Nursing in General Practice
Business Case Study

Practice Model #5

The Solo, Rural Practice Model

Model Practice Description

Practice Background:

- The model practice is the only practice in a rural town with a population of about 1,200.
- The practice is located in older style rooms in a converted bank building.
- There is a public hospital in the regional centre (population 12,000), which is 35km away.
- The public hospital is staffed by 12 GPs in that town, through a collaborative after-hours roster.
- The practice is fully accredited and receives most of the PIP potentially available.
- The practice opens 9.00am to 12.30pm Monday to Saturday & 1.30pm to about 5.00pm every weekday except Thursday. (*"about 5.00pm" as practice stays open until last patient seen).*

Medical Staff:

- 1 full-time non-procedural GP who is vocationally registered.

Other Staff:

- The practice employs one full-time and one part-time reception staff (1.5 FTE), one of whom is designated as the business manager (but has no formal training). There are no nursing staff.

Financial Summary for Solo, Rural Practice Model *

	Income	Expenses	Net Practice Income	Profit change from baseline	Profit as % Income
Financial Statement	$300,000	$128,650	$171,350	-	57.1%
Special Session Model	$324,550	$134,650	$189,900	10.8%	58.5%
Generalist PN Model	$342,790	$144,350	$198,440	15.8%	57.9%
Advanced PN Model	$357,890	$158,050	$199,840	16.6%	55.8%

** An explanation of these figures appears on the following pages*

Practice Financial Statement:

Financial Issues:

- The practice is private billing with a standard fee of $45 (bulk-billing or concessionary rates are about 30%). Average billing rate is $40 per patient.
- The HIC records the practice SWPE at 1,000, with 60 patients over 75.
- There are about 50 diabetic patients known (about 5% of the practice population) and another 50 patients have complex chronic illnesses (and hence merit multidisciplinary care plans).
- The GP works 50 weeks per year, closing for 2 weeks at Xmas. Locums are too hard to find.
- The practice is very busy as there is no direct competition although some patients choose to attend GPs in the regional centre.
- The town is deemed RRMA 5 and so the practice receives 40% PIP rural loading and qualifies 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 = $40 / patient / consultation
- GP consultation rate = 4 consultations / hour
- Available GP consulting hours about 35 / week for 50 weeks / year
- Total FFS income per year = $280,000 *(40 x 4 x 35 x 50)*

Lump sum income (PIP):

- PIP = $20.00 / SWPE - $20,000 / year

($7 / SWPE for IM/IT incentive, $6 for a/hours care, $1.50 for other initiatives & 40% rural loading)

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

Total Practice Income = $300,000 / year *(Benchmark for this practice = $305,000)*

Staff costs: -

- Reception = 1.5 FTE = $50,400 / year *(base salary $28,000 x 1.5 + 20% on-costs)*
- Total = $50,400 / year *(benchmark for this practice = $52,080 / year)*

Practice non-staff costs = $60,800 / year *(entirely based on benchmark estimates)*

Professional costs = $17,450 / year *(entirely based on benchmark estimates)*

Total Practice Costs = <u>$128,650</u> / year *(benchmark for this practice = $132,930 / year)*

Net Practice Income = <u>$171,350</u>/ year *(Benchmark for this practice = $172,070 / year)*

Financial Implications of Practice Nurse Models

The Special Session Model

In this model, the special sessions are: - a diabetes-trained nurse educator contracted from the local rural Division for one session per fortnight, and a contract nurse to undertake home health assessments as needed. The diabetes nurse educator sees two patients per hour during the four-hour sessions each fortnight and the GP sees each patient for 20 minutes at the end to review the findings. This model of practice nurse utilisation increases practice access to chronic disease initiative payments but does not include sufficient hours to qualify the practice for the special practice nurse initiative payments.

The GP time liberated by the nursing activities is assumed to allow additional patients to be seen. Although this GP may already see all the patients in this town, the additional time available may allow the GP to increase the range of activities offered and hence be able to provide more services to the same population. Alternatively, the GP might just get to go home earlier!!

Income Adjustment:

- Insufficient nursing hours to qualify for PIP incentive

(An average of 3 hours per week. The PIP regulations would require a minimum of 8 hours per week for this practice to qualify for the incentive payments)

- On average, the nurse educator sees 4 diabetic patients per week (8 per fortnight). This releases the GPs to consult an additional 3 patients per week

(by reducing a potential 30 minute consultation to 20 minutes, releasing 10 minutes of GP time per patient or 40 minutes altogether. As the GP sees 4 patients per hour, this translates to about 3 additional patients).

