

## Report highlights potential benefits and challenges for GP budget holding

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Government plans to give GPs greater control of NHS budgets are a step in the right direction but must be implemented carefully if they are to deliver benefits for patients, according to a major new report published today by the University of Birmingham's Health Services Management Centre.

**GP Budget Holding: Lessons from across the pond and from the NHS** ([/Documents/college-social-sciences/social-policy/HSMC/publications/PolicyPapers/Policy-paper-7.pdf](#)) (pdf, opens in new window), draws on lessons from the United States and previous NHS experience to identify the risks and the safeguards that have to be put in place to implement such a policy effectively. It shows that giving GPs control over budgets can lead to improvements in patient care and better use of health care resources. However, there is a need for caution in promoting budget holding as a universal solution without regard to the capabilities of practices to manage a budget.

The report identifies 7 key lessons that the new government should consider:

- The size and scope of budget holding requires careful thought and it is unlikely that one size will fit all needs. Budget holding should be implemented for both smaller and larger groupings of GPs with the scope of budgets being adjusted accordingly
- GP leadership and management expertise are critical to the success of budget holding. Policy makers need to be careful in the way that any reductions in management costs are implemented to ensure that enough resources are available for GP budget holding
- Budgets need to be adjusted for the risks of the populations served and set in a way that is both rigorous and fair
- Stop-loss insurance needs to be built into budget holding to provide safeguards against random fluctuations in demand for rare, costly treatments
- The quality of care delivered by budget holders needs to be monitored to ensure that financial incentives do not lead to under diagnosis and under treatment of patients
- Budget holders will have to work in partnership with Primary Care Trusts - for example to negotiate contracts for tertiary care and to manage demand for services
- Budget holding may help stimulate the emergence of new provider organisations that link GPs with hospital-based specialists and the term 'budget holding' may not be the right one to use to describe these organisations

The report's author, Professor Chris Ham, who is now Chief Executive of the Kings Fund, explains: *"Giving GPs greater control of NHS budgets will significantly change the healthcare landscape. It is the right policy direction but has to be very carefully implemented."*

*"For example, it is essential that appropriate leadership skills and management support are in place, that there are mechanisms to prevent financial incentives leading to under diagnosis and under treatment and that budgets are adequately adjusted for the health risks in the populations served by groups of GP commissioners."*

A major uncertainty is whether GPs will be attracted to take part in budget holding. One option that deserves serious consideration is for budget holding to be offered as a prize for GPs able to demonstrate preparedness to take on a significant role in the commissioning of care rather than expecting all practices to be involved from the start. Seeing budget holding as a reward for proven competence might provide the motivation that has been lacking under practice based commissioning.

Chris Ham added that more thought needs to be given to whether the incentives in budget holding will be strong enough to motivate a sufficient number of GPs to become involved, commenting: *"Concerns about knavish behaviour on the part of some GPs may blunt the willingness of policy makers to offer GPs hard budgets with the prospect of personal financial gain from any savings made. If this is the case, then the full potential of budget holding may not be realised in practice."*

### Further media information:

Ben Hill, Press Officer  
University of Birmingham  
Tel: 0121 414 5134

Mobile: 07789 921163

Email: [b.r.hill@bham.ac.uk](mailto:b.r.hill@bham.ac.uk) (<mailto:b.r.hill@bham.ac.uk>)

### For interviews with Professor Ham, please contact:

Helen Barker  
The King's Fund  
Tel: 0207 307 2585

Email: [h.barker@kingsfund.org.uk](mailto:h.barker@kingsfund.org.uk) (<mailto:h.barker@kingsfund.org.uk>)

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