



Australian Divisions of General Practice

Nursing in General Practice Business Case Study

Practice Model #3

The Small, Urban Practice Model

Model Practice Description:

Practice Background:

- The model practice is in an urban area and is in competition with a number of large and small practices, some offering extended hours & bulk billing, while others offer specialised services.
- The practice is located within a converted house and is a well-equipped facility with room for a limited increase in staff numbers.
- There is a large public hospital nearby and a range of specialist, allied health, complementary medicine and community health services easily accessible.
- The GPs refer after-hours care to a deputising service
- The practice is fully accredited and receives a basic PIP with only the first level of after-hours payments.
- The practice opens 8.30am to 5.30pm with late opening to 7.00pm on Thursdays. The GPs work alternate Saturday mornings in return for one half-day off during the week.

Medical Staff:

- Four associates representing two full-time equivalent GPs.
- Two female GPs with an interest in women's health with one GP having an interest in asthma
- All GPs are vocationally registered.

Other Staff:

- The practice employs one full-time and one part-time reception staff and a full-time practice manager / senior receptionist, but no nursing staff.

Summary of Small, Urban Practice Model *

	Income	Expenses	Net Practice Income	Profit change from baseline	Profit as % Income
Financial Statement	\$489,040	\$239,200	\$249,840	-	51.1%
Special Session Model	\$509,832	\$249,700	\$260,132	4.1%	51.0%
Generalist PN Model	\$539,870	\$269,600	\$270,270	8.2%	50.1%
Advanced PN Model	\$572,576	\$298,000	\$274,576	9.9%	48.0%

* An explanation of these figures appears on the following pages

Practice Financial Statement:

Financial Issues:

- The practice has limited private billing with a standard fee of \$40 (bulk-billing or concessionary rates are about 70%). Average billing rate is \$32 per patient.
- The HIC records the practice SWPE at 1,800, with 110 patients aged over 75.
- There are about 100 diabetic patients known (about 5.5% of the practice population) and another 100 patients have complex chronic illnesses (and hence merit multidisciplinary care plans).
- The GPs each work 46 weeks per year – the practice operates with one GP only for 12 weeks of the year.
- The practice is fully booked and has some excess demand for services – about 10% more than can be satisfied.
- The practice receives no PIP rural loading and does not qualify for the Practice Nurse Incentive.
- The practice utilises few EPC items (only opportunistic Health Assessments) and has enrolled for the chronic disease PIP but not yet billed any SIP items.

Fee for service income (FFS):

- Average billing rate = \$32 / patient / consultation
- GP consultation rate = 4 consultations / hour
- Available GP consulting hours = 80 / week for 46 weeks / year
- Total FFS income per year = \$471,040 ($32 \times 4 \times 80 \times 46$)

Lump sum income (PIP):

- PIP = \$10.00 / SWPE - \$18,000 / year
($\$7$ / SWPE for IM/IT incentive, $\$2$ for a/hours care, $\$1$ for other initiatives)

**These were average estimates of the PIP in 2003 when the models were developed; they may not reflect current PIP*

Total Practice Income = \$489,040 / year (Benchmark for this practice = \$480,000 / year)

Staff costs: -

- Reception = 1.5 FTE = \$50,400 / year (base salary \$28,000 x 1.5 +20% on-costs)
- Practice Manager = 1.0 FTE = \$42,000 / year (base salary \$35,000 x 1.0 +20% on-costs)
- Total = \$92,400 / year (benchmark for this practice = \$100,800 / year)

Practice non-staff costs = \$109,700 / year (entirely based on benchmark estimates)

Professional costs = \$37,100 / year (entirely based on benchmark estimates)

Total Practice Costs = \$239,200 / year (benchmark for this practice = \$247,600 / year)

Net Practice Income = \$249,840 / year (Benchmark for this practice = \$232,400 / year)

Financial Implications of Practice Nurse Models

The Special Session Model

In this model, the special sessions are: - a diabetes-trained nurse educator for one session per week and an asthma nurse educator for one session per fortnight. The nurses see two patients per hour during the four-hour sessions and the GPs see each patient for 20 minutes at the end to review the findings. These sessions increase practice access to chronic disease initiative payments.

