

practice based commissioning

WR healthcare article



Ann Tudor looks at:

Practice Based Commissioning

Practice Based Commissioning (PBC) has been with us for some time now but in many areas of the country very little progress has been made in establishing schemes. However gradually projects are being developed and the opportunities for organisations to provide services under PBC contracts are becoming more widely available.

GPs and nursing staff working in the primary care sector are keen to maintain the opportunity to deliver PBC services to their patients. They would prefer an input to arrangements where part or all of the services commissioned are secondary care services.

To do this those concerned need to think carefully about the organisation they wish to establish to deliver provider services. This is rarely one GP practice. More frequently a group of GPs from a number of practices (perhaps, all practices within a PCT area), with their practice managers and nursing staff, will be looking to form an organisation through which to provide services.

Is this organisation to be profit making? In other words do the GPs and colleagues setting up the business intend to draw income as dividends from any profits generated as a return on their investment? This is different from being paid for services they provide through delivering clinics etc for the business, which they would expect to be paid for on a sessional basis.

For some groups being a not-for-profit organisation is fundamental to the ethos of the group. In addition some PCTs believe this is an appropriate arrangement.

For other groups the aim to make profits and distribute dividends is important.

Because the organisation will include a wide range of stakeholders it is probably useful to consider limiting liability by using a limited company or limited liability partnership (LLP). An LLP is a useful vehicle as it is easily understood by many GPs who operate in partnership for their core practice activity. Profit sharing is flexible and can be varied to suit circumstances, as frequently as necessary. However an LLP is not a recognised medical services contract holder and, as such, cannot be an approved employer for NHS superannuation scheme purposes.

For this reason a limited company would usually be the preferred option. This would be a company limited by guarantee, for a not-for-profit organisation or a company with shares, for an income distributing organisation.

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Whatever the business framework, the lead players need to acknowledge this is a business they are setting up with a far greater commercial edge than their GP practice. They need to make sure the appointed board of directors includes a wide range of commercial skills and medically qualified experts to address quality and delivery issues.

Potentially the commercial skills within the management team will need to cover a wider area than just financial. The organisation will be an employer, possibly a significant one. Therefore human resources skills will be needed either within the management team or by subcontracting to an HR provider with a member of the team having overall responsibility. Premises and equipment may be involved. Health and safety and risk assessments generally will come under the responsibility of a member of the team.

Initially the financial team will have one of the most important roles to play. They will need to carry out detailed costings to establish viability, cost out services to be provided and also costings for delivering the services. Sessional payments need to be competitive to attract the best clinicians.

Once the business is established the finance team should set up financial protocols to ensure best practice is adopted and build financial safeguards into the system. A reporting system for the board of directors and management team is essential to keep them up to speed on financial data.

In costing the services, the financial team need to work closely with the clinicians to ensure clinical requirements are achievable on a cost efficient basis. Clinicians will, quite rightly, want to deliver a top quality service – resulting in some financial compromises. An interesting dictomy exists where shareholders want a return on their investment built into the financial framework, which may militate against the medical delivery requirements of the clinicians. This is one of the main reasons why GP led provider groups are looking at not-for-profit models.

The new opportunities offered by practice based commissioning to those working in the primary care sector give GPs and their staff the chance to be involved in interesting projects, potentially enhancing the health service offered to their patients. Delivering these services requires a serious commitment to operating a business amongst a varied group of professionals and the challenges that this will bring. A commitment to running an operation which is not only clinically robust but also sound from a business perspective is essential.

Ann Tudor FCA, Specialist Medical Accountant at Whittingham Riddell LLP an accountancy practice based in Shrewsbury.
Email: anntudor@whittinghamriddell.co.uk

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