

GUIDANCE ON CAPITATION AND QUALITY SCHEME 2 STATEMENT OF FINANCIAL ENTITLEMENTS

VERSION 1.0

1.1 GENERAL STRUCTURE OF THE SFE

The SFE is structured in a similar way to the PDS and GDS SFEs. However the order in which the sections appear is different to shorten the length.

The SFE is split into three chapters and four annexes:

- Chapter 1 is for those pilots who are moving from an underlying PDS agreement
- Chapter 2 is for those pilots who are moving from an underlying GDS contract
- Chapter 3 is a glossary applicable to all pilots
- The annexes contain additional detail and are applicable to all pilots.

There is no material difference to the way contract payments are calculated between Chapters 1 and 2. The difference between the chapters is the legal references to Directions and Regulations that differ between PDS agreements and GDS contracts.

For the rest of this guidance document:

- Aspects of the SFE relevant to Type 1 pilots have a blue line to the left of the page
- Aspects of the SFE relevant to Type 2 pilots have a green dashed line to the left of the page
- Aspects of the SFE relevant to Type 3 pilots have an orange dotted line to the left of the page
- The paragraphs of the SFE that are relevant to the topic being described are listed on the right hand side of the page

1.2 CALCULATING THE VALUE OF A PILOT

For each pilot, a pilot value is calculated called the NAPV. This is equivalent to the NAAV and NACV from PDS and GDS respectively. The value can be adjusted in the same way as PDS agreements and GDS contracts.

2.1 to 2.6
2.9 to 2.11
4.1 to 4.6
4.9 to 4.11
6.1 to 6.6
6.9 to 6.11
18.1 to 18.6
18.9 to 18.11
20.1 to 20.6
20.9 to 20.11
22.1 to 22.6
22.9 to 22.11

When pilots begin, it may be the case that there has been under-delivery in the underlying PDS agreement and GDS contract. Rather than alter the value of the pilot, this under-delivered activity is “stayed” (ie suspended) for the duration of the pilot.

2.7 & 2.8
4.7 & 4.8
6.7 & 6.8
18.7 & 18.8
20.7 & 20.8
22.7 & 22.8

1.3 CALCULATING MONTHLY PAYMENTS

Before the monthly payment can be calculated, it is necessary to determine how much of the contract value is part of the pilot (ie relates to mainstream dentistry) and how much are specified other services that should be outside the pilot. The SFE does this by subtracting the value of orthodontics or any specified service from the NAPV to calculate the AAPV. Any amount subtracted from the NAPV for specified services is dealt with in Section 10 or 26 of the SFE.

3.1 to 3.5
5.1 to 5.5
7.1 to 7.5
19.1 to 19.5
21.1 to 21.5
23.1 to 23.5

The monthly payment is then calculated in line with PDS and GDS SFEs. The SFE gives the ability to adjust the initial monthly payment if the pilot does not begin at the beginning of a calendar month. Conditions for receiving monthly payments are also given.

3.6 to 3.11
3.18 to 3.21
5.6 to 5.11
5.18 to 5.21
7.6 to 7.11
7.18 to 7.21
19.6 to 19.11
19.18 to 19.21
21.6 to 21.11
21.18 to 21.21
23.6 to 23.11
23.18 to 23.21

Deductions are made from the monthly payment for NHS charges, any overpayments, LDC levies and employee's superannuation contributions in line with PDS and GDS SFEs. The detail for these deductions appears in Section 8 and 24 of this SFE. The further detail on superannuation contributions is in line with PDS and GDS SFEs and is described in Sections 9 and 25.

3.12 to 3.17
5.12 to 5.17
7.12 to 7.17
8.1 to 9.14
19.12 to 19.17
21.12 to 21.17
23.12 to 23.17
24.1 to 25.13

1.4 ADJUSTING FOR CAPITATION

The adjustment to payments due to capitation is made at the end of the year. This is done in two stages:

- An interim payment, which is made as part of the Month 12 March payment based on the capitation data available at the time. These calculations generally use the term "Estimated".
- A reconciliation payment, which is made after Month 15 based on a complete set of capitation data. These calculations generally use the term "Forecast".

5.22
5.43
7.22
7.46
21.22
21.43
23.22
23.46

For type 3 pilots, the contract value is split between an amount that has been historically attributed to routine care and an amount that has been historically attributed to complex care. This is based on activity in the financial year prior to the pilot starting. These amounts are recombined once the adjustments described below have been made.

7.23
7.30
7.34
7.53
7.57
23.23
23.30
23.34
23.53
23.57
B.3.1 to B.3.5

At the end of each quarter (or the last two quarters for Wave 2 pilots), a snapshot of the Contractor's Capitated Population ("Estimated" for Month 12), which can broadly be defined as the patients on a practice's list over the last three years, is calculated. This will be done at patient cohort level, with the patient cohorts defined in terms of gender, age and deprivation. The snapshots are then averaged to give the number of patients for each patient cohort for the financial year. Each cohort is multiplied by its respective patient weighting and the cohorts are summed to give the Contractor's Actual Weighted Capitated Population ("Estimated" for Month 12).

