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doctors & dentists

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Internal Locums: sharing profit or self employed income for GP partners?

Strictly from an income tax and national insurance point of view, it ought not to matter whether a partner receives their internal locum fees from the practice as either a first share of partnership profit or as self employment income; they should still be subjected to the same income tax and class 4 national insurance charges on the fees.

However, from NHS Pension perspective, there are important ramifications of whether internal locums are treated as a first share of partnership profit or as self employment income for the GP involved. This is because internal locum fees paid by the practice to the partners as self employment income are deemed to be non NHS qualifying under superannuation guidelines. This is because the NHS rules only allow 'Form GP Locum' to be completed and issued in respect of external (non partner) locums.

This means that any internal locum fees paid to individual partners as self employment income will not count as NHS income for superannuation purposes. Conversely, internal locums taken as a first share of partnership profit do qualify to be included in the calculation of NHS superannuable income.

Therefore those GPs wishing to maximise their NHS pensionable earnings may want to consider the feasibility of taking their internal locum fees as a first share of partnership profit so that this income can be included in the NHS pensionable income calculation on the superannuation certificate. In contrast, those GPs who are looking to keep a downward pressure on the level of their super-annuation contributions payable might want to look at the possibility of receiving their internal locum fees as self employment income, which would mean that their internal locum fees received would be automatically treated as non qualifying for NHS pension purposes and this would reduce their deemed NHS income subject to superannuation contributions.

This can be a complex area, with important tax, pension and cash flow implications involved which is why it is important to take the appropriate professional advice on this subject before making any final decisions. What is clear, however, is that the recent sharp increases in GP superannuation contribution rates payable, aligned to HMRC reductions in the life time pension allowance and restrictions to pension tax relief claimable have really been focusing the minds of GPs as they attempt to navigate these financially challenging times.

Richard Martin
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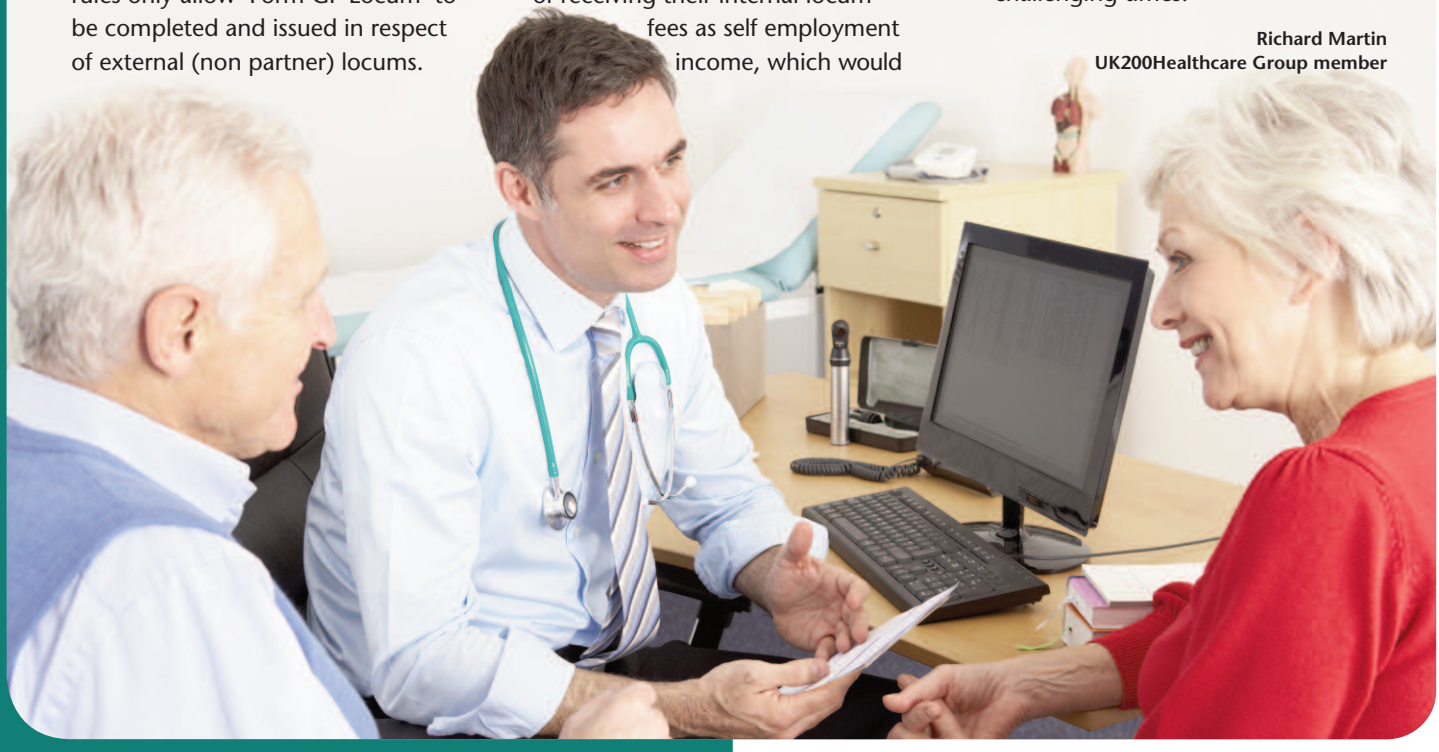


UK200Group healthcare

GP practices to pay for trainees?

