by the large distances patients are required to travel to access NHS services.

The BMA is also concerned that NHS England have devolved responsibility for the withdrawal of MPIG to local NHS managers without a national framework for how these GP practices should be supported.

**The BMA would like to see the Government adopt a co-ordinated approach to this issue and establish a national plan to tackle the funding problems faced by some GP practices as a result of these changes.**

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## Notes

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<sup>1</sup> The Minimum Practice Income Guarantee (MPIG) was introduced in 2004 to support most practices in moving to the new General Medical Services (nGMS) contract. Typically, just over half the money a practice receives is in the form of a 'global sum'. The exact amount a practice receives is calculated based on the workload theoretically generated by each of its patients. This was a change from the old contract, where payment was based on the number of doctors within a practice, and was intended to distribute funds more fairly to areas that needed it most. However, when the new contract was introduced, 90% of practices found that the redistribution led to a significant drop in funding. To ensure this did not happen, a correction factor was applied to the global sum so that in instances where this happened income would be restored to at least 2003 levels. The resulting combined amount became known as the Minimum Practice Income Guarantee (MPIG).

<sup>2</sup> The General Medical Services (GMS) contract is the contract between general practices and NHS England for delivering primary care services.

<sup>3</sup> MPIG correction factor payments were introduced following the introduction of the 2004 GP contract to ensure that individual GP practice funding did not drop below historical levels in the transition.

<sup>4</sup> Commons Hansard, 24 Feb 2014 : Column 180W:

<http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140224/text/140224w0006.htm#14022524002032>

<sup>5</sup> In response to a written parliamentary question, Dr Dan Poulter, Parliamentary Under Secretary for Health Services, confirmed that NHS England undertook provisional analysis at the end of 2013 to identify "outlier" practices, those that will lose £3 or more per weighted patient per year from 2014 – 2015. In addition, the provisional analysis suggested that a further 131 practices might lose between £2 and £3 per weighted patient per year from 2014-2015 as a result of the phasing out of the MPIG.

<sup>6</sup> NHS England operates at national, regional and local level. NHS England has 27 local offices, or local area teams (LATS), with among other things, responsibility for primary care contract management.