- At an average of $40 / patient, this equates to $120 / week or $6,000 / year (50 weeks).
- Increased use of diabetes SIPs = $40 / week or $2,000 / year (50 weeks).

(This assumes 1 diabetes SIPs / week at $40 each. There would also be access to diabetes outcomes payments, not included here)

- Increased EPC and CDM item number access with Home Health Assessments x 1 / week @ $232, GPMP X 1 / week @ $122 and TCA x 1 / week @ $97 = $451, less $120 for GP time (see notes below) = $331 per week or $16,550 / year (50 weeks).

This practice has 60 patients that qualify for health assessments. This assumes 50 of these patients consent to home based, nurse conducted assessments. GP time spent completing the health assessments (30 minutes each after the nurse has undertaken some of the necessary components (RACGP guidelines suggest 30 minutes) and 30 minutes for each GPMP and TCA. In this model GP time lost is 90 minutes (1x 30 + 1x30 +1x 30). This is equivalent to three 15-minute consultations, the value of which ($40 x 3 = $120) is deducted from the gain received from the EPC/CDM item payments.)*

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

- **Total increased income = $24,550 / year.** *($6,000 + $2,000 + $16,550 = $24,550).*

Costs Adjustment:

- Additional staff costs for diabetes nurse educator of 4 hours / fortnight at $35.00 / hour including on-costs = $140 / fortnight = $3,500 / year (50 weeks). Contract nurse costs at $50 per HHA @ average 1 per week = $2,500 / year (50 weeks). Total cost = $6,000 / year.

($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. $50 per HHA is the mean contract rate charged by three different agencies known to the author, that provide this specific service and are content rather than time based and include travel time and organisational costs – telephone etc)

- 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 = <u>$6,000</u> / year**

Overall Adjustment:

- **Net gain to practice = $18,550 (***$24,550 less $6,000 = $18,550).*
- This increases overall net profit to $189,900 an increase of 10.8%.

The Generalist Practice Nurse Model

In this model, the practice employs a practice nurse for 2 sessions / week, maximising access to the PIP incentive. The nurse works 9am to 1pm Tuesday and Thursday in a mainly clinical support role, undertaking tasks delegated by GPs (dressings, ECGs, immunisations, spirometry). In the limited free time available the nurse begins a file audit to identify >75 year olds for home based health assessments (which she then performs as needed and as time is available), and diabetics to create a register and undertake a clinical audit and begins practice access to chronic disease initiative payments.

Income Adjustment:

- Additional nursing hours qualify practice for PIP incentive = $8,000 / year.
- Nurse provides care to an average of 15 GP referred patients / week.

(In clinical support role, nurse sees each patient for 15 minutes thus providing 15 consultations in 3.75 hours. This leaves 4.25 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 5 patients / week (assuming 15 minute consultations) at $40 / patient = $200 / week = $10,000 / year (50 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 15 patients seen by the nurse, which equates to 75 minutes of additional time, in which the GP can provide a further 5, 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).*

Access to practice nurse MBS items

- Average number of immunisations undertaken by the nurse per week is 2, this equates to *$20.80/ week or $1,040 / year (50 weeks).
- Average number of wound care services undertaken by the nurse per week is 8, this equates to *$83.20 / week or $4,160 / year (50 weeks).
- Average number of Pap smears undertaken by the nurse per week is 2, this equates to *$20.80 / week or $1,040/ year (50 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 10991 $9.20). If for example 50% of the above attendances attracted the additional bulk billing payment income would be increased by an additional $3,120. This information has not been included in the financial data.

Increased access to SIP incentives also adds $40 / week or $2,000 / year (50 weeks).

(This assumes 1 diabetes SIPs / week at $40 each. There would also be access to diabetes outcomes payments, not included here)

- Increased EPC and CDM item number access with Home Health Assessments x 1 / week @ $232, GPMP X 1 / week @ $122, and TCA X1 / week @ $97 = $451, less $120 for GP time (see notes below) = $331 per week or $16,550 / year (50 weeks).

This practice has 60 patients that qualify for health assessments. This assumes 50 of these patients consent to home based, nurse conducted assessments. GP time spent completing the health assessments (30 minutes each after the nurse has undertaken some of the necessary components (RACGP guidelines suggest 30 minutes) and 30 minutes for each GPMP and TCA. In this model GP time lost is 90 minutes (1x 30 + 1x30 +1x 30). This is equivalent to three 15-minute consultations, the value of which ($40 x 3 = $120) is deducted from the gain received from the EPC/CDM item payments.)*

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

The Generalist Practice Nurse Model cont.

