



Rialtas na hÉireann  
Government of Ireland

# Spending Review 2021

## Exchequer Funding of General Practice 2018-2020

SEÁN PRIOR AND ROBERT SCOTT

HEALTH VOTE

DEPARTMENT OF PUBLIC EXPENDITURE AND REFORM

JULY, 2021

This paper has been prepared by staff in the Department of Public Expenditure and Reform. The views presented in this paper do not represent the official views of the Department or Minister for Public Expenditure and Reform.

# IGEES

Irish Government Economic and Evaluation Service

## **Executive Summary - *Exchequer Funding of General Practice 2018-2020***

This paper analyses the drivers behind the Primary Care Reimbursement Service's (PCRS) largest growth area over the 2018-2020 period – GP Fees and Allowances. The paper breaks down the drivers into discrete schemes including the extent to which these policy considerations were informed by Covid-19. The rationale and associated outputs of each scheme are analysed with best available data. Finally, the potential funding implications in the short-to-medium term are discussed based on current policy commitments and the ongoing impact of the Covid-19 pandemic.

### **Key Findings**

#### **Funding:**

- Total Expenditure on General Practice Fees and Allowances was €797m in 2020. Of this, some €628m can be classified as 'core' expenditure; and €169m as non-core (Covid-19).
- Between 2018-2020, GP fees and allowances have increased by 45% with the majority of this increase has been Covid-19 related (some 70%). This is mainly attributable to new emergency Covid-19 triages and consultations but also to payments associated with an expanded Influenza campaign.
- The new €210m GMS contract has provided the remaining €80m increase with a further €130m due to be paid by 2023.

#### **Activity:**

Associated Outputs in 2020 Include:

- 120,000 registrations through the new Chronic Disease Management programme.
- Emergency Covid-19 GP fees have delivered:
  - 1.8m Telephone Triages (Covid symptoms)
  - 2.8m Telephone Triages (non-Covid symptoms)
  - 142,000 respiratory clinic consultations
- The expanded influenza campaign resulted contributed to a total of 906k Influenza Vaccinations (primarily in late 2020).

#### **Key Policy Considerations:**

- Some payments represent a duplication with respect to services already provided through the GMS payments (an estimated €92m in 2020 with some element of this repeating in 2021).
- GP Fees are likely to remain elevated in the short-term:
  - The requirement for a Covid-19 Triaging system in the near future may remain.
  - Policy commitment to continue with the expanded Influenza campaign in Winter 2021/2022.
  - Ongoing and potential Covid-19 Vaccination requirements
- Much of the increase is due to emergency fees which should be time-bound by legislation and subject to constant review.

## Contents

1. Introduction & Context.....	4
2. GMS Contract 2019-2023 .....	5
2.1 Brief Overview .....	5
2.2 Breakdown of Contract Payments: Capitation Vs Service Reform .....	6
3. Emergency Covid-19 Fees.....	7
3.1 Covid-19 Telephone Triage.....	7
3.2 Non-Covid 19 Telephone Triage .....	8
3.3 Respiratory Clinics .....	9
4. Influenza Expansion.....	10
4.1 Expanded Coverage .....	10
4.2 Increased Unit Charge for Children .....	10
4.3 Incentivisation Payment .....	10
5. Trajectory (2021 and beyond): .....	11
6. Conclusion: .....	12

## 1. Introduction & Context

General Practitioners represent one of a number of Primary Care Contractors which the Primary Care Reimbursement Service (PCRS) have contracts to fulfil services on behalf of the State. GMS<sup>1</sup> contract services are funded through a system of fees and allowances with the largest centred on capitation based payments primarily determined by the number and age of GMS patients on the contracted GP's panel, regardless of the number of actual consultations. In addition, the contracted Practice receive fees for additional treatments (such as Special Items of Service) as well administrative payments for superannuation and contributions to the staffing of the Practice.