GPs could be required to contribute to the salary of trainees at their practice, under new measures proposed by Health Education England (HEE). GP practices are currently reimbursed 100% of the trainee's salary by local education and training boards, and receive a £7,600 trainer's grant each year. However, an impact assessment produced by the Department of Health showed that the current system does not take into account the benefit that practices gain by having a trainee.

The proposed plan would introduce a new 'national tariff' for postgraduate medical training programmes and primary care medical education and training by April 2014. Although the exact tariff is yet to be decided, similar plans are set to be rolled out in secondary care, which could require employers to pay 50% of the trainees' basic salary, plus a placement rate.

A spokeswoman for HEE said the changes were part of plans to increase the number of junior doctors training as GPs. *"We are looking for consistent ways of paying for the training and education that is required for the workforce to deliver high quality care,"* she said.

The plan has been criticised by the General Practitioners Committee (GPC), which warned that it could mean the "end of general practice training as we know it". Dr Beth McCarron-Nash, GPC negotiator and partner with a training practice in Truro, said many practices would be unable to afford to provide training if the tariff was introduced. Dr Krishna Kasaraneni, chair of the GPC trainees subcommittee, said: *"I worry that this fundamentally changes the relationship between a trainer and the trainee. If that's changed to accommodate a complex calculation of service versus training then it will significantly compromise the quality of training we receive."*

Formal discussions about the details of the tariff are expected to take place in autumn 2013. See more at: More at: http://snipurl.com/27qiq9h

NHS England policy could delay dentists selling up

Selling a dental practice in England that holds an NHS General Dental Services (GDS) contract has become more protracted following changes to NHS England policy on variation of dental care contracts. However, changes to the Care Quality Commission (CQC) registration process mean it is now simpler for partners to enter or leave a registered partnership.

The sale of a dental practice that holds a GDS contract typically involves the seller and buyer entering into a short-term partnership, usually only for 28 days, to allow time for approval of the variation of the GDS contract and completion of the sale. Thereafter, the seller resigns as a partner and the GDS contract remains with the incoming partner.

NHS policy published in April 2013 means that NHS England will now only grant a variation of a GDS contract if the contract holders can demonstrate that they have first obtained CQC registration for the new partnership.

Prior to April 2013, there was no need to register the short-term partnership with the CQC, and legal experts have claimed that the new policy could lead to delays in completing dental practice sales. When registering the partnership, the CQC must also be convinced of the 'fitness to practise' not only of the partnership as a whole, but of each individual partner, and enhanced Disclosure and Barring Service (DBS) checks must be obtained.

Although selling a dental practice may now take longer, changes to the way the CQC registers dental partnerships mean it is simpler for a partner to enter or leave a CQC registered partnership. Any partnerships that registered as a provider with the CQC prior to 4th February 2013 must re-register if one or more of their partners' change. However, once they have re-registered, any future changes to the partnership can be achieved by applying to change the 'partnership condition' of their registration, rather than re-registering as a new partnership.

Read more about the CQC and NHS England requirements on varying partnerships and contracts at: http://snipurl.com/27qjhhw and: http://snipurl.com/27qjhk1

doctors in brief...

GP practices responsible for informing patients of new data extraction system

GP practices must find ways to inform patients of a new system, which extracts identifiable data from their records for use by the wider NHS, private firms and researchers, or face prosecution under the Data Protection Act. The recommendation by the EMIS National Users Group (NUG) and the Information Commissioner's Office (ICO) follows the launch of a pilot scheme that will see the introduction of the new data extraction system in 82 practices. Suggestions include displaying posters, leaflets and notices on practice websites, and ensuring staff inform patients directly about the system, as well as their right to opt out. However, GP leaders have argued that sole responsibility should not be placed on practices and that a national awareness campaign is needed to spread the message to patients.
http://snipurl.com/27qiuik

Contractual changes could support survival of small GP practices

Small GP practices in England could benefit from contractual changes following the controversial withdrawal of Minimum Practice Income Guarantee (MPIG) payments. However, changes are subject to negotiations with the NHS and the General Practitioners Committee (GPC), which will consider various contractual arrangements in order to sustain the viability of very small practices that rely on MPIG payments. Nonetheless, the suggestion of granting rural practices in England 'specialist centre' status as a means of gaining additional funding has so far been rejected.
http://snipurl.com/27qiu1y

Doctors suffer continued rise in patient complaints

The number of legal cases against doctors increased by 15% during 2012, according to research by the Medical Defence Union (MDU). The findings form part of a continuing upward trend, with a rise in complaints of 17% during 2011. The MDU identified both a thriving complaints culture and greater expectations among patients as key contributors. However, another influencing factor included a rush in cases being processed before April 2013, when legal changes meant the amount lawyers were able to charge for medical negligence claims was reduced. Encouragingly, more than 70% of claims during 2012 were successfully resolved without the need for a financial settlement with the claimant.
http://snipurl.com/27qiueg