Total increased income = $42,790 / year. *($8,000 + $10,000 + $1,040 + $4,160 + 1,040 + $2,000 + $16,550 = $42,790).*

Costs Adjustment:

- Additional staff costs of 8 hours per week at $28 / hour including on-costs = $224 / week = $11,200 per year (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)

- Additional capital costs of one additional computer with appropriate software and one additional telephone = $2,000 / year.

(Based on $4,000 for computer & networking and $2,000 for software & telephone costs, amortised over 3 years. No allowance made for building costs, based on information from site visits conducted to practices using this model of practice nurse utilisation).

- Additional stock and other supplies - $50 / week = $2,500 / year.

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

- **Total increased costs = $15,700 / year.** *($11,200 + $2,000 + $2,500 = $15,700).*

Overall Adjustment:

- **Net gain to practice = $27,090.** *($42,790 less $15,700 = $27,090).*
- This increases net profit to $198,440 an increase of 15.8%.

The Advanced Practice Nurse Model

In this model, the nurse is employed for 4 sessions per week, operates fortnightly half-day clinics in chronic disease management and screening (including diabetes, asthma, woman's health and health promotion). The nurse manages the EPC/CDM program and identifies patients that would benefit from a care plan. The nurse has had some training in Diabetes and Asthma Education.

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:

- Additional nursing hours (16 / week) qualify practice for PIP incentive = $8,000 / year.
- The nurse provides 6 hours direct clinical support, 2 hours administration (including accreditation), 4 hours chronic disease management / nurse clinics and 4 hours of EPC / week.
- The clinical support role liberates 5 minutes of GP time per patient seen. *(See previous models)*
- Patients seen in 6 hours allocated to clinical support time = 24 / week. *(See previous models)*
- By liberating an average of 5 minutes of GP time per patient contact, this releases GPs to consult an additional 8 patients / week at $40 / patient = $320 / week = $16,000 / year (50 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 24 patients seen by the nurse, which equates to 120 minutes of additional time, in which the GP can provide an estimated 8, 15-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 4 hours per week allocated to this role, totalling 8 patients seen by the nurse. This liberates 80 minutes of GP time during which the GP can potentially see a further 5 patients, at an average of $40 / patient, which equates to $200 / week or $10,000 / year.

Access to practice nurse MBS items

- Average number of immunisations undertaken by the nurse per week is 2, this equates to *$20.80/ week or $1,040 / year (50 weeks).
- Average number of wound care services undertaken by the nurse per week is 8, this equates to *$83.20 / week or $4,160 / year (50 weeks).
- Average number of Pap smears undertaken by the nurse per week is 2, this equates to *$20.80 / week or $1,040/ year (50 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 10991 $9.20). If for example 50% of the above attendances attracted the additional bulk billing payment income would be increased by an additional $3,120. This information has not been included in the financial data.

- Increased access to diabetes, asthma and cervical screening SIP incentives adds $100 / week or $5,000 / year (50 weeks).

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

- Increased EPC access with Home Health Assessments x 1 / week @ 232, GPMP x 2 / week @122 each and TCA X1 / week $97, totalling $573 (less GP time factor of $320 as below) = $253 / week or $12,650 / year (50 weeks).

The Advanced Practice Nurse Model cont.

As in previous models, the GP loses 30 minutes of consulting time per health assessment and 45 minutes based on RACGP guidelines, and 30 minutes for each GPMP and TCA. Thus in this model, GP time lost is 120 minutes (1x 30 + 2 x 30 + 1 x 30) which equates to eight 15-minute consultations at $40 or $320, 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

- **Total increased income = $57,890 / year.** *($8,000 + $16,000 +10,000 + $1,040 + $4,160 + $1,040 + $5,000 + $12,650 = $57,890).*

***Costs Adjustment**:*

- Additional staff costs of 16 hours / week at $28.00 / hour including on-costs = $448 / week = $22,400 per year. *(Pay rates used and on-costs are explained in the previous models).*
- Additional capital costs of one additional computer with appropriate software and one additional telephone = $2,000 / year.

(Based on $4,000 for computer & networking and $2,000 for software & telephone costs, amortised over 3 years. No allowance made for building costs, based on information from site visits conducted to practices using this model of practice nurse utilisation).

- Additional stock and equipment - $100 / week = $5,000 / year. *(See previous models)*
- **Total increased costs = $29,400 / year.** *($22,400 + $2,000 + $5,000 = $29,400).*

***Overall Adjustment**:*

- **Net gain to practice = $28,490.** *($57,890 less $29,400 = $28,490).*
- This increases net profit to $199,840 an increase of 16.6%.