Income Adjustment:

- On average, the nurses see 12 patients per week. This releases the GPs to consult an additional 8 patients per week. At an average of \$32 / patient, this equates to \$256 / week or \$11,776 / year (46 weeks).

(by reducing a potential 30-minute consultation to 20 minutes, releasing 10 minutes of GP time per patient or 120 minutes altogether. As the GPs see 4 patients per hour, this translates to 8 additional patients. There is sufficient demand to fill these additional 8 appointments per week).

- Increased use of diabetes & asthma SIPs = \$105 / week or \$4,830 / year (46 weeks).

(This assumes 2 diabetes SIPs / week at \$40 each = \$80 and one asthma SIP / month at \$100 = about \$25 / week. There would also be access to diabetes outcomes payments, not included here for simplicity)

- Generates one GPMP @ \$122 and one TCA @ \$97 / week = \$219, less \$128 for GP time (see notes below) = \$91 per week or \$4,186 / year (46 weeks).

GP time spent completing the necessary components of the GPMP and TCA is 30 minutes each. In this model GP time lost is minutes 60 minutes. This is equivalent to the value of four 15-minute consultations the value of which (4x \$32 = \$128) is deduced from the gain received from the GPMP and TCA.*

**Estimate only, time will vary according to complexity.*

- **Total increased income = \$20,792 / year.** ($\$11,776 + 4,830 + 4,186 = \$20,792$).

Costs Adjustment:

- Additional staff costs of 12 hours / fortnight at \$35.00 / hour including on-costs = \$420 / fortnight = \$10,500 / year (50 weeks).

(\$35/hour is the average estimated casual rate paid to sessional nurses in GP and includes 25% on-costs to cover superannuation, annual, sick and long-service leave and workers compensation)

- No additional capital or building costs as nurses utilise existing facilities.

(Based on information from site visits conducted to practices using this model of practice nurse utilisation).

- **Total increased costs = \$10,500 / year**

Overall Adjustment:

- **Net gain to practice = \$10,292** ($\$20,792$ less $\$10,500 = \$10,292$).
- This increases overall net profit to \$260,132 an increase of 4.1%

The Generalist Practice Nurse Model

In this model, the practice employs a practice nurse for 4 sessions per week. The nurse works 9.00am to 1.00pm Monday to Thursday and mainly has a clinical support role, undertaking tasks delegated by the GPs (such as dressings, ECGs, immunisations, spirometry). In free time the nurse begins a file audit to identify >75 year olds for home based health assessments (which she then performs twice a week) and diabetics to create a register and undertake a clinical audit and begin to access chronic disease initiative payments.

Income Adjustment:

- Eligible practices of this size in urban areas of workforce shortage may qualify for the PIP practice nurse incentive = \$16,000 / year. This figure has not been included in the income adjustments as it is not applicable to all urban practices.
- Nurse provides care to an average of 30 patients / week.

(In clinical support role, nurse sees each patient for 15 minutes thus providing 30 consultations in 7.5 hours. This leaves 8.5 hours for administrative and non-patient based clinical activities and for providing home-based health assessments).

- By liberating an average of 5 minutes of GP time per patient contact, this releases GPs to consult an additional 10 patients / week (assuming 15 minute consultations) at \$32 / patient = \$320 / week = \$14,720 / year (46 weeks).

(The figure of 5 minutes of GP time liberated for each patient seen by the practice nurse, was estimated from interviews with a number of GPs that employ nurses and may well be a significant underestimate. The GP gains 5 minutes for each of the 30 patients seen by the nurse, which equates to 150 minutes of additional time, in which the GP can provide a further 10, 15-minute consultations, assuming patient demand is present (as is the case in this particular model). This model does not focus on chronic disease management therefore no factor is included for GP time liberated by nurse activity in this area. However, it would be likely that some benefit would be apparent, though less than for the first model).

Access to practice nurse MBS items

- Average number of immunisations undertaken by the nurse per week is 15, this equates to *\$156/ week or \$7,176 / year (46 weeks).
- Average number of wound care services undertaken by the nurse per week is 5, this equates to *\$52 / week or \$2,392/ year (46 weeks).

