

## NHS Clinical Commissioners' response to the tariff engagement survey: key areas of work for the 2020 national tariff

November 2019

### 1. NHS Clinical Commissioners

NHS Clinical Commissioners (NHSCC) is the membership body of Clinical Commissioning Groups (CCGs). Established in 2012, we have around 90% of CCGs in membership. We offer a strong national voice for our members on specific policy issues and support them to be the best they can to commission services effectively for their local populations.

Our response to the tariff engagement proposals has been informed by the views of our members, including NHSCC's Finance Forum, the representative group for CCG Chief Finance Officers. Input has also been sought from members who are part of NHSCC's specific communities of interest, where there was relevant crossover, for example our medicines group and our Mental Health Commissioners Network.

### 2. Overarching comments

- a. *Proposals to change current payment systems in order to promote collaboration and system working are strongly welcomed. We are therefore supportive of the principles behind significant parts of the tariff engagement document, including moves to blended payment, however the details of proposals will be key to their successful implementation.*

We have consistently heard from our members that the current payment system is a barrier to collaborative system working, in particular a tariff-based system which focuses on payment for activity, predominantly delivered in an acute setting – hindering efforts to focus on improving health and care outcomes for populations. When assessing the merits of new proposals, our members are clear that any new payment system should: support collaboration and system working; reduce the administrative and associated cost burden for both commissioners and providers; and take into account the differing levels of development of local systems, providing a degree of local flexibility. We reflect these points throughout our response, and while we are supportive of the principles behind proposed changes, the challenge ahead is how to ensure their effective development and implementation.

- b. *There is a need to work closely with clinical commissioners to take proposals for the 2020 tariff forward, and we look forward to subsequent formal consultation that provides additional detail. While we understand that a number of engagement activities have been held prior to this engagement survey going out, we have heard from our members that the short time period given to submit responses to this engagement survey has been a challenge, particularly as many*



of our members need to prioritise work on their local five-year strategic plans, which need to be submitted this month (November 2019). Furthermore, our members would welcome further information, for example around the introduction of new best practice tariffs and non-mandatory prices for specific service areas. Additional information is therefore required before being able to comment more comprehensively on certain proposals. NHSCC is keen to continue to engage with NHS England and NHS Improvement, on behalf of our members, as proposals progress.

### 3. Specific comments on the proposals

#### a. *Blended payment*

Our members are supportive of the principles that underpin blended payment and see that a blended payment approach has the potential to support ambitions of the NHS Long Term Plan<sup>i</sup> by incentivising collaborative working to make efficient use of finite resources and focus on improving health and care outcomes for populations. NHSCC worked closely with NHS England and NHS Improvement in the development of the blended payment approaches that were introduced in 2019/20, and we are keen to work closely together as plans to introduce blended payment in additional areas are considered.

Based on engagement that we have had with our members so far, there are a number of key points that should be considered across all of the proposed service areas:

- *There is a need to consider and share any learning from the introduction of blended payment for emergency care and adult mental health services in 2019/20.*

Before rolling out blended payment further, we would be keen to understand the impact of introducing blended payment in 2019/20. In our response to last year's tariff proposals we noted that assurance must be undertaken to ensure that the blended payment approach is having the desired impact of reducing inappropriate non-elective care but, as far as we understand, this has not yet occurred or been shared.

The NHS England and NHS Improvement document *Guidance on blended payment for emergency care*<sup>ii</sup> shares early progress from some case studies, demonstrating a number of business benefits that have arisen from the blended payment approach. These include reductions in the frequency of contract review meetings and reductions in the challenge process between CCGs and providers – however, the document notes that it is *“too early to report the qualitative impact of this change in payment approach, or even specifically attribute any individual system clinical or performance outcome to this specific change”*. We appreciate that further learning has since been gathered through consultation activities over the summer that sought views on the experience of implementing blended payment for emergency care and adult mental health services, and hope that learning from these exercises can be shared and used to inform future development of blended payment.

Other issues have been raised through the implementation of blended payment in 2019/20. For example, where blended payment has been adopted, different rates have been used – an understanding of these different rates would be helpful. Additionally, some of our members are unsure how widely used blended payment is in adult mental health

services, due to the quality of available data. Any future proposals should seek to consider and address these issues.

- *There is a need to ensure that timescales for rolling out blended payment approaches to additional areas are realistic.*

We have heard from some of our members that it may be beneficial to consider piloting approaches first, and that it may be challenging for areas to implement blended payment for outpatient attendances and outpatient care pathways at the same time.

- *Support from NHS England and NHS Improvement is required, including the provision of clear national guidance.*

There is a risk that the process of agreeing blended payment could increase the bureaucratic and administrative burden on local systems. To ensure this is not the case our members would welcome:

- National guidance on agreeing risk-shares and outcome measures. This should provide clear guidance, while allowing some room for local determination where there are local reasons to do so.
- Worked examples demonstrating how to implement blended payment.
- Assurance, that once fully implemented, the blended payment approach is the default position. As we highlighted in our response last year,<sup>iii</sup> this will support local systems that have not yet made progress on collaborative payment approaches to do so, whilst allowing those areas that have agreed their own local approaches to go further.

