AGENDA ITEM 6

COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION COMMITTEE – 28 February 2017

OPTIONS FOR A CENTRAL INDEPENDENT REGISTERED MEDICAL PRACTITIONER (IRMP)

Current arrangement

1.1 Under Regulations 36(1) and 38(3) of the Local Government Pension Scheme Regulations 2013[1], any decision as to whether a scheme member is entitled to payment of an ill-health pension or the early payment of a deferred benefit on ill-health grounds can only be made where the relevant scheme employer has obtained a certificate from an independent registered medical practitioner (IRMP).

1.2 Regulations 36(2) provides that an IRMP must not have previously advised or given an opinion on, or otherwise been involved in the particular case for which a certificate has been requested by the scheme employer.

1.3 Similarly, regulations 37(6), 37(10) and 38(6) require that reviewing payment of a tier 3 ill health pension after 18 months, or considering a request from a member (made within 3 years of a tier 3 ill health pension being discontinued) to be moved to a tier 2 pension, or considering a request for a discontinued tier 3 ill health pension to be brought back into payment on ill health grounds, the relevant scheme employer has to obtain a certificate from an independent registered medical practitioner (IRMP). However, in these cases regulations 37(11) and 38(8) provide that the IRMP can be the same IRMP who provided the first certificate when the member was initially retired with a tier 3 ill health pension

1.4 Schedule 1 of the 2013 Regulations defines an IRMP as an independent registered medical practitioner who is registered with the General Medical Council and—

(a) holds a diploma in occupational health medicine (D Occ Med) or an equivalent qualification issued by a competent authority in an EEA state; and for the purposes of this definition, "competent authority" has the meaning given by section 55(1) of the Medical Act 1983 ; or

(b) is an Associate, a Member or a Fellow of the Faculty of Occupational Medicine or an equivalent institution of an EEA state.

[1] And equivalent predecessor regulations

1.5 Under Regulations 36(3) and 38(7) a scheme employer which is not the member's appropriate administering authority must obtain that authority's approval to its choice of IRMP.

The issue

2.1 The way the current regulations are drafted, there is potential for over 10,000 IRMP appointments across all scheme employers. In practice, however, it is likely that some administering authorities have reached an agreement with their scheme employers to use either the same individual IRMP or to select from a small panel. But whatever the practice, the fact remains that under present arrangements there is wide scope for inconsistency of decision making and variation in the interpretation of the statutory guidance which underpins the regulations governing the IRMP process.

2.2 The table below ranks administering authorities in England and Wales according to the number of an authority's active scheme membership corresponding to each ill health retirement in 2015/16. For example, there was one administering authority where each ill-health retirement represented 200 active members and at the other end of the scale, six administering authorities where each ill health retirement represented 2,000 or more active members.

Less than 200 active scheme members	=	1
200 – 400	=	5
400 – 600	=	13
600 – 800	=	23
800 – 1,000	=	21
1,000 – 1,200	=	10
1,200 – 1,400	=	6
1,400 – 1,600	=	2
1,600 – 1,800	=	1
1,800 - 2,000	=	1
More than 2,000	=	6

2.3 For the scheme as a whole, there was one ill health retirement for every 691 active scheme members.

2.4 Although it would be reasonable to expect some local variation in the incidence of ill health retirements because of geographical and demographic variations across England and Wales, the disparity shown in the above table would suggest that there are other factors influencing the number of ill-health retirements. One such factor may be a variation in the decision making process because of inconsistent interpretation of the regulatory provisions governing entitlement to ill health benefits which IRMPs must comply within certifying any such retirement. Another factor could be variations in the quality of medical records and evidence provided by scheme employers to IRMPs.

2.5 It cannot therefore be ruled out that entitlement to an ill health retirement pension may to some extent depend on location and the choice of IRMP by scheme employers as approved by each administering authority.

The proposal

3.1 Moving the certification process away from scheme employers could be achieved in a number of different ways including:-

- Making each administering authority statutorily responsible for appointing the IRMP(s) to be used by all their scheme employers;
- Introducing a national framework agreement for scheme employers to call on IRMPs, or
- Introduce a centralised contract for IRMP providers.

Each of these options is discussed in more detail below.

Centralised to administering authorities

3.2 Making each administering authority solely responsible for appointing IRMPs for the exclusive use of all their participating employers would go towards ensuring greater consistency and better decision making. It may also significantly reduce the number of IRMPs appointed to certify ill-health retirements which potentially, could lead to a smaller, more focussed and better trained group. However, reducing the number of appointing bodies from potentially over 10,000 to 90 would not totally eradicate the potential for inconsistency and the risk of ill-health retirements being influenced by local policy and different interpretations of the regulations.

Nationalised call off contract

3.3 Enabling scheme employers to recruit IRMPs from a national call off contract would achieve all of the advantages of centralisation and would significantly increase the level of consistency within the decision making process.
However, in 2015/16, there were 2,737 ill health pensions awarded in England and Wales. Inevitably there were other cases where the IRMP decided not to certify the ill-health retirement and consequently no such pension was awarded. The number of cases requiring certification by IRMPs annually is therefore significant and it is questionable whether this volume of cases could be effectively managed under a national call off contract, albeit one with a limited number of IRMPs across the country.

Centralised Contract

3.4 A centralised contract across all scheme employers would ensure similar levels of consistency and approach to the previous proposal and could potentially remove the risk of “post-code” decisions. But there must be concerns ove whether a single provider could manage the full LGPS workload effectively. This would require further investigation and discussion. There is also the risk that such a process would be too remote from the local circumstances of each case and could become nothing more than a paper exercise.

3.5 Who pays for each case would also need to be determined. On the one hand, a call off contract with over 10,000 employers would be administratively cumbersome and on the other, making administering authorities responsible for arrangements and

payment of invoices would, under current arrangements, entail just as much administration in re-charging the cost to individual scheme employers.

Conclusion

4.1 Transferring the arrangement for the certification of ill health retirements to either administering authorities; a national call off contract or a single service provider would have clear advantages but any such change would also entail significant changes in administration and the regulatory provisions governing the certification process. Such a decision would therefore require full consideration to ensure that the full impact of any such change can be quantified and understood.

4.2 To support this process, the certification process of the other major public service pension schemes should be investigated and discussions opened with their service providers to provide the SAB with an evidence based set of options for change.

4.3 Whatever the preferred option, it is undeniable that the current ill-health provisions themselves are over complex and open to inconsistency and potential misinterpretation. To mitigate that risk, the options that were considered by the former administration sub-committee for simplifying the ill-health provisions should be re-opened. The aim would be to reduce the risk of a single provider misinterpreting or misunderstanding a complex set of provisions.

Recommendation

5.1 That the committee should recommend to SAB that further work is undertaken to examine the full impact of centralising the certification process and, if that is agreed, to then consider whether a further recommendation to re-examine the scope for simplifying the scheme's ill-health retirement provisions should be made.