



HEALTH ASSESSMENTS IN GENERAL PRACTICE EXPLORING THE FINANCIAL ADVANTAGE/DISADVANTAGE

A. INTRODUCTION

In November 1999, the Commonwealth Government introduced payment for GPs to conduct annual health assessments for their older patients, through the Enhanced Primary Care MBS items. The Monash Division of General Practice, in collaboration with four neighbouring Divisions, undertook a study which describes the general practice response to this new initiative. Specifically, we focused on the emerging models of practice, the practice nurse role and the role of Divisions in supporting GPs. The following is a report on just one aspect of our findings and is based on data collected via interviews with GPs and staff in 25 practices across the 5 Divisions. The study sample included solo, small and large group practices, with a range of staffing and organisational structures. There were no rural practices, although a number described themselves as 'semi-rural' or 'urban fringe', especially in terms of distance/access to other health services.

B. PURPOSE

The aim of this document is to provide objective information on the financial advantage or disadvantage of incorporating health assessments into a GP's normal practice.

C. METHOD

Identifying the financial advantage or disadvantage of conducting annual health assessments requires several steps. These are:

1. Understanding the tasks required to complete a health assessment.
2. Describing the different approaches to health assessments (models).
3. Identifying cost assumptions and their source.
4. Performing a sensitivity analysis to explore variations and uncertainty.

1. Health assessment tasks

The RACGP has developed guidelines that describe the core elements of a health assessment. Using these guidelines as a basis, our study collected further information on how the guidelines translate into practice: what are the core tasks, who performs them, how much time is spent on each? As a result, five steps were identified in the process of conducting a health assessment: preparation; proactive patient contact; functional assessment; medical assessment and finalisation. The key tasks/activities for each of these steps are listed in Table 1.

Table 1: Health Assessment activity pathway.

Step 1 →	Step 2 →	Step 3 →	Step 4 →	Step 5
PREPARATION	PROACTIVE PATIENT CONTACT	FUNCTIONAL ASSESSMENT	MEDICAL ASSESSMENT	FINALISATION
Consider and plan approach	Recruitment letter	Physical	Blood pressure	Finalise report
Review and clean data base	Follow up phone call	Psychological	Pulse rate & rhythm	Summary to patient
Prepare patient summary (optional)	Sticker on file	Social	Medication review	Enter for recall
Role clarification & staff training	Arrange appointment		List issues for management	
	Patient consent			

2. Description of the different models

While each general practice environment is unique, three prominent health assessment models have emerged. These have been termed:

- **Opportunistic model** - GP completes full assessment;
- **Contracting model** - GP contracts external agency/individual and shares tasks;
- **Internal employment model** - GP employs staff and shares tasks.

Model A - Opportunistic model – practice-based assessment

- The GP, upon seeing a patient aged 75 or older, invites them to return for a health assessment. Approximately 2 minutes is taken to explain to the patient what is involved in a health assessment.
- The patient books a double appointment with the receptionist. The GP undertakes the assessment in the consulting rooms - average time is 30 minutes.
- The patient then receives a copy of the health summary.

Steps 3 to 5 of the activity pathway in Table 1. are included in this model.

Model B - Contracting model – home-based assessment

- The GP enters into discussions with a third party to complete the functional assessment of the patient in their own home. This may be an organisation, e.g., RDNS, or an individual health professional.
- After an agreement and fee is established, the GP identifies a group of patients, obtains their individual consent to participate in a health assessment and notifies the third party.
- The third party then contacts and visits the patient. They provide a report to the GP, including recommendations.
- The patient then attends the practice for the GP to complete the medical assessment and provide a summary - an average of 30 minutes.

All steps of the activity pathway in Table 1 are included in this model, although not all activities for Step 1 (preparation) and Step 2 (proactive patient recruitment) are performed.