*100% Medicare rebate fee of \$10.40 per item. Some of these attendances may also attract the additional bulk billing payment for concessional patients and children aged under 16 years (Item 10990 \$6.05 or Item 10991 \$9.20). If for example 50% of the above attendances attracted the additional 10990 bulk billing payment, income would be increased by an additional \$2,783 /year. This information has not been included in the income adjustment.

- Increased access to SIP incentives also adds \$75 / week or \$3,450 (46 weeks).

The SIP payments are less than the Special Sessions model as the nurse is not conducting specific diabetes and asthma clinics

- Increased EPC and CDM item number access with Home Health Assessments x 2 / week @ \$232 each, one GPMP / week @ \$122, and one TCA /week @ \$97 = \$683 less \$256 for GP time (see notes below) = \$427 per week or \$19,642 / year (46 weeks).

(This practice has 110 patients that qualify for health assessments. This assumes 100 of these patients consent to home based, nurse conducted assessments. GP time spent completing the health assessments after the nurse has undertaken some of the necessary components is 30 minutes each- RACGP guidelines suggest 30 minutes, and 30 minutes for each GPMP and TCA. This is equivalent to eight 15 minute consultations (HHAx2x30 minutes each plus one GPMP & one TCA x 30 minutes each = 120 minutes) the value of which (\$32 x 8= \$256) is deducted from the gain received from the EPC item payments.).*

Practices involved in the study reported that having a practice nurse involved in health assessments increased the uptake well beyond the national level, however this information should be used with caution and practices considering the adoption of the model should apply the model to their own situation.

**Estimate only, time will vary according to complexity.*

The Generalist Practice Nurse Model cont

- **Total increased income = \$50,830 / year.** ($\$14,720 + \$7,176 + \$2,392 + \$3,450 + \$19,642 = \$47,380$)

Costs Adjustment:

- Additional staff costs of 16 hours per week at \$28 / hour including on-costs = \$448 / week = \$22,400 per year (50 weeks) (see previous model for explanation of on-costs).

(This item uses \$28 / hr including on-costs, as the appropriate rate for a PN employed on permanent part-time basis & is thus less than the \$35 per hour estimate for the more specialised nurse undertaking isolated 4-hour sessions in the first model. These figures are based on industrial award rates and the actual rates being paid in a number of practices consulted during this study)

- Capital costs of one additional computer with appropriate software, one additional telephone and some low level building alterations = \$3,000 / year.

(Based on \$4,000 for computer & networking, \$2,000 for software & telephone costs and an allowance of \$3,000 for building costs, based on information from site visits conducted to practices using this model of practice nurse utilisation and information from the validation workshop and NSC. This total of \$9,000 is amortised over 3 years).

Additional stock and other supplies - \$100 / week = \$5,000 / year. *(Based on information from site visits conducted to practices using this model of practice nurse utilisation).*

Total increased costs = \$30,400 / year. ($\$22,400 + \$3,000 + \$5,000 = \$30,400$)

Overall Adjustment:

Net gain to practice = \$16,980. ($\$47,380$ less $\$30,400 = \$16,980$).

- This increases overall net profit to \$270,270 an increase of 8.2%

The Advanced Practice Nurse Model

In this model, the nurse is employed for 8 sessions per week and operates fortnightly half-day clinics in diabetes, asthma and health promotion (including smoking cessation and weight loss). The nurse role would probably be split between 2 or more part-time nurses to allow the range of skills / qualifications required and to ensure backfill cover for annual, sick and study leave. The nurse manages the EPC program and identifies patients that would benefit from a GPMP and/or TCA. The nurse has had some training in diabetes and asthma.

This model involves a significant amount of GP time involved in undertaking GPMPs and TCAs. It is provided as a good quality example of team-based management of a patient's complex care needs

Income Adjustment:

- Eligible practices of this size in urban areas of workforce shortage may qualify for the PIP practice nurse incentive of \$16,000 / year. This figure has not been included in the income adjustments as it is not applicable to all urban practices.
- The nurse provides 12 hours direct clinical support, 4 hours administration (including accreditation), 8 hours chronic disease management / nurse clinics and 8 hours of EPC / week.
- The clinical support role liberates 5 minutes of GP time per patient seen. *(See previous models)*
- Patients seen in 12 hours allocated to clinical support time = 48 / week. *(See previous models)*
- By liberating an average of 5 minutes of GP time per patient contact, this releases GPs to consult an additional 16 patients / week at \$32 / patient = \$512 / week = \$23,552 / year (46 weeks).