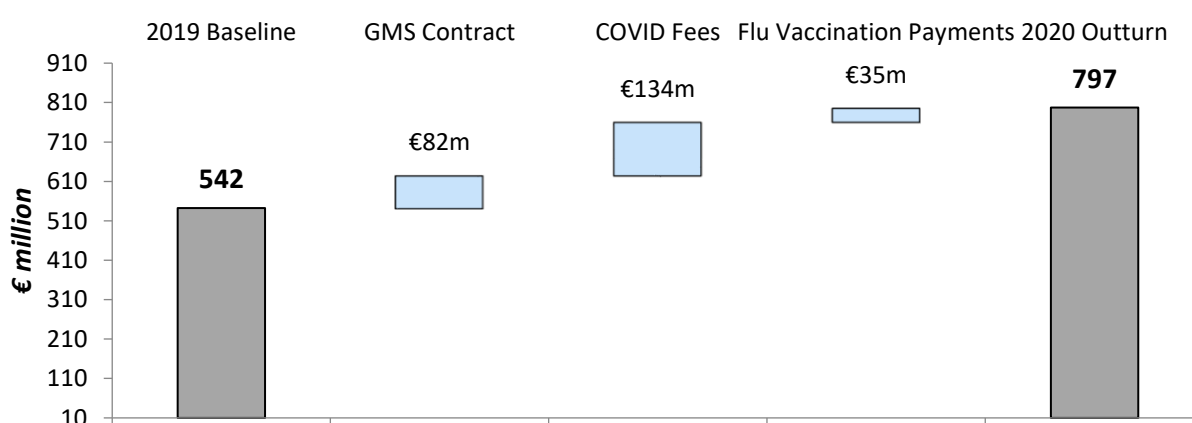
This paper outlines a high level analysis of recent trend analysis of the impact of policy decisions implemented in recent years on the level of Exchequer funding to GPs which has resulted in growth significantly above than demographics alone would require and significantly above other Professional healthcare providers contracted by PCRS. The associated outputs of these measures are outlined where permissible but a full evaluation of the totality of GP expenditure and associated outputs is beyond the scope of this note.

**Table 1: Expenditure on PCRS Contractor Fees 2016-2020**

(€m)	2016	2017	2018	2019	2020	Change	%
GPs	525	533	542	580	797	272	52%
Pharmacists	267	288	301	314	330	63	24%
Dentists*	64	64	59	56	41	-24	-37%
Ophthalmic	32	33	30	29	23	-9	-28%
<b>Total</b>	<b>887</b>	<b>918</b>	<b>930</b>	<b>979</b>	<b>1,190</b>	<b>302</b>	<b>34%</b>

*\*The number of Contractors operating under the Dental Treatment Services Scheme has reduced significantly in recent years*

**Figure 1: Broad Composition of Exchequer Increase in Fees to General Practice 2018-2020**



<sup>1</sup> The General Medical Services (GMS) Scheme provides access to medical and surgical services for persons for whom acquiring such services would present undue hardship. Under the GMS scheme, persons are entitled to a Medical Card (MC) or a GP Visit Card (GPVC)

## 2. GMS Contract 2019-2023

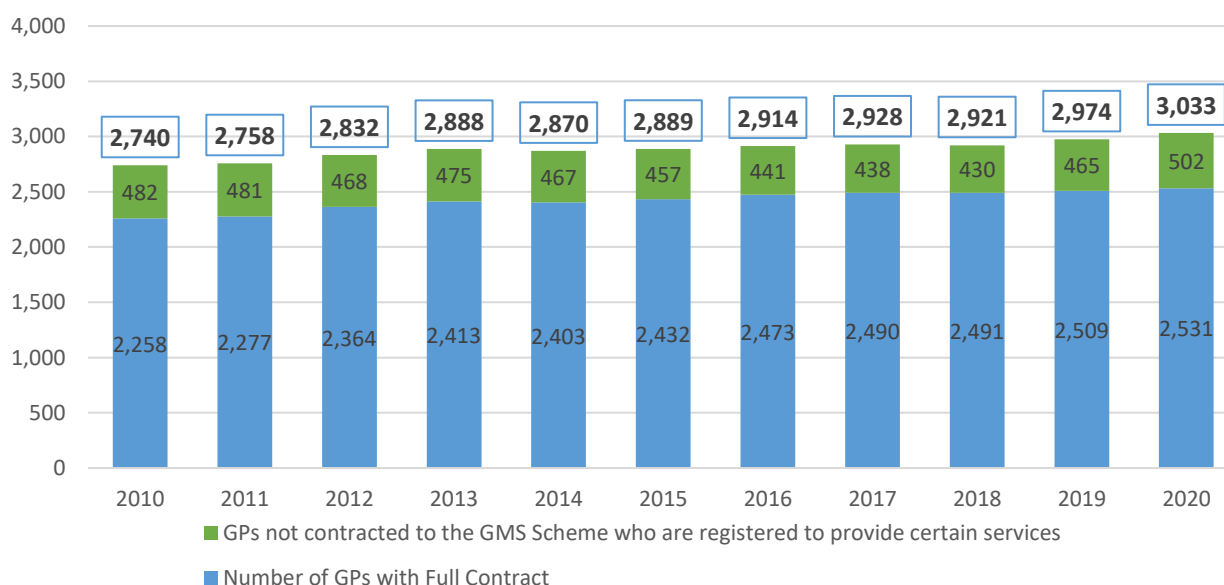
### Key message:

- The GMS contract has contributed €82m of the total cost increase since 2018 (33%)
- A number of new services have been included as part of the Contract
- A further €130m will be paid by 2023 (cumulative)

### 2.1 Brief Overview

In 2019 a multi-year contract was signed with the IMO that would increase GP remuneration by €212m by 2023<sup>2</sup> (an increase of 40% versus 2019 expenditure). In return, the cooperation of GPs with agreed service developments and reforms was secured. Further, elements of the agreement, including the significant capitation rate increases, have been described as a recruitment and retention measure<sup>3</sup> in line with Government priorities.<sup>4</sup> The number of GPs with a full GMS contract has increased since the contract was agreed but it is likely too soon to attribute a causal effect. The number of GPs providing relevant services<sup>5</sup> has increased more rapidly but could have been impacted by the Covid-19 emergency payments available from early 2020.

Figure 2: Number of GPs with either full GMS Contracts or registered to provide certain services.



<sup>2</sup> <https://www.hse.ie/eng/about/who/gmscontracts/2019agreement/agreement-2019.pdf>

<sup>3</sup> <https://www.kildarestreet.com/wrans/?id=2021-02-17a.2512>

<sup>4</sup> <https://www.gov.ie/en/publication/7e05d-programme-for-government-our-shared-future/>

<sup>5</sup> Services under the Primary Childhood Immunisation Scheme, the Health (Amendment) Act 1996, Opioid Substitution Scheme and National Cancer Screening Service

## 2.2 Breakdown of Contract Payments: Capitation Vs Service Reform

The majority of the increase is attributed to higher values for existing components (primarily capitation). However, a significant amount of the increased funding is provided for provision of new services in Chronic Disease Management (CDM).<sup>6</sup> This reform is intended to reduce related hospital treatments and provide a potential cost saving in that space. Some 43,000 registrations were planned for 2020 but temporary changes to the programme were agreed as a result of the pandemic to make greater use of remote consultations with all over 70's included in 2020. As a result, some 120,000 CDM registrations took place in 2020.

Total payments to GPs will continue to increase each year until 2023 under the current Agreement, subject to an annual assessment of GP cooperation with the implementation of the reform and modernisation measures.

**Table 2: Cost of New GP Contract by Fee & Allowance Type**

<b>(€m)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Capitation	24	32	30	30	-	116
+ Superannuation	2	3	3	3	-	11
Dispensing Fees	-	0	0	0	-	0
Urban Deprivation	1	1	-	-	-	2
Rural Practice	-	0.4	-	-	-	0
Maternity & Paternity	0	2	-	-	-	2
CDM + Special Items	-	15	30	30	5	80
<b>Total: Marginal Annual Cost</b>	<b>27</b>	<b>53</b>	<b>63</b>	<b>63</b>	<b>5</b>	<b>211</b>
<b>Total: Cumulative Funding Cost</b>	<b>27</b>	<b>80</b>	<b>143</b>	<b>206</b>	<b>211</b>	<b>211</b>

<sup>6</sup> Commenced in 2020 and involves ongoing monitoring of patients' conditions under four chronic diseases (Type-2 diabetes, asthma, COPD, and cardiovascular disease)

### 3. Emergency Covid-19 Fees

#### Key message:

- The public health response to the Covid-19 pandemic generally required the rapid introduction of new measures through a streamlined sanctioning process
- Covid-19 related fees amounted to €134m in 2020 (55% of the 2018-2020 increase)
- Additional reimbursement in respect of services provided to GP/Medical Card holders resulted in de facto duplication of payments from the Exchequer.

