Payment by Results

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Theme for today

- Driving technical efficiency and engaging clinicians to improve the quality of care

- In the context of PbR, this means…..
  - Promoting efficiencies and best practice care through the tariff
  - Involving clinicians in tariff development
  - Involving your clinicians in what the tariff means for their service

Where we are now

- PbR currently covers around 60% of acute trust income and over 30% of PCT expenditure
- 2009-10 saw the introduction of the first PbR currency specifically designed to support payment – HRG4
- New Market Forces Factor introduced alongside HRG4 tariff
- The result was a year of significant change which has not been without its challenges

So, where we are going…….

- Priority for 2010-11 is to address known issues with the 2009-10 tariff, deliver *Next Stage Review* (NSR) commitments and embed the quality and efficiency agenda

- Proposed changes include:
  - Combined (weighted) tariffs for elective and day case activity
  - Outpatient procedures paid via a mandatory tariff (either directly or through outpatient attendance tariffs)

Where are we going

- Proposed changes include (continued):
  - Rebundling of diagnostic imaging with outpatient attendance, except for direct access
  - Introduction of HRG4 for A&E activity
  - Continuation of specialist top ups for children and orthopaedics
  - Introduction of **currencies** for adult mental health
  - Introduction of tariffs based on best practice for 4 service areas…….

Best practice tariffs (BPT)

- Purpose is to pay prices that incentivise best clinical practice rather than reflect national average cost of care
- Extensive work with expert clinical groups to develop BPTs to reflect best practice care as defined by **clinicians**
- BPTs in 2010-11 will cover 4 service areas:
  - Cataracts
    - tariff for the clinical pathway based on limited follow-ups
  - Cholecystectomy (gall bladder removal)
    - day case and elective tariffs priced to incentivise move to day cases with commissioner involvement
  - Stroke and fragility hip fracture
    - incentivising best clinical practice by having a differential tariff for best practice care

2010-11 tariff timetable

- Arrangements for 2010-11 are now well advanced.
  - The draft tariff has been “sense checked” with an expanded group of stakeholders including:
    - PbR Clinical Advisory Panel and External Advisory Group
    - HRG Expert Working Groups
    - Recognised ‘Specialist’ Trusts
    - A limited number of trusts and PCTs
  - Road test anticipated to coincide with release of 2010-11 Operating Framework (early December)
  - Final tariff package to be confirmed January 2010

Challenges going forward

- PbR was introduced at a time of significant growth in NHS spending to incentivise access delivery
- In more challenging economic times, there will be an increased focus on the tariff as an enabler to incentivise efficiencies and quality
- Both structure and business rules will play a part
- Ensuring appropriate reward for specialist services will continue to be an issue
- Work on expanding the scope of PbR will continue
- Improving data quality is essential
  - Review of cost collection
  - Patient Level Information and Costing Systems (PLICS)

PLICS

- Better quality costing which allows an organisation to understand their costs better – highlighting inefficiencies and cost drivers
- Improved costing of clinical activity allows meaningful comparison and dialogue with clinicians
- Direction of travel towards PLICS & use of PLICS to help inform tariff
- Approximately 60 organisations reported using PLICS for 2009-10, and an additional 60 – 80 organisations planning on implementing PLICS during 2009-10
- Acute Clinical Costing Standards provides consistent methodologies for allocating costs, and sets out practice guidelines
- Standards seek to promote improved costing

Key messages

- Embedding quality and efficiency is a priority for PbR going forward
- Active involvement of clinicians in this is vital
- But, PbR evolution will be best achieved with clinicians and managers working together