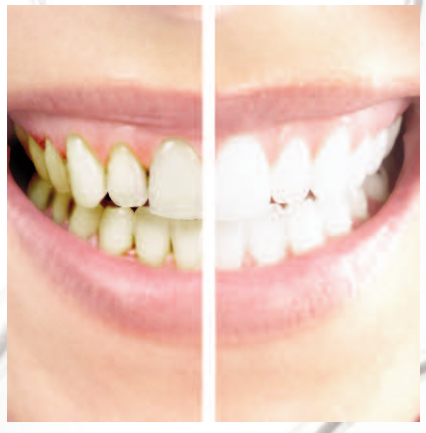
dentists in brief...

The number of dental claims jumps during 2012

There was a 32% increase in the number of legal claims made against dentists and a rise of more than 12% in dental advisory cases during 2012, according to research by the Dental Defence Union (DDU). The Medical Defence Union (MDU) attributes the climb in advisory cases to the rise in complaints, which has also led to an increase in staff employed across the MDU advisory, legal and claims departments. However, legal changes in April 2013, which resulted in lawyers receiving reduced fees for claimant cases, is expected to reduce the number of future cases. Rupert Hoppenbrouwers of the DDU said: *"There is no evidence that clinical standards are slipping. But we live in a consumer society which demands high levels of customer service and accountability when things go wrong."*
http://snipurl.com/27qiund

Landmark legal case threatens illegal teeth whitening industry

Spas and beauty salons carrying out teeth whitening could face heavy fines and prosecution, under a package of measures drawn up by The British Dental Bleaching Society. The measures follow a ruling that established bleaching as a professional dental procedure and that the public should be protected from unqualified practitioners. The measures include allowing dentists to report cases of tooth damage to the General Dental Council (GDC) and urging local authority trading standards officers to take action against those using illegal materials or solution strengths. They also include encouraging the GDC to write warning letters to firms carrying out illegal bleaching.
http://snipurl.com/27qiuru



average NHS dental practice incomes falling

The average income of dental practices is falling and the proportion of income that is spent on overheads is increasing, according to figures in a report by the Health and Social Care Information Centre (HSCIC) in partnership with the Dental Working Group.

The 'Dental Earnings and Expenses: England and Wales 2011/12' report provides a detailed study of the earnings and expenses of full and part-time self-employed primary care dentists who carry out NHS work. The report revealed that the average taxable income for primary care dentists delivering NHS care fell by almost 5% to £74,400 in 2011/12 from £77,900 in 2010/11.

Regionally, self-employed dentists in England earned a higher taxable income (£74,600) than those in Wales (£70,100).

The amount spent on general expenses and overheads such as premises, equipment, staff and regulatory compliance, fell slightly in real terms over this period. However, the proportion of annual turnover that was spent on overheads and expenses rose to 68.5% from 67.8%.

Dr John Milne, Chair of the BDA's General Dental Practice Committee, said the figures were evidence that dental practices are currently facing serious financial difficulties. He said the BDA had repeatedly called on the Government to properly support NHS dentistry.

Dr Milne added: *"This is the fourth year in a row that we have seen incomes reduced and it becoming increasingly untenable for practices to cope. I urge the health departments to look very seriously at these figures and act to protect practice viability and the provision of high quality care to patients that the erosion of funding we are seeing is jeopardising."*

In October 2013, the HSCIC and the Dental Working Group will publish a separate report covering dental practices in Scotland and Northern Ireland.

Read more at:
http://snipurl.com/27qitl8

think tanks propose enlarging the responsibility of NHS GP contacts

An NHS GP contract that encourages practices to come together and take responsibility for community health and social care has been recommended by two think tanks; Nuffield Health and the King's Fund. The recommendation, which has been made in a recent report that is now being considered by the NHS, also suggests that pharmacists and social workers are allowed access to patient records, in order to increase integration between social, healthcare and pharmacy services.

The contract, which would be an alternative to the General Medical Services (GMS) contract, was proposed alongside a new national framework for general practice. The authors of 'Securing the Future of General Practice: New Models of Primary Care' call upon NHS England to work with clinical commissioning groups (CCGs), GPs and professional bodies in order to create a national framework that sets out the 'outcomes and overall vision' for general practice. However, they advise against such a framework specifying how the vision and outcomes should be achieved, stating that this should be done at local level, with extensive patient and public engagement.

On a practical note, the authors admit that new funding options would be needed before GPs could take on a wider range of services and suggest that a fund for GPs who are spending time away from patients to plan care is set up. Commenting on the proposals, Dr Richard Vautrey, Deputy Chair of the General Practitioners Committee (GPC), said the workload of individual practices prevented them from having the time or space to engage in "sector wide agendas", and suggested that the focus should be on reducing the pressure so they could "engage with thinking". Dr Vautrey also claimed that new resources are needed to achieve this and agreed that these should be "shifted" into the community.

For more information, go to:
http://snipurl.com/27qivp1

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