Model C - Internal employment model – home-based assessment

- The practice employs or redirect current allied health staff (usually a nurse) to be involved in health assessments and to coordinate a systematic approach.
- The practice proactively identifies and recruits their 75+ patient population. This role may be shared between GP and staff, or be allocated to staff to coordinate. For example, the nurse may be responsible for sending letters of invitation to eligible patients, or the GP may see patients first and obtain consent.
- The nurse conducts a home assessment, taking an average of 2 hours per visit including travel time.
- The patient then attends the practice for the GP to complete the medical assessment and provide a summary - an average of 30 minutes.

All steps of the activity pathway are included in this model. The 3 models are summarised in Table 2. below.

Table 2: Models by key components and allocation of roles. (* AHP = Allied Health Professional)

	Model A Opportunistic		Model B Contracting		Model C Internal employment	
	GP	AHP*	GP	AHP	GP	AHP
Step 1 Preparation			✓		✓	✓
Step 2 Proactive patient contact			✓		+/-	✓
Step 3 Functional assessment	✓			✓		✓
Step 4 Medical assessment	✓		✓		✓	
Step 5 Finalisation	✓		✓		✓	✓

3. Identification of cost assumptions and their source

All costing exercises are based on a set of assumptions that will influence the final result. It is important that the assumptions are transparent and consistent across all models. The assumptions in this costing exercise are:

- Income is based on the bulk billing rate, i.e., 85% of the Medicare schedule fee.
- GPs are completing 4 health assessments per week – this figure is based on the average across the 25 GPs interviewed.
- The hourly rate of income varies for GPs depending on number of consultations per hour.

The key costs in implementing the health assessment are the GPs time, contracting costs and employment costs for allied health staff. See Table 3 for cost assumptions and their source.

Table 3: Cost assumptions and their source

ITEM	COST	SOURCE
Standard (averaged) GP consultation	\$24.50	Commonwealth Medical Benefits Schedule, 2000. <i>See Appendix 1 for calculation.</i>
GP time	Between \$98 to \$147 per hour	Based on 4 – 6 consults per hour
RDNS fee per assessment	\$70.00	RDNS contract, 2000.
Allied health staff	\$22.78 per hr (Incl. 25% on costs)	Division 1 Grade Two nurse, year 6

Costs excluded from this process are:

- GP time spent in planning the health assessment process.
- Practice administration time - no additional time is assumed.
- Non-labour consumables are seen as negligible or comparable to routine practice.
- Travel costs were also seen as negligible by most practices. Some practices included travel costs in the gross income of the nurse.

4. Sensitivity analysis

A sensitivity analysis is used when there is a high level of uncertainty about a variable, providing analysis of values within a range rather than an exact amount. The key variable for this costing exercise is the **amount of GP time spent on the health assessment**. A sensitivity analysis is conducted based on the amount of time GPs spend on health assessments as reported by the 25 GPs in our sample.

To identify the business advantage or disadvantage of health assessments it is crucial to have a comparator; in this case the **GP's usual hourly rate for consultations**. Due to the wide variation in GP incomes, this variable will also be subjected to a sensitivity analysis. This sensitivity analysis is based on GPs completing between 4 to 6 consultations per hour.

D. FINANCIAL ANALYSIS

Two outcome measures have been chosen to assess the financial advantage/disadvantage of health assessments. These are (i) the GP's hourly rate of remuneration, and (ii) the GP's annual income. The hourly rate was chosen as GPs most frequently used this unit to measure the value of their time. The annual income measures the value of doing health assessments over time.

Outcome Measure 1 - Income per hour

In Table 4, the five steps of the activity flow chart (see Table 1) have been combined with the three models identified. Costs were calculated based on the amount of time spent on each task, and whether the GP or allied health staff member (AH) performed the task. GP time and tasks are shaded.