At the outset of the pandemic General Practice reported to DoH a sharp decline in private visitations resulting in a drop-off in private income<sup>7</sup> and a significant and sudden increase in phone calls from citizens seeking triage for potential Covid-19 symptoms. In response, a new set of fees were introduced at speed in mid-March 2020.<sup>8</sup> In addition to supporting the public health response the supports were to help maintain general practice, a vital part of the health system, which was facing a drop-off in the aforementioned physical presentations as per public health guidance.<sup>9</sup> The cost of these fees in 2020 was €134m.

**Table 3: Summary of Emergency Covid-19 Fees**

<i><b>Fee Type</b></i>	<b>2020 (€m)</b>	<b>No of GPs</b>	<b>Average no. of claims</b>	<b>Average Payment (€)</b>
Respiratory Clinics	12	2,307	66	4,958
C-19 Triages	53	2,596	623	18,704
Non-C-19 Triages	69	2,430	1,133	28,334
<b>Total</b>	<b>134</b>	<b>2,444</b>	<b>-</b>	<b>54,891</b>

#### 3.1 Covid-19 Telephone Triages

- As noted, physical presentation at General Practice was discouraged from the outset of the pandemic with public and private patients seeking triage from GPs over the phone – a practice which was yet to be formalised.
- It was agreed that GPs would be reimbursed €30 from March 16th for each telephone triage conducted for both private and public patients (even if the GP was already being reimbursed for the public patient through existing GMS capitation). This had the effect of the Exchequer paying telephone triage costs for cardholders who would have previously been triaged from within the existing funded GMS scheme – i.e. a duplication of costs.

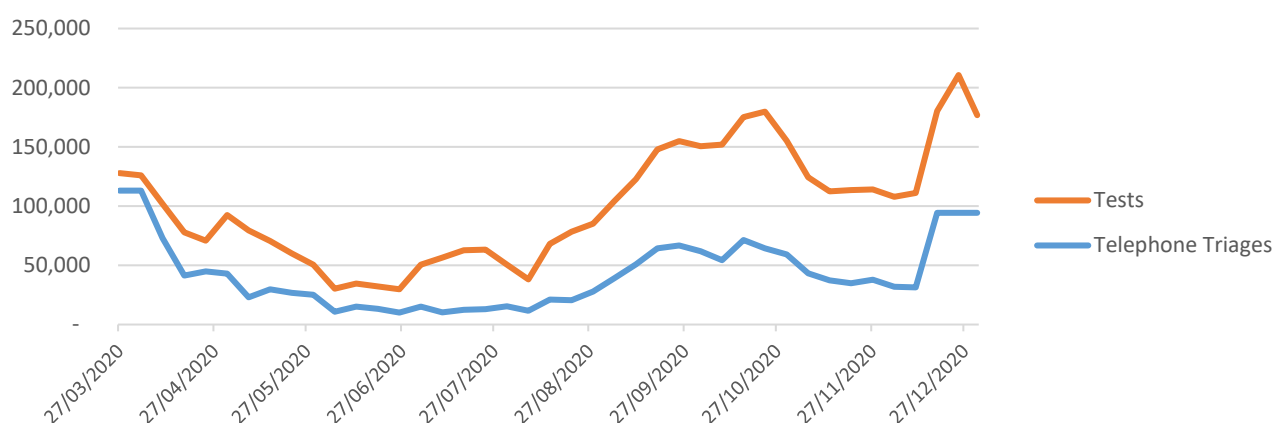
<sup>7</sup> GP income from private patients has been estimated by DPER at some 20%-25% of total General Practice income [\[LINK\]](#)

<sup>8</sup> Relevant Statutory Instrument [available here](#).

<sup>9</sup> Department of Health

- It is estimated this duplication amounts to some €23m in 2020 (i.e. 44% of claims were by public patients).
- The 2020 cost of these Triages was €53m with observed activity levels highly correlated with surge events throughout the year (Figure 3) and the number of weekly tests carried out similarly aligned.
- By end-2020 almost 1.8m of these Triages had been conducted and the fee remains in place subject to ongoing review.

