

## QMAS UNDERPAYMENT - Frequently Asked Questions

### General questions

#### 1. What is the error that has been identified in the QMAS system?

Due to a technical error, QMAS has been using a fixed, rather than the average list size in the relevant year, to calculate the 'Target Population Factor' adjustment in the formula for calculating the "additional services" indicator payments in QOF. This means that practices have not been receiving payments in line with the way that the Statement of Financial Entitlements (SFE) sets out how these payments should be made.

#### 2. Over what period of time has this error been occurring?

The error has been in place since the introduction of the new contract arrangements in April 2004, which has resulted in a small year-on-year underpayment to practices.

#### 3. What is the underpayment to practices?

Over the seven years that QOF has been operating, the total underpayment to the average GP practice is approximately £3,400. This includes 2010/11, as it is too late to amend QMAS in time to calculate the 2010/11 achievement payments for the additional services indicators correctly.

#### 4. Will all practices receive a correction payment?

No, only those practices that have been underpaid will be entitled to receive a correction payment, however, all practices are listed on the spreadsheet showing the payments due.

#### 5. Why are some practices not eligible for correction payments?

Practices are not entitled to correction payments if their achievement under the additional services indicators was insufficient to generate payment in the first place. In addition, no underpayment can be calculated if their QOF data was not part of the NHS Information Centre's (IC's) publication.

#### 6. How have the corrected payments been calculated?

The Department of Health have used data originally submitted by practices through QMAS and published by the IC, which therefore can be considered as validated by both the practice and the PCT. This data has been used to establish what the correct level of payments should have been and subtracted the payments that were actually made in order to calculate the underpayment for each GP practice.

Actual outturn information has been used for each year, except for 2010/11 as the validated achievement data for this year will not be available until October 2011. For this reason, an estimate has been used to calculate the underpayment for each practice for the 2010/11 year only.

#### 7. How will PCTs and practices know what the correction payments are?

PCTs have been provided with a spreadsheet that contains information about the underpayment, including interest, for each GP practice. This spreadsheet is available to view on the Department's website (see link to letter).

[http://www.dh.gov.uk/en/Publicationsandstatistics/Lettersandcirculars/Dearcolleagueletters/DH\\_124179](http://www.dh.gov.uk/en/Publicationsandstatistics/Lettersandcirculars/Dearcolleagueletters/DH_124179)

**8. Why does the correction payment differ between practices?**

The correction payment is calculated based on the practice target population factor as of 1 January of each year, practice list size and actual achievement of the additional services indicators. As a result of this data, the payments can differ between practices.

**9. How have the 2010/11 underpayments been estimated?**

In estimating the 2010/11 underpayments, the Department has used a 'growth' methodology as achievement data for the current year is unavailable. This data will be available after October at which time the Department will calculate the exact payments that should have been made to each practice for 2010/11. The data will then be reviewed by the Department, NHS Employers and the GPC and if necessary the Department will direct PCTs to make a reconciliation adjustment between the amount that should have been paid and the actual amount paid for 2010/11 achievement.

**10. Will the underpayments be funded centrally?**

Yes, funding will be provided centrally for PCTs to process the underpayments.

**11. Will interest on the underpayment be paid?**

Yes, interest on the amount will be paid to practices. HM Treasury advised that simple interest should be paid at the same interest rates that HM Revenue & Customs (HMRC) apply when making repayments. This advice has been followed in calculating payments due to individual practices.

**12. Will the additional services achievement payments for 2011/12 be correct?**

Yes. QMAS will be adjusted to ensure the correct figures are used to calculate the 'Target Population Factor' adjustments from 2011/12 onwards.

**13. What will the impact be of correcting these payments?**

From 2011/12, the correction of these payments will result in a recurring cost of around £3 million per annum to PCTs, which will need to be found from existing allocations.

**Technical questions**

**14. How have practice closures, splits or mergers been taken into account in calculating the underpayments?**

The IC's published QOF achievement data has been used to calculate payments. As this data is extracted from the QMAS system, which is signed off by PCTs as part of the validation exercise, it includes payment information for contracts which have ended in the middle of a year due either to a split or merger. The SFE includes provisions for pro-rata-ing QOF payments where a contract has only operated for part of a financial year.

Where an in-year split or merger has been handled off system (or where the final achievement payments for a contractor were not included in the IC publication for any year) the PCT will need to check local records in order to calculate the payment due.

When a merger has occurred, any payments due to the old practices will be made to the newly created partnership who will then be expected to agree internally how this should be distributed. In the event that a practice has closed completely, then the payment should be made to the outgoing partnership.

**15. What about a practice that used to be managed by their PCT and has only recently become independent?**

This depends on the terms of the earlier Primary Care Trust Medical Services (PCTMS agreement). QOF is a GMS contractual measure and while PCTs may agree under PCTMS arrangements to make payments comparable to what they would have paid under agreements with independent practices, this would be a decision for the individual PCT. There is no automatic right to QOF payments under PCTMS arrangements. A practice would however be entitled to repayment in respect of any years during which they held a GMS contract and participated in QOF.

**16. What about a GP who is now retired?**

If the retired GP was a partner in the practice at any time during the years 2004/05 to 2010/11 inclusive then they may be entitled to a share of the repayment due to their practice. This will depend on the terms of their contract with the practice and how much they are entitled to must be resolved between them and their practice.

The duty on PCTs is to make good underpayments to practices, not individual GPs, though clearly where the retired GP was a single-handed practitioner then the PCT would have to contact them direct. PCTs may wish to consider consulting their LMC where this sort of issue proves difficult to resolve.

**17. The spreadsheet only shows a single payment for each practice. Is it possible to have a year by year breakdown for my practice?**

In order for PCTs to make good the payments to practices only three pieces of information were needed - PCT code, GP practice code and amount. It will be for individual practices to decide how to distribute any payments between their partners, both present and past where appropriate. However, if a practice really does need a year by year breakdown, given that in many cases the payments involved are small, then they should apply to their PCT in the first instance. The Department will be able to respond to requests from PCTs but an explanation will be needed as to why the information is being sought – please see the contact details in the letter:

[http://www.dh.gov.uk/en/Publicationsandstatistics/Lettersandcirculars/Dearcolleagueletters/DH\\_124179](http://www.dh.gov.uk/en/Publicationsandstatistics/Lettersandcirculars/Dearcolleagueletters/DH_124179)

In the event that a practice does receive a year by year breakdown, the payment would still be made as a one-off 2010/11 payment.

**18. What are the income tax implications of getting this money?**

The tax implications for those receiving the repayment will be different for different people. As the payment should be treated by practices as a one-off payment in 2010/11, this will not affect tax returns for previous years. It would then be up to each practice to agree how to deal with the distribution of the payment according to what the partnership agreement says. Practices should take accountancy advice if necessary.

**19. What about the implications for superannuation and seniority payments?**

As with income tax (Q18), it would be up to each practice to agree how to deal with the distribution of the payment according to what the partnership agreement says. Practices should take accountancy advice if necessary.