

SCHEDULE 4

PAYMENT MECHANISM

PART 1: PAYMENT CALCULATIONS AND TIMING

1. Introduction

Part 1 of this Schedule 4 explains the calculations and timing of the payments to be made under this Agreement.

2. Payment Mechanism Overview

The monthly payment to the Contractor shall be built up from the following three elements:

- (a) Services Payments;
- (b) QOF Aspiration Payments and
- (c) Pass Through Payments where applicable

3. Service Payments

The Contractor will receive a payment for the provision of essential and additional services as set out in Schedule 2, which will be calculated as set out below:

- (a) for Registered Patients (Raw List Size) in relation to Essential Services, Additional Services:

The number of Patients on the Contractor's Weighted List X the Price Per Patient £76.44 (£80.59 less 5.15% OOHrs opt-out charge)

4. FDR/PMS reinvestment

The provider will be due a payment under the local FDR/PMS reinvestment process. The practice will be paid approximately £29,600 in 2017/18. In return the provider will be expected to provide a level of service that is detailed in the policy (Schedule 4 Annex 2). The value of the payment is subject to change and will vary each year of the contract as it is a proportion of a CCG wide budget shared to those practices whose payments for core services fall below a particular level.

5. Practice Support Payment

The provider will be due a payment of £25,000 per annum on top of the Global Sum and FDR/PMS reinvestment to support the short term contract. This will be divided and paid on a monthly basis.

6. QOF Aspiration Payment

The Contractor will receive aspiration payments related to QOF which will be calculated on an identical basis to the QOF payment regime under the GMS contract (The "QOF Payment").

7. **QOF Achievement Payment**

The Correct QOF Payment for the Contract Year shall be calculated by the Commissioner, using the actual number of QOF points achieved by The Contractor in the Contract Year. This will be adjusted down to the proportion of the year covered by the contract if the contract covers less than the whole year. The Achievement payment will be made via the Exeter payments system to agreed national timescales.

8. **Pass Through Payment**

The Contractor will receive a payment to reimburse The Contractor for those costs incurred by The Contractor but ultimately to be borne by the Commissioner as set out in Schedule 4 Annex 1 (the "Monthly Pass Through Payment"). The Commissioner to reimburse The Contractor on receipt of proof of expenditure eg a suppliers invoice.

9. **Payment distribution**

To facilitate more even payments to The Contractor during a Contract Year, every month The Contractor shall receive a Services Payment and a QOF Aspiration Payment, both of which shall be calculated for the Contract Month in question. Details of how the Monthly Services Payment to The Contractor shall be calculated, is set below.

Quarter 1 Weighted List Size x Price per Patient / 12 = Monthly Payment.

Schedule 4 Annex 1 below provides a breakdown of the total payments due for the contract period.

10. **Inflation Payments**

The Essential and Additional Services Payment identified in 3(a)(i) above shall be increased (or decreased) by the same factor as the annual increase (or decrease) of General Medical Practitioners (GMPs) pay as set out in the annual report published by the Doctors' and Dentists Review Body (DDRB), which shall be applied if applicable from 1st April annually.

PART 2: INVOICING AND SETTLEMENT

2.1 Introduction

Part 2 of this Schedule 1 explains the invoicing and settlement to be made under this Contract.

2.2 Payment Timing

The WL CCG will pay The Contractor the Monthly Payment as calculated in accordance with this Schedule 1 by BACS by the 15th day of each Contract Month. For the avoidance of doubt the WL CCG shall pay The Contractor in respect of the first Contract Month within 15 working days of the date of commencement of the contract and services

2.2.1 A payment equal to the Quarterly Performance Payment Adjustment will be made by WL CCG to The Contractor or from The Contractor to the WL CCG as appropriate within Thirty One (31) Working Days of the end of each Contract Quarter.

2.2.2 Any invoice raised by The Contractor in respect of payments referred to in this Schedule 1 shall be a valid VAT invoice and shall be addressed for the attention of the Contract Manager of the Area Team.

2.3 Settlement

Subject to paragraph 4, the WL CCG shall pay any amount invoiced to it twenty (20) Working Days or less after receipt of such invoice.