**Figure 3: Covid-19: Triages and Tests (Weekly)**



### 3.2 Non-Covid 19 Telephone Triages

- A similar payment (€25) was introduced for public patients for remote consultations not related to Covid-19.
- The movement towards remote consultations is a feature of potential reform within the overall Sláintecare plan.<sup>10</sup>
- However, the rationale for this additional payment was more uncertain again as it applied exclusively to public patients already covered under the GMS Scheme. In effect, the Exchequer was reimbursing GPs with an additional payment for virtual consultations with Medical or GP Visit cardholders where previously a physical consultation would have been covered under the capitation and other payments already paid under the Scheme.<sup>11</sup>

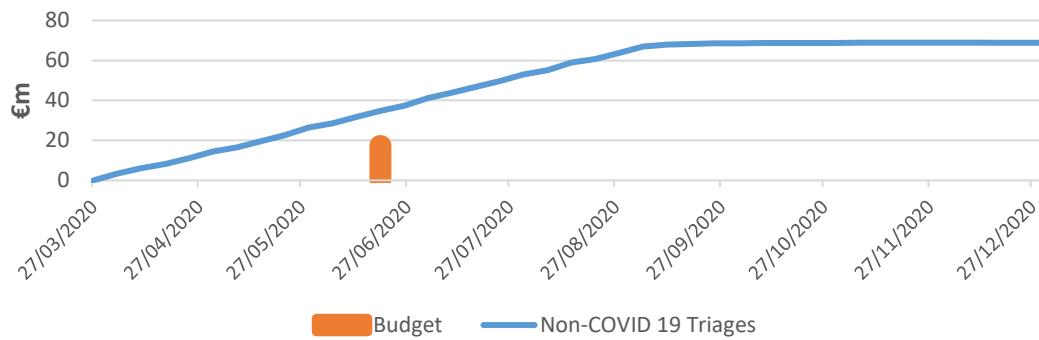
<sup>10</sup> <https://www.gov.ie/en/publication/6996b-slaintecare-implementation-strategy-and-action-plan-2021-2023/>

<sup>11</sup> <https://www.hse.ie/eng/staff/pdrs/circulars/gp/gp-circular-05-2020-services-during-covid-19.pdf>



- The initial activity assumptions underlying these demand-led fees foresaw a three-month budget of €17.5m but this was quickly surpassed before the these fees ceased to apply in August 2020. The final cost was €69m for almost 2.8m Triages.

**Figure 4: 2020 Cost of non-Covid-19 Triages Vs Initial 13-Week Budget Assumption**



### 3.3 Respiratory Clinics

- Dedicated Covid-related respiratory clinics were set up in GP practices to assess and treat in-person patients with, or highly likely to have, Covid-19, often in more regional areas. A fee of €75 was reimbursable and this applies to both public and private patients.
- 142k consultations took place in 2020 at a cost of €12m.

## 4. Influenza Expansion

### Key message:

- GP fees made up the largest component of spend from the Influenza expansion
- Payments for children and incentive-based payments resulted in significantly higher unit costs.

In recognition of the potential for a dual Influenza and Covid-19 threat in the winter of 2020, Government agreed to implement earlier advice from the National Immunisation Advisory Committee (NIAC) to expand the annual Influenza campaign to additional cohorts.

### 4.1 Expanded Coverage

Those designated at-risk would now receive the inoculation free of charge regardless of Medical or GP Visit Card eligibility status. Further, children aged 2-12yrs (and later 13-17yrs) would also be universally eligible free of charge. By January 10<sup>th</sup> some 1.2m Vaccinations had been processed (almost double the figure from the previous year) with 906,000 of these carried out at General Practice.<sup>12</sup>

### 4.2 Increased Unit Charge for Children

The standard fee for those at-risk private patients traditionally vaccinated was retained at €15 per inoculation, however an increase to €20 was agreed for children now being inoculated.

### 4.3 Incentivisation Payment

A further driver of cost in this area was the introduction of a new “incentivisation payment” whereby an additional €100 payment was payable for every 10 adults inoculated or €150 for every 10 children.<sup>13</sup> In effect this increased the fee per child from €20 to €35, and the fee per adult from €15 to €25. The rationale for this was to encourage GPs (and Pharmacists) to proactively engage with eligible cohorts to maximise coverage.

### 4.4 Winter Support Grant

In addition, a ‘Winter Support Grant’ was introduced as a once off-payment to GPs. The policy rationale for this remains ambiguous, particularly in the context of other payments outlined above, although a HSE circular does describe the payment as universal to GMS GPs with the value dependent on the panel size.<sup>14</sup>

**Table 4: Extended Winter Plan Costs (GP only)**

€m	2020	2021
Flu Vaccinations (per inoculation)	16	1
Vaccination Bonus LIAB (2-12)	2	0
Vaccination Bonus QIAV	7	0
Winter Support Grant	9	-
<b>Total</b>	<b>35</b>	<b>1</b>

<sup>12</sup> The take-up at lower ages, however, was less than expected.

