

Minimum Practice Income Guarantee (MPIG)

GPC

General Practitioners
Committee

Struggling to get to grips with the details of the MPIG? Formulae and calculations can strike fear into those who are not mathematicians. Armed with these pointers you'll soon become an MPIG expert.

1. The Formula

The Red Book as a method of funding general practice is inherently unfair and does not reflect patient need.

A formula has been devised to reflect patient need and cost. Inevitably this formula, or any other formula that could have been used, has had the effect of increasing funding to some practices and decreasing funding to others.

2. The Minimum Practice Income Guarantee (MPIG)

The MPIG is the investment required for as long as is needed by those practices which need financial protection due to the redistributive effects of the needs and cost formula. Any change in resource distribution, whatever method is chosen, will cause financial loss to some practices. The purpose of the MPIG is to prevent destabilisation and protect income for as long as is needed.

3. Red Book income protected or increased

All practices will start from either a neutral or increased financial position for that income which has transferred from the Red Book to become the global sum.

4. The global sum equivalent (GSE) - 1

To calculate the global sum equivalent you will need to add up those Red Book payments which in future will be subsumed within the global sum. These are listed in paragraph 6.

5. The global sum equivalent (GSE) - 2

The practice's global sum equivalent is compared to the practice's global sum allocation via the formula. If the global sum is more than the GSE then there is no need for the MPIG. If the global sum is less than the GSE then the practice income will be protected by the MPIG. This ensures no practice loses income.

6. The global sum equivalent (GSE) – 3

The Red Book payments which are subsumed within the global sum are listed below:

- 1 Basic Practice Allowance
- 2 Night Visit Fees
- 3 Night Allowance
- 4 Capitation Fees
- 5 Health Promotion Payments (excluding Chronic Disease Management)
- 6 Contraceptive Services Fees (except Intrauterine Device Fees)
- 7 Maternity Medical Services Fees (excluding Intra Partum Care)
- 8 Temporary Residents Fees
- 9 Deprivation Payments
- 10 Registrations Fees
- 11 Minor Surgery Fees (part)
- 12 Child Health Surveillance Fees
- 13 Emergency Treatment Fees
- 14 Immediately Necessary Treatment Fees
- 15 Adult Vaccination and Immunisation Payments (except Influenza)
- 16 Arrest of Dental Haemorrhage Fees
- 17 Rural Practice Payments
- 18 Post-graduate Education Allowance
- 19 Telephone Fees
- 20 Cervical Cytology Payments (part)
- 21 Chapter 10.5 Payments (Scotland only)
- 22 Anaesthetic Administration Fees
- 23 Inducement Payments
- 24 Practice Staff Reimbursements (including employers' NI)

7. MPIG and the correction factor (CF)

If the global sum is less than the GSE then that difference will be made up 'he MPIG is the *sum of the* global sum plus the correction factor.

**MPIG = global sum via formula
+ correction factor**

8. The global sum or MPIG

All the fees which used to be called deprivation payments, staff reimbursement, dental haemorrhage fee or anything listed in paragraph 6 are no longer identified as individual payments but will be collectively part of the global sum or MPIG.

9. The correction factor (CF) continues for as long as it is needed

The CF will continue for as long as is needed. It will be uplifted annually and can only be changed following a formula review. The CF "floats on top" of the global sum, which can fluctuate with practice population changes. The MPIG concept will remain in perpetuity.

10. A worked example for 2004-05

GSE 2003-04 = £325,219

Uplift 1.47% for 2004/5 = £330,000

Global sum via formula = £300,000

Difference (GSE - global sum) = £30,000

CF = GSE - global sum

CF = £330,000 - £300,000 = £30,000

MPIG = Global sum + CF

MPIG = £300,000 + £30,000 = £330,000

CF = Correction Factor
GSE = Global Sum Equivalent
MPIG = Minimum Practice Income Guarantee

11. Quality Points Offset

There will be no deduction of quality points when calculating the MPIG. All practices whether MPIG or not will be paid for all quality points achieved.

Those few practices which achieve less than 100 quality points in 2004/05 (150 in 2005/06) will have the value of 100/150 quality points deducted from their global sum. This will apply to all practices whether or not they receive MPIG. There will be no offset for any practice that achieves 100 (150) or more quality points.

12. Payment for quality points

All practices will be paid for all quality points achieved, whether or not they achieve 100/150 quality points. So, for example a practice that achieves 50 quality points in 2004/05 will have their global sum reduced by (7,500 {100 X £75}) but will receive £3,750 through their quality payments (50 X £75).

13. A worked example where the practice achieves 200 quality points in 2004/05

Global sum or GSE 2003/4 = £325,219

Uplift 1.47% for 2004/05 = £330,000

Add value of 200 quality points
(at £75 per point) = £15,000
£345,000

14. A worked example where the practice achieves 50 quality points in 2004/05

Global sum or GSE 2003-04 = £325,219

Uplift 1.47% for 2004/05 = £330,000

Less value of 100 points
(at £75 per point for this practice) = £7,500
£322,500

**Add value of 50 quality points
(at £75 per point) = £3,750**
£326,250

15. How the global sum varies

If a practice opts out of additional services or out of hours, its global sum will change but not its correction factor. The global sum for all practices will be recalculated in each quarter to reflect changes to a practice's list size or characteristics. This too will not change a practice's correction factor.

16. Other funding streams

Besides the global sum, practices will receive income from other sources in the new contract. Some is for work which you already do, but some is for work for which you have never been paid, or for which you will now be better paid, either through the quality and outcomes framework or as an enhanced service. Your practice can choose whether or not to continue providing such services.

17. Total practice income

The global sum or MPIG is only part of the total practice income. That income is the global sum/MPIG + quality (preparation, aspiration and achievement) + enhanced services + premises + seniority + PCO payments (eg for maternity or sickness) + dispensing + cost savings (eg IT OOH) + outside work (eg hospital, private).