Our members have also raised a number of key areas for consideration regarding some of the specific service areas being considered for blended payment. In particular, our members are not supportive of the proposed £4m threshold for blended payment for outpatient attendances. It would be helpful to understand the rationale behind this figure, if it is put out to further engagement, as it appears arbitrary and is felt to be too high in the case of outpatient attendances. There is merit in considering alternative options – for example, one of our members suggests that the option to set a contract threshold as a proportion of total contract value. There is also a concern that agreeing activity levels used to calculate the blended payment could be challenging; support from NHS England and NHS Improvement would be helpful here – for example, through the provision of a national set of assumptions (to ensure a degree of consistency, while allow for local flexibility where warranted).

With regards to maternity services, we have heard some concerns about the amount of work required to understand current provider to provider payments, and whether proposed timescales are too ambitious to allow for this. Clinical commissioners support the aim of reducing the overall administrative burden and want to ensure that the result of changes is not simply a shift of administrative burden onto commissioners. Further information, including detail on risk sharing and outcomes elements, are therefore required.

Lastly, we have heard that adult critical care is perhaps more complex than the other service areas proposed (for example, considering major trauma sites) so this is an area where proposals may need more work, with realistic timescales provided to allow for this.

*b. Duration of the tariff*

Our members have previously been supportive of the introduction of a multi-year tariff, as this provides systems with a degree of stability that enables effective planning over the longer term. Last year, we recognised that the shifting NHS landscape made a one-year tariff appropriate at that point in time. However, we are now in a position where we would encourage a multi-year tariff to provide stability. Five-year plans will have been submitted by STPs/ICSs by the end of November 2019, and stability is required for commissioners and other system partners to implement these. Furthermore, given proposals to extend blended payment to other areas it may be particularly beneficial to set a two-year tariff to support sustained implementation. This could enable any period of piloting first. It would also recognise the amount of time needed before reductions in activity could be seen, for example in the case of outpatients, where actual reduction in activity may be unlikely in the first year, given steps that are needed to clear waiting lists.

*c. Rolling over price relatives*

Our members would support rolling over the price relatives from 2019/20, as this would provide much-needed stability. Given proposed changes around blended payment, this is particularly relevant, as systems do not want to introduce any further risk.

*d. Updating target market forces factor (MFF) values*

As with considerations about the duration of the tariff and whether to roll over price relatives from 2019/20, a consideration of MFF values must also recognise the current need for stability to enable planning certainty. With that said, we are conscious that recent changes to MFF values have raised concerns within the London system, both from providers and commissioners, that the changes do not adequately reflect the cost of delivery in London. We would therefore seek for a balance to be struck and would support continued analysis, alongside a willingness to revise MFF values where the evidence suggests change is legitimate.

*e. Future developments*

In terms of additional areas to be considered for payment reform, we have heard that priority areas for our members would be same day emergency care and short stay prices for non-elective care.

NHSCC also welcomes additional actions being taken by the national bodies to ensure that the payment system supports the ambitions of both the NHS Long Term Plan and of our members to work more collaboratively with providers. We are pleased to note that details of proposed contractual reforms to support the delivery of the NHS Long Term Plan's commitment to move away from activity-based payment will be included in the forthcoming consultation on the NHS Standard Contract – it will be vital to engage comprehensively with commissioners on this topic and NHSCC would welcome the opportunity to facilitate this through the work of our Finance Forum. Additionally, NHSCC will continue to engage with the national bodies to take forward proposals for an NHS Bill, which includes proposals to increase the flexibility of national payment systems.<sup>iv</sup> It is important that these various pieces of work are aligned.

#### 4. Areas requiring significant further detail and/or engagement

a. *Best practice tariffs*

We have heard some support for introducing best practice tariffs for additional service areas, however, further detail and engagement would be welcome.

b. *High cost exclusions*

There is a need for further engagement on the details of changes to the high cost drugs and devices lists. Early feedback is that rationale for the inclusion of triamcinolone acetonide on the high cost drugs list would be helpful.

c. *Non-mandatory prices*

The introduction of non-mandatory prices for neonatal critical care and IAPT may be helpful but further detail is required before commissioners can indicate support or opposition to this. In particular, non-mandatory prices for IAPT definitely warrants further consideration, although service models are so different that there may need to be a range of prices for different service models.

Given the need for further information and/or engagement, we would welcome the inclusion of these proposals in the forthcoming formal tariff consultation.

#### 5. For more information

If you would like any further detail on our response, please do not hesitate to contact Emily Jones at [e.jones@nhscc.org](mailto:e.jones@nhscc.org).

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<sup>i</sup> NHS England and NHS Improvement (2019) *The NHS Long Term Plan*.

<sup>ii</sup> NHS England and NHS Improvement (2019) *Guidance on blended payment for emergency care*.

<sup>iii</sup> NHS Clinical Commissioners (2018) *NHS Clinical Commissioners response payment system reform proposals for 2019/20*.

<sup>iv</sup> NHS England and NHS Improvement (2019). *The NHS's recommendations to Government and Parliament for an NHS Bill*.