<sup>13</sup> HSE Circular NCO-10-2020, <https://www.hse.ie/eng/about/who/gmscontracts/2019agreement/circular-support-for-general-services-nco-10-2020.pdf>

<sup>14</sup> <https://www.hse.ie/eng/staff/pccs/circulars/gp/nco-18-2020-support-for-gp-services-during-current-national-public-health-emergency.pdf>

## 5. Trajectory (2021 and beyond):

Exchequer expenditure in this area is likely to remain elevated in the near-term as the rollout of the new GMS contract continues. Further, the requirement for a Triaging system as part of the State's Covid-19 Testing & Tracing plan is still uncertain whilst Government has agreed that the extended Influenza programme will continue in Winter 2021/2022.

More recently, an increased set of fees has been agreed to administer Covid-19 Vaccines in the Community as part of the State's Covid-19 Vaccination and Implementation Strategy.<sup>15</sup> A fee of €25 per dose and an administrative fee of €10 (i.e. €60 per person) has been agreed which is higher than the €10 fee set out in legislation for administering a vaccine during a pandemic.<sup>16</sup> In addition, inoculation of patients through General Practice could persist into the medium-term depending on medical advice regarding booster shots etc. The precise number of inoculations carried out within General Practice is estimated at 1.3m YTD on the basis of the total cost accumulated of €39m by end-May.<sup>17</sup>

**Table 5: New Covid-19 Vaccination Administering Fees (GP & Pharmacy)**

€	At-Risk	Children	All
Influenza (Pre-Covid-19)	15	N/A	N/A
Expanded Influenza Campaign (Covid-19)	25	35	N/A
Covid-19 (two-dose assumption)	N/A	N/A	60
<i>Of which: per dose</i>	N/A	N/A	25
<i>Of which: Administration charge</i>	N/A	N/A	10

Total Covid-19 expenditure is expected to reach almost €38bn over 2020-2022<sup>18</sup> with a significant impact on the Exchequer's deficit in the medium-term. As the pandemic eventually subsides, it is vital that any such emergency expenditure is clearly defined as temporary, subject to review and underpinned by a statutory footing.

<sup>15</sup> <https://www.gov.ie/en/publication/bf337-covid-19-vaccination-strategy-and-implementation-plan/>

<sup>16</sup> <http://www.irishstatutebook.ie/eli/2016/si/577/made/en/print>

<sup>17</sup> Reporting since has been delayed by recent ICT issues.

<sup>18</sup> Summer Economic Statement 2021, <https://assets.gov.ie/162623/81ce9b06-763b-4dc8-ab23-7c400491afc2.pdf>

## 6. Conclusion:

This paper has provided a high level expenditure and activity in the context of reforms and the significant response to Covid-19. The additional expenditure on GP Fees and Allowances contributed approximately €200m to the State's borrowing requirement in 2020. Whereas the new GMS contract (2019) was the outcome of significant engagement and underpinned by longer-term policy objectives. The swift introduction of significant amounts of Covid-19 expenditure across government largely necessitated a degree of *force majeure* in terms of standard policy scrutiny which highlights the need consistent review of such measures. The response of General Practice was vital in addressing the pandemic from a Primary Care perspective. The widespread implementation of longer-standing policy aims such as teleconsultations almost overnight highlighted significant capacity to adapt to the challenge posed, however, there are some concerns over the additionality provided to the State in the case of certain fees which should be considered in any future extensions.

### **Quality Assurance process**

To ensure accuracy and methodological rigour, the author engaged in the following quality assurance process.

- ☒ Internal/Departmental
  - ☒ Line management
  - ☒ Spending Review Steering group
  - ☒ Other divisions/sections
- ☒ External
  - ☒ Other Government Department





**Tithe an Rialtas. Sráid Mhuirfean Uacht,**  
**Baile Átha Cliath 2, D02 R583, Éire**  
Government Buildings, Upper Merrion Street,  
Dublin 2, D02 R583, Ireland

T:+353 1 676 7571  
@IRLDeptPer  
[www.per.gov.ie](http://www.per.gov.ie)