(Figure of 5 minutes GP time liberated per patient seen by practice nurse is explained in previous models. The GP gains 5 minutes for each of the 48 patients seen by the nurse, which equates to 240 minutes of additional time, in which the GP can provide an estimated 16x15-minute consultations, assuming demand is available in this particular model).

- The complex patient management role reduces GP time spent with these patients from 30 minutes to 20 minutes and therefore liberates 10 minutes of GP time per complex patient seen by the nurse. The nurse sees 2 patients per hour during the 8 hours per week allocated to this role, totalling 16 patients seen by the nurse. This liberates 160 minutes of GP time during which the GP can potentially see a further 10 patients, at an average of \$32 / patient, which equates to \$320 / week or \$14,720 / year (46 weeks).
- Access to practice nurse MBS items
- Average number of immunisations undertaken by the nurse per week is 15, this equates to *\$156/ week or \$7,176 / year (46 weeks).
- Average number of wound care services undertaken by the nurse per week is 5, this equates to *\$52 / week or \$2,392 / year (46 weeks).

*100% Medicare rebate fee of \$10.40 per item. Some of these attendances may also attract the additional bulk billing payment for concessional patients and children aged under 16 years (Item 10990 \$6.05 or Item 10991 \$9.20). If for example 50% of the above attendances attracted the additional 10990 bulk billing payment, income would be increased by an additional \$2,783 /year. This information has not been included in the income adjustment.

- Increased access to diabetes, asthma and cervical screening SIP incentives adds \$200 / week or \$9,200 / year (46 weeks).

(Based on \$40 / diabetes SIP @ 2 / week, \$100 / asthma SIP @ 1 / week & \$35 / cervical screening SIP @ 1 / fortnight. Diabetes and cervical screening outcomes payments are not included for simplicity)

- Increased EPC and CDM item number access with Home Health Assessments x 2 / week (@ \$232 each, GPMPs x 3 / week @ \$122 each, and TCAs x 2 per week @ \$97 each, totalling \$1,024 (less GP time factor of \$448 as below) = \$576 / week or \$26,496 / year (46 weeks).

The Advanced Practice Nurse Model cont.

(As in previous models, the GP loses 30 minutes of consulting time per health assessment (RACGP guidelines suggest 30 minutes) and 30 minutes per GPMP and TCA. Thus in this model, GP time lost is 210 minutes (2 x 30 + 3 x 30 + 2 x 30) which equates to fourteen 15 minute consultations at \$32 or \$448 which is subtracted from the income from the EPC/CDM items)*

Practices involved in the study reported that having a practice nurse involved in health assessments increased the uptake well beyond the national level, however this information should be used with caution and practices considering the adoption of the model should apply the model to their own situation. *Estimate only, time will vary according to complexity.

- **Total increased income = \$83,536 / year.** ($\$23,552 + \$14,720 + \$7,176 + \$2,392 + \$9,200 + \$26,496 = \$83,536$).

Costs Adjustment:

- Additional staff costs of 32 hours / week at \$28.00 / hour including on-costs = \$896 / week = \$44,800 per year (50 weeks). *(Pay rates used and on-costs are explained in the previous models).*
- Capital costs of one additional computer with appropriate software, one additional telephone and a moderate level of building alterations = \$4,000 / year.

(Based on \$4,000 for computer & networking, \$2,000 for software & telephone costs and an allowance of \$6,000 for building costs, based on information from site visits conducted to practices using this model of practice nurse utilisation and information from the validation workshop and NSC. This total of \$12,000 is amortised over 3 years).

- Additional stock and equipment - \$200 / week = \$10,000 / year. *(See previous models)*
- **Total increased costs = \$58,800 / year.** ($\$44,800 + \$4,000 + \$10,000 = \$58,800$).

Overall Adjustment:

- **Net gain to practice = \$24,736** ($\$83,536$ less $\$58,800 = \$24,736$).
- This increases overall net profit to \$274,576 an increase of 9.9%