

Minimum Practice Income Guarantee (MPIG)

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 Capitation fees
- 3 Basic health promotion
- 4 Contraceptive services
- 5 Maternity services
- 6 Temporary residents
- 7 Deprivation payments
- 8 New registrations
- 9 Minor surgery¹
- 10 Child health surveillance
- 11 Emergency treatment fees
- 12 Immediately necessary treatment fees
- 13 Arrest of dental haemorrhage fees
- 14 Rural practice payments²
- 15 Practice staff reimbursements
- 16 Telephone advice fees
- 17 Cervical cytology infrastructure costs³
- 18 Post-Graduate Education Allowance

- 1 one third only in global sum
- 2 includes chapter 10.5 and relevant inducement practice payments
- 3 cervical cytology coverage now part of Q&O

7. MPIG and the correction factor (CF)

If the global sum is less than the GSE then that difference will be made up. This difference consists of a correction factor (CF) and the value of 100 (150) quality points. The MPIG then becomes 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 is fixed for 12 months in 2004/5 with an adjustment for the value of 100 points. In 2005/6 the CF is calculated with an adjustment for the value of 150 points. From 2005/6 the CF continues 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. CF and the deduction of the value of 100 (150) quality points.

For the purposes of calculating the correction factor (CF), the value of 100 (150) quality points is deducted.

$$\text{CF} = \text{GSE} - \text{global sum} - \text{value of 100 (150) quality points}$$

The deduction of the quality points was agreed in the framework document as part of the transitional scheme. It was the result of a negotiation to secure the necessary funding to maintain all practices' incomes.

11. 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

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

$$\text{CF} = \text{GSE} - \text{global sum} - \text{value of 100 points}$$

$$\text{CF} = £330,000 - £300,000 - £7,500 = £22,500$$

$$\text{MPIG} = \text{Global sum} + \text{CF}$$

$$\text{MPIG} = £300,000 + £22,500 = £322,500$$

12. A worked example for 2005-06

Original difference in 2004/05 = £30,000

Uplift 1.47% for 2005/06 = £30,441
(as per the uplift for the global sum)

Less value of 150 points
(at £120 per point for this practice) = £18,000

$$\text{New correction factor} = \text{£12,441}$$

$$\text{MPIG} = \text{Global sum} + \text{CF}$$

$$\text{MPIG} = \text{£304,410}^4 + \text{£12,441} = \text{£316,851}$$

4 Global sum of £300,000 plus 1.47% uplift

13. How quality points affect MPIG practices' incomes

If an average practice is achieving 300 points:
in the first year it will receive £15,000
in the second year it will receive £18,000
If an average practice is achieving 600 points:
in the first year it will receive £37,500
in the second year it will receive £54,000

14. 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 each quarter to reflect changes to a practice's list size or characteristics. This too will not change an MPIG practice's correction factor.

15. 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.

16. 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) + seniority + PCO payments (eg for maternity or sickness) + enhanced services + outside work (eg hospital, private) + cost savings (eg IT, OOH).