Table 4 Income per hour

	Model A Opportunistic		Model B Contracting		Model C Internal employment	
	Time	Cost	Time	Cost	Time	Cost
Step 1 N/A						
Step 2						
Proactive patient contact	2 mins (GP)	\$3.13	5 mins (GP)	\$7.83	5 mins (AH)	\$1.90
Step 3						
Functional assessment	30 mins (GP)	\$49.00	N/A (RDNS)	\$70.00 per assess	2 hours (AH)	\$45.55
Step 4						
Medical assessment	↓		30 mins (GP)	\$49.00	30 mins (GP)	\$49.00
Step 5			↓		↓	
Summary						
85% schedule fee (Income)	\$124.35		\$175.85		175.85	
Total non GP expenditure	\$0		\$70.00		\$47.45	
GP time/assessment (a)	32 minutes		35 minutes		30 minutes	
Income per assessment minus non-GP costs (b)	\$124.35		105.85		\$128.40	
Equivalent per hour rate*	\$233.15		\$181.45		\$256.80	

*Calculated as: $60\text{mins} / (a) \times (b)$

Sensitivity analysis - Income per hour

As discussed previously, the GP time spent in the health assessment and the actual hourly rate for the GP are the two main variables that require a sensitivity analysis. The GPs from our sample indicated that the GP time for the different models varied from 20 to 45 minutes.

Table 5: Results of the sensitivity analysis. Income per hour based on GP time used.

GP time used in health assessment	Model A Opportunistic	Model B Contracting	Model C Internal employment
20 minutes	N/A	\$254	\$385
30 minutes	\$233	\$181	\$256
45 minutes	\$158	N/A	\$171

Results

Model A: Opportunistic model

No GPs reported spending only 20 minutes with their patients for a health assessment. In the case of GPs spending 30 minutes with their patients they were earning the equivalent of \$233 per hour. Where this was extended to 45 minutes the earnings per hour was reduced to \$158 per hour.

Model B: Contracting model

Where GPs were spending 20 minutes with their patients after receiving the report from the contractor they were averaging \$254 per hour. This would be reduced to \$181 if they averaged 30 minutes with their patients. It is worthwhile noting that model B has used the real example of the RDNS fee. If the contracting rates were less, then this would obviously increase the remuneration to the GP.

Model C: Internal employment model

Upon completion of the home assessment by the allied health staff and if the GP was seeing the patient for 20 minutes, the hourly rate for the GP was \$385. Where the GP was spending 30 minutes with the patient this hourly rate dropped to \$256. In one example where a practice was involving GPs in the development of a patient summary prior to the home assessment and assuming that the GP was still seeing the patient for 30 minutes upon completion of the home assessment, the average hourly rate was \$173.

Conclusion:

Based on the costing model and the assumptions used, the sensitivity analysis indicates that GPs can earn between \$158 to \$385 per hour. For this paper it has been assumed that GPs usually earn between \$98 and \$147 per hour. This shows that in the worst case scenario the completion of health assessments is more profitable than the best case scenario of what GPs can earn through routine care.

Outcome Measure 2 – Annual income

A second way of identifying the business advantage/disadvantage of health assessments is to view the income over a 12 month period. This also requires a number of assumptions in relation to GP workforce information.

For the purpose of analysing GP workforce information the RACGP has defined a full time workload to be 108 consultations per week, i.e., 4,968 consultations per year for a 46 week year.¹ This is based on a GP working 36 hours per week spending 75% of this time in consultations with patients and averaging 15 minutes per consultation. In 1997-98, GPs in Australia (including Other Medical Practitioners) provided care in 105,201,523 encounters an average of approximately 6,000 consultations per GP per annum. This is an underestimate as part time and casual GPs are included.² Hence for this exercise it is assumed that a full time GP will conduct between 4,968 consults up to 7,452 consults.

Modelling assumptions

- That GPs are completing four health assessments per week.

¹ General Practice in Australia: 2000 P.44

² General Practice in Australia: 2000 P.108

- That they see between 4,968 and 7,452 patients a year.
- That GPs spend 30 minutes of their time on a health assessment. Therefore, performing 4 health assessments per week is equivalent to the loss of 8, 10 or 12 consultations, depending on the GP's usual consultation time.

The example provided below in Chart 1. and Table 6. outlines the advantage/disadvantage of conducting health assessments with Model C – internal employment.