5.23 to 5.26
5.44 to 5.47
7.24 to 7.27
7.47 to 7.50
21.23 to 21.26
21.44 to 21.47
23.24 to 23.27
23.47 to 23.50
B.1.1 to B.1.2

The value of the Weighted Capitated Population is compared with what is expected to give an excess, which could be a negative number.

5.27 & 5.28
5.48 & 5.49
7.28 & 7.29
7.51 & 7.52
21.27 & 21.28
21.48 to 21.49
23.28 & 23.29
23.51 & 23.52

The Contractor's Actual Weighted Capitated Population is turned into a payment. The methodology depends on the contractor's performance:

5.29 to 5.31
5.50 to 5.52
7.31 to 7.33
7.54 to 7.56
21.29 to 21.31
21.50 to 21.52
23.31 to 23.33
23.54 to 23.56
B.2.1 to B.2.4

- If the Contractor's Actual Weighted Capitated Population is less than expected, then the contractor will receive their AAPV (or AAPV(Routine) for Type 3 pilots) minus the National Average Patient Capitation Remuneration Level multiplied by the Local Capitation Adjustment Factor for each patient they are under the expected amount. This is limited by a minimum level agreed when the pilot began. The default for this minimum level is 98% but this can be less when there has been underdelivery of activity in previous years
- If the Contractor's Actual Weighted Capitated Population is equal to the expected amount, then the contractor will receive their AAPV (or AAPV(Routine) for Type 3 pilots)
- If the Contractor's Actual Weighted Capitated Population is more than expected, then the contractor will receive their AAPV (or AAPV(Routine) for Type 3 pilots) plus the National Average Patient Capitation Remuneration Level multiplied by the Local Capitation Adjustment Factor for each patient they are over the expected amount. This is limited by a maximum payment of 102% of the contract value (or of the contract value for routine care for Type 3 pilots).

The contract value, once adjusted for capitation, is then used in the DQOF adjustment calculations.

5.32
5.53
7.35
7.58
21.32
21.53
23.35
23.58

1.5 ADJUSTING FOR QUALITY

The measures used within the DQOF and their rationale are described in Annex A. A.1.1 to A.5.7

The adjustment to payments due to performance against the DQOF is made at the end of the year. This is done in two stages:

- An interim payment, which is made as part of the March payment based on the DQOF data available at the time. These calculations generally use the term “Estimated”. 3.22 to 3.24
5.22
5.33 & 5.34
7.22
7.36 & 7.37
19.22 to 19.24
21.22
21.33 & 21.34
23.22
23.36 & 23.37
- A reconciliation payment, which is made after Month 15 based on a complete set of DQOF data. These calculations generally use the term “Forecast”.

There is also the option to effectively merge similar agreements between the same practice and PCT for the DQOF calculations where it is practical to do so.

The first step is to estimate how much the contract was worth for that financial year. This will be different to the AAPV where a pilot has begun on any date other than 1st April and for those pilots where an adjustment is made for capitation. This is important to avoid a theoretical case where pilots could put more money into the DQOF than their contract was worth in a particular financial year. 3.25
5.35
7.38
19.25
21.35
23.38

10% of the value of the contract is then put into the DQOF. 3.26 & 3.27
5.36 & 5.37
7.39 & 7.40
19.26 & 19.27
21.36 & 21.37
23.39 & 23.40
A.6.1 to A.6.2

An estimated quality payment for absolute performance against the DQOF is then calculated based on an estimated score out of 1,000. 3.28 & 3.29
5.38 & 5.39
7.41 & 7.42
19.28 & 19.29
21.38 & 21.39
23.41 & 23.42

The estimated quality payment is then used to estimate the amount the contract would now be worth in this financial year. The balance of this amount is paid in the interim Month 12 payment. 3.30 & 3.31
5.40 & 5.41
7.43 & 7.44
19.30 & 19.31
21.40 & 21.41
23.43 & 23.44

In June of the following year, after the capitation and quality data is complete, the calculations are redone to generate a reconciliation payment 3.33 & 3.34
5.54 & 5.55
7.59 & 7.60
19.33 & 19.34
21.54 & 21.55
23.59 & 23.60

How much the contract was worth for the year and how much will go into the DQOF are recalculated based on year end data 3.35 to 3.37
5.56 to 5.58
7.61 to 7.63
19.35 to 19.37
21.56 to 21.58
23.61 to 23.63

The final payment due to performance against the DQOF is made up of three components:

- Payment for absolute performance against the DQOF based on a score out of 1,000. 3.38 & 3.39
5.59 & 5.60
7.64 & 7.65
19.38 & 19.39
21.59 & 21.60
23.64 & 23.65
- Payment for performance against peers. The pilot receives money based on its performance relative to the lowest scoring pilot and the amount of money not paid out for absolute performance, weighted for the relative size of contracts between pilots. 3.40 & 3.41
5.61 & 5.62
7.66 & 7.67
19.40 & 19.41
21.61 & 21.62
23.66 & 23.67
A.7.1 to A.7.11
- Payment from the redistribution of any money left over within the DQOF due to the “2% cap” put on individual pilot quality payments (see below). The distribution is done in the ratio of the money put into the DQOF by the pilots who have not reached the “2% cap”. This process takes a number of iterations with those pilots who reach the “2% cap” at the end of each iteration are removed from the process. 3.43 to 3.44
5.64 & 5.65
7.69 & 7.70
19.43 to 19.44
21.64 & 21.65
23.69 & 23.70
A.8.1 to A.8.12

The total increase in contract value due to quality is limited to an additional 2% of the forecast contract value. This is important to avoid a theoretical case where some PCTs could have a significant liability if the majority of DQOF scores were the same. 3.42
5.63
7.68
19.42
21.63
23.68

The final quality payment is then used to calculate the amount the contract is now worth in this financial year. The balance of this amount (ie less monthly payments to date and less the interim Month 12 payment) is paid in the reconciliation Month 12 payment. 3.45 & 3.46
3.48
5.66 & 5.67
5.69
7.71 & 7.72
7.74
19.45 & 19.46
19.48
21.66 & 21.67
21.69
23.71 & 23.72
23.74

Note for pilots that are not part of the DQOF, there are simpler calculations for the month 12 payments. 3.32
3.47
5.42
5.68
7.45
7.73
19.32
19.47
21.42
21.68
23.45
23.73

1.6 SPECIFIED SERVICES

“Specified services” is a collective term for additional services (excluding orthodontics), advanced mandatory services and other services that may be delivered through a contract. At the start of the pilot, the nature of the specified services, the amount of activity and the financial value of the service are agreed. 10.1 to 10.5
26.1 to 26.5

Changes to the annual amount paid for these services, the monthly payment of these services, deductions due from payments for these services and conditions attached to receiving these payments is in line with the section of the PDS and GDS SFEs relating to domiciliary and sedation services.

10.6 to 10.17
26.6 to 26.17

1.7 OTHER ADJUSTMENTS TO PAYMENTS

Seniority payments can be made to those eligible who are taking part in the pilots. Eligibility and payment are in line with the PDS and GDS SFEs.

11.1 to 11.14
27.1 to 27.13

Payments in respect of vocational training can be made to a contractor who is taking part in the pilot. Eligibility and payment are in line with the PDS and GDS SFEs.

12.1 to 12.12
28.1 to 28.12

Maternity, paternity and adoption leave payments can be made to those eligible who are taking part in the pilots. Eligibility and payment are in line with the PDS and GDS SFEs.

13.1 to 13.17
29.1 to 29.17

Long-term sickness absence payments can be made to those eligible who are taking part in the pilots. Eligibility and payment are in line with the PDS and GDS SFEs.

14.1 to 14.10
30.1 to 30.10

Non-domestic rates can be reimbursed to a contractor who is taking part in the pilot. Eligibility and payment are in line with the PDS and GDS SFEs.

15.1 to 15.11
31.1 to 31.11

Payment arrangements for the pilot are in line with the PDS and GDS SFEs.

16.1 to 16.6
32.1 to 32.6

Arrangements for overpayments, withheld amounts, underpayments, late payments and payments on account are in line with the PDS and GDS SFEs. Time limits for claiming payments are also in line with the PDS and GDS SFEs.

16.7 to 16.15
32.7 to 32.15

Payments to or in respect of suspended dentists whose suspension ceases for the pilot are in line with the PDS and GDS SFEs.

16.16
32.16

How payments are affected by the termination of a pilot is in line with the PDS and GDS SFEs.

16.17 to 16.22
32.17 to 32.22

Dispute resolution procedures are in line with the PDS and GDS SFEs.

16.23 & 16.24
32.23 & 32.24

The timetable for information returns is five working days. Although this is a shorter period than PDS arrangements or GDS contracts, pilots will have the software to complete these returns as part of carrying out their clinical work.

16.25
32.25

The annual reconciliation report will be produced later in the following year to reflect the two month period that is necessary to receive all FP17s for the previous financial year. The content of the report has been increased to reflect the additional metrics that are needed as part of the pilot contract.

16.26 to 16.27
32.26 to 32.27

1.8 TERMINATION OF CONTRACTS

The SFE describes how and why pilots may be terminated. In the context of the pilots, termination means reversion to the underlying PDS agreement or GDS contract. 17.1 & 17.2
33.1 & 33.2

Payments are adjusted dependent on when the pilot is terminated and the residual value of the pilot contract is transferred back to the underlying PDS agreement or GDS contract. This is combined with any amount of activity that was “stayed” when the pilot began to give the activity requirement for the remainder of the financial year. 17.3 to 17.11
33.2 & 33.11

1.9 DEFINITIONS

Chapter 3 contains:

- A list of acronyms used in the SFE 34.1
- Definitions used in the SFE 34.2