2.4 Invoice Dispute

If the WL CCG has a bona fide dispute in respect of the whole or any part of any invoice then the WL CCG shall notify The Contractor of the nature of the dispute in writing within twenty (20) Working Days of receipt of the invoice giving all relevant details supporting the disputed item(s).

Any invoice submitted by The Contractor to the WL CCG not disputed within the twenty (20) Working Days period shall be deemed to be accepted by the WL CCG and payment shall be made in accordance with this Contract.

Should the WL CCG notify The Contractor, in writing, that it disputes the whole or any part of sums payable under any invoice in accordance with this paragraph 4, Part 2 of this Schedule 1, the WL CCG shall be entitled to withhold payment of the amount in dispute, but shall nevertheless pay the undisputed part in accordance with this Contract.

The parties shall cooperate in good faith to resolve the dispute over the invoice(s) as amicably and promptly as possible in accordance with the Dispute Resolution Procedure set out in Clause 35 of Schedule 3 and on settlement of any dispute the WL CCG shall make the appropriate payment in accordance with this Contract.

With respect to any settled amount, any agreed period within which payments are due to be made shall commence on the date on which the dispute is resolved and

payments of any settled amount shall only be deemed to be late after the period given for payment of the settled amount has elapsed.

2.5 Termination Losses

On termination of this Contract due to a WL CCG Termination Event, The Contractor shall send to the WL CCG a written statement within 30 days of the Termination setting out:

- a) Any Termination Losses incurred by The Contractor and
- b) Notice of any equipment or items (which the WL CCG did not provide to The Contractor at the start of the Services) which are used exclusively in providing the Services together with the price which The Contractor is willing to sell such items to the WL CCG which shall be no more than market value or net book value, whichever is the lesser.
- c) The Contractor shall, together with notification of its Termination Losses, also furnish the WL CCG with a full breakdown on an "open book" basis of The Contractor's calculation of the Termination Losses such breakdown to include, without limitation, such information as the WL CCG may reasonably request to verify such calculation.
- d) The parties shall cooperate in good faith to agree the Termination Losses within 30 days of receipt of The Contractor written statement. On agreement The Contractor will supply an invoice to the WL CCG for the agreed amount.

Schedule 4

Annex: 1 Payment Schedule

Payment Type	Estimated Annual Amount	Payment Frequency
£ per patient (£80.59)	£464,371.67 (2016/17 charge)	1/12 th Monthly
Current practice MPIG	£2,312.28 (2016/17 charge)	1/12 th Monthly
Out of Hours (5.15% of G Sum)	£-23,915.14 (2016/17 charge)	1/12 th Monthly
Temporary Residents	£1,450.16 – annual value	1/12 th Monthly
FDR/PMS reinvestment	£29,930 (estimate of 2017/18 charge)	1/12 th Monthly
QOF Aspiration	£67,573.14 (2016/17 charge)	1/12 th Monthly
QOF Achievement	£28,959.92 (Estimate of 2016/17 charge)	One off payment in quarter 1 of following financial year
Rent	£42,010 (2016/17 charge)	Reimbursed upon submission of invoices
Rates	£3,982 (2016/17 charge)	Reimbursed upon submission of invoices
Water Rates	£967.13 (2016/17 charge)	Reimbursed upon submission of invoices
Clinical Waste	£1,392 (no information – estimate based upon a similar sized practice)	Reimbursed upon submission of invoices
EST. ANNUAL CONTRACT VALUE	£619,033.16	

Additional payments in year 1:

Practice Support Payment	£25,000.00	1/12th Monthly
Direct Enhanced Services 17/18 <i>Unknown, as dependent upon sign up and activity.</i>	£26,120.00 (based on 2016/17 actual claims for Qtr 1, 2 & 3 and estimate for Qtr 4)	Paid against Quarterly claims in line with individual specifications.
Community Based Services 17/18 <i>Unknown, as dependent upon sign up and activity.</i>	£13,246.00 (based on 2016/17 actual claims for Qtr 1, 2 & 3 and estimate for Qtr 4)	Paid against Quarterly claims in line with individual specifications.

Additional information for year 1:

Property Service Charges	-£36,643 (2016/17 charge)	NHS Property Services will bill the provider for service charges. This item is not reimbursable by the CCG.
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All payments quoted above, are estimated payments only. The above payments are not guaranteed and are subject to change.