Chart 1: Model C - Gross income per year with and without health assessments

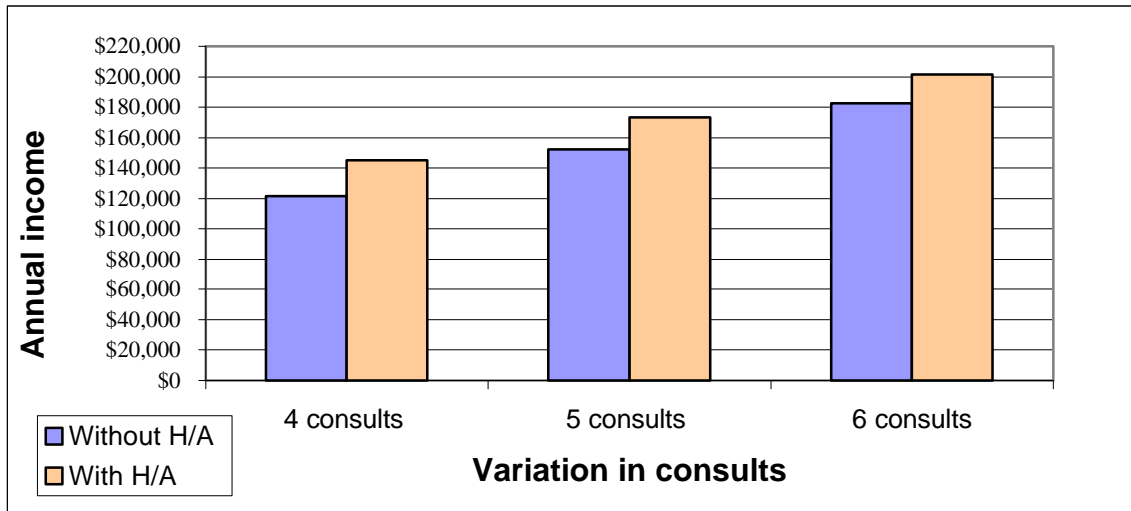


Table 6: Model C - Gross income per year with and without health assessments

	4 patients per hour (4,968 per year)	5 patients per hour (6210 per year)	6 patients per hour (7,452 per year)
Total income per year	\$121,716	\$152,145	\$182,754
Total income with H/A	\$145,056	\$173,231	\$201,406
Increased Income	\$23,340	\$21,086	\$18,652
% increase for yearly income	19%	14%	10%

Results

By using Model C a GP who usually sees four patients per hour has the capacity to increase their gross annual income by 19%. This reduces to a 10% increase in income as patient throughput increases to 6 patients per hour.

Variation: GP income plus gap fee.

78% of services by GPs are bulk billed³ and the remainder of services incur a gap fee. Additional charges to the patient vary between \$3 and \$17. Using this as the average a further analysis of the advantage/disadvantage of health assessments is considered. Based on similar assumptions to the above, we find that there is still a financial advantage to the GP, however it has been considerably reduced. Table 7. below is based on GPs receiving an average of \$38 per patient.

Table 7. Gross income per year with and without health assessments

	4 consultations	5 consultations	6 consultations
Annual income - routine consultations	\$188,784	\$235,980	\$283, 175
Annual income – plus health assessments	\$198,426	\$242,126	\$285,826

E. SUMMARY OF RESULTS:

Based on the assumptions identified:

- The internal employment model provides the greatest financial advantage to the GP.
- The hourly rate for all three models is at least equivalent to or more than a GP's current earning.
- By completing 4 health assessments per week, GPs can earn between 10 to 19% more per annum.
- Where a GP charges a gap fee of up to \$15 per patient that there is still a financial advantage for the GP to conduct health assessments.

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APPENDIX 1

Calculation of the average Medicare cost for GP consultations

MBS item / number	Frequency - % of total GP consultations	MBS Schedule Fee	85% of scheduled fee = bulk bill rate (\$)	Average Medicare cost per visit (\$)
Level A / 3	1.64	12.85	10.92	0.18
Level B / 23	89.55	27.00	22.95	20.55
Level C / 36	8.22	48.75	41.44	3.41
Level D / 44	0.59	71.85	61.07	0.36
(As at 1 November 2000)			Total \$	24.50

³ General Practice in Australia: 2000 P.251