

improving practice profits

WR healthcare article



We all know that the majority of GP practices are experiencing a drop in profits. This may improve or get worse in the immediate future, depending on plans for generating new income to run alongside your GMS/PMS income, which in itself may increase or decrease, depending upon the impact of the prevalence adjustment on your practice. A drop in profits means cash flow pressure which in turn means a potential reduction in drawings for the GPs.

PBT have received enquiries and feedback from readers asking for ideas on how practices could look to improve profits in these difficult times and Ann Tudor, who is a specialist medical accountant who works with our team is going to answer your questions in this issue.

Question: Our practice gross income is not increasing but our expenses are, what shall we do?

Answer: This is happening in so many practices. The easy answer is to recommend that you find some new sources of income and reduce your expenses but its easy to say that and extremely difficult to achieve it.

Question: If we look at income first what can we do to improve our income?

Answer: Firstly look at all the GMS/PMS services which you deliver and make sure that you are being properly paid for everything that you do. You might think that this is routine but we look at many practice accounts and can spot where a source of income looks low when compared to practices in our benchmark. We then raise this with the practice manager and find that something has been overlooked or a claim has been made but the PCT have failed to process it or are late paying and need chasing.

Question: What's a quick way to identify missing GMS/PMS income?

Answer: Ask you accountant to benchmark your accounts against other GP practices he acts for. Provided this review is sufficiently comprehensive then this should give you a good start point.

Question: After we have looked at GMS/PMS income what next?

Answer: This depends on what else you do. In my firm's benchmark our practices earn an average of £8,500 per GP from non- GMS/PMS superannuable income plus an average of £9,500 per GP on non-superannuable income. This does not include any out of hours work the GPs may do. Remember this is an average. Some practices earn significantly more. Therefore, there is big potential to increase income provided GPs are willing to undertake extra work and have appropriate skills and/or are prepared to delegate more of their GMS/PMS work to free up time to deliver extra services.

Question: How do we find opportunities to deliver more services?

Answer: What about bidding for new contracts? Look at NHS contracting websites. www.supply2health.nhs.uk has a comprehensive list of bid opportunities and a very good search facility.

Talk to contacts at your PCT to see what might be coming up in the near future, to enable you to position yourself ready to bid when the opportunity arises. Talk to other practices who you feel you could work with to see whether they would bid for bigger contracts with you.

Don't necessarily limit yourself to your immediate geographical vicinity. There may be a service 20 – 30 miles away which you could bid for and be able to deliver on.

Question: Our GPs are very busy and have limited time to contribute to delivering more services which may restrict what we could do. What do you think?

Answer: GPs probably are very busy but this does not necessarily mean that the practice cannot increase its activity and profitability. You may be able to deliver a service using employed GPs and nurses and still be able to make a profit for the practice. The GP principals would need to accept supervisory responsibility and you would need to deal with the admin in the practice.

Question: This sounds interesting. How do we start?

Answer: Research what contracts may be available. Start small! You need to build up experience in bidding and delivering the services for a totally new contract. While writing this I ran a search in www.supply2health.nhs.uk for contracts which are up for tender at the moment with a tender value < £100k. There were 155 spread all over the country so there plenty of opportunities even for lower value contracts.

Question: This is totally different from delivering GMS/PMS services to our local population and within our local PCT's framework. Have you any tips to guide us through the bidding process?

Answer: NHS procurement routines are of necessity convoluted and complicated. However NHS procurers are required to issue comprehensive instructions to potential bidders about the bidding framework and these provide a very helpful guidance for you to refer to. This information will be available on the relevant websites of the procuring authority. There will be a number of stages you need to progress through within the process. You may wish to get help from a consultant or your accountant. You might like to make a bid jointly with some-one who already has bidding experience.

But the absolutely best way to tackle this is by getting started! Chose a contract which you could deliver on if you were successful. Start working on the bid process. You can withdraw if it proves too difficult but at least you have started to gain experience in bidding. Don't be too hung up about whether or not you are successful in the early stages of the bid. If it's a small contract you should be able to cost out the requirements and work through the proposals for clinical delivery etc. May be if you just want to use the application to gain experience you purposefully over-price!

Question: Are there alternative ways to improve our income?

Answer: Yes, but the most obviously available opportunities at the moment are NHS contracts. The bidding process is clear. You are working within the NHS framework, usually with PCTs, in other words, it is a familiar environment. For most of the contracts your practice will either already possess the necessary clinical and professional skills or you will have clear idea how to source any additional resource and how to manage the clinical and service aspects of the contract. It is a natural bolt on to what you already do within your GMS/PMS contract delivery. Give it a go!

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For further information email anntudor@whittinghamriddell.co.uk or visit www.whittinghamriddell.co.uk.

UK200 Healthcare group is a national network of quality assured independent accountants who understand the challenges facing GP practices and are widely acknowledged as an authority in this specialist sector.

