

To: All Practices in SSLMCs

16th October 2017

Dear Colleagues

Announcement from Department of Health regarding Indemnity in General Practice

Last Autumn GPC surveyed all GPs to gain their views upon a wide range of issues prior to the 2017/2018 GP Contract negotiations. In terms of financial issues, GPs (and LMCs) identified the following key cost pressures on practices: – CQC fees, indemnity costs and the cost of locums, the latter of course linked to the much wider concerns about workforce availability.

NHS England has accepted the fact that the cost of medical indemnity for undertaking NHS services being an individual expense for GPs is inequitable when compared with arrangements in the hospital sector. It also represents an escalating and very significant bar on recruitment and retention, particularly for OOHs services, but increasingly in-hours and in relation to new developments, such as Primary Care Hubs, which were often seen as high-risk by the Indemnity Organisations.

The Department of Health has issued a fact sheet following Jeremy Hunts announcement at the RCGP Conference, which I enclose.

Clearly, it is early days and I realise I do not need to say anything in terms of caution and scepticism to the likely readers of this letter.

However, clearly this is a very significant step for all GPs and for General Practice and which may quite realistically save most colleagues hundreds of thousands of pounds over their working lives, place General Practice on an equal footing with NHS Trusts in terms of the burden of medical indemnity costs, and remove a substantial disincentive to undertaking current and perhaps additional working commitments.

There are of course months of negotiations to follow, with their associated rumour and speculation, but current advice to colleagues includes:

- At present, colleagues must retain appropriate indemnity; the new scheme will hopefully be in place from April 2019. The MDU has already announced a 50% cut in subscription fees applicable for renewals from 1st November. I would encourage all colleagues whose renewals fall before that date to ring the MDU and negotiate. As the underlying reason (reduction in future liability) for the reduction in fees is common to all Indemnity Organisations, there would seem no reason why the MPS and MDDUS will not make similar announcements and prior to this, I would again encourage all members with imminent renewal dates to ring their IOs to discuss this.

Local Medical Committees for
Croydon, Kingston & Richmond, Surrey,
East Sussex and West Sussex

The White House T: 01372 389270
18 Church Road F: 01372 389271
Leatherhead
Surrey KT22 8BB www.sslmcs.co.uk

- Although the scope of the new scheme is not fully defined, it is likely by analogy with Trusts that it will cover NHS services. GP colleagues in common with hospital medical staff will almost certainly need to retain indemnity cover to insure against non-NHS work, NHS England and GMC performance issues and other private professional risks. However, as a proportion of current costs, this may be less than 10% of current costs, assuming typical commitments and parallel indemnity arrangements.
- Although again to be defined, the risk will probably be contract-holder organisation based, that is, GMS, PMS and APMS contractors, ODHs providers holding contracts and other integrated services (such as MCP and Primary Care Hub arrangements). The Department of Health factsheet states thus the cover “would include the activities of practice staff including other professionals working for the practice in the provision of these contracted services and students/trainees working in this area”. On the face of it, this will encompass all clinical practice staff undertaking NHS services, locums engaged by the practice and GP Registrars and other trainee staff working at the practice, and may in fact cover all GP practice employed staff
- The current Agreement on funding annual indemnity inflation costs, which saw £30 million invested in the contract last year, still applies, but may not now be relevant if indemnity costs fall significantly in the interim.
- The costs of the scheme are unknown, but it is rumoured the Treasury have earmarked over £5 billion. The UK has one of the worlds’ most expensive medical litigation environments, driven by the comparative litigiousness of patients, the way in which future care is based on the costs of private, rather than NHS, provision and the calculation of future investments, based on the Personal Injury Discount Rate, whose dramatic increase earlier this year was a trigger for urgent discussion about the issue. The DH announcement applies to England but it is inevitable similar schemes will be developed in Scotland, Wales and Northern Ireland where there are the same, or in some cases worse, recruitment issues.
- It is not yet known who will run the scheme or how costs will be identified, reimbursed or recouped within the system. There will doubtless be some difficult negotiations ahead.
- It is likely, now the costs of both NHS General Practice and Trust Medical Indemnity are more directly shifted to the State – noting the final arrangements are not yet known – this will give greater impetus to reforming the way in which the costs and awards associated with medical negligence claims are calculated.

I hope this background is helpful – clearly there are still many unanswered questions and the way in which the scheme will operate and General Practice will fit in to this, is not yet known, the LMC will provide updates as available.

However, and being fully aware as I have already been told, that there is no such thing as a free lunch, this announcement does seem to represent a real breakthrough on this issue.

With best wishes.

A handwritten signature in black ink, appearing to be 'JP', with a long horizontal line extending to the right.

Dr Julius Parker
Chief Executive