

PBC still a universe away?

As another year draws to an end, the deadline for “Universal coverage” of PBC draws nearer and yet in many places it now seems further away than ever before. PCT re-organisation seems to be the latest block to developments with so many changes in key PCT staff and personnel, even where PCTs themselves have not been redrawn along new boundaries.

Many PCT staff remain in “interim or designate” posts without clear management accountability channels and are therefore rightly afraid of committing to policy or resource to support PBC without new corporate strategies

At least most practices will have taken up the PBC DES (82% at the end of September) but it is a comparative rarity for practices to have reliable and timely performance and activity data on which to base their commissioning plans. NHS Alliance has reported this back to the DH who are currently investigating whether PCTS are accurately reporting to SHAS the level of support they are giving to practices with PBC. They key issues nationally seem to be:

- PBC Budgets not set with clarity and not in line with PBC guidance
- PBC budgets top sliced for deficit, again against the tenor of PBC
- Activity data not available to practices in meaningful form or benchmarked against others
- Activity data several months in arrears
- No validation of activity data and payments under PbR
- No opportunity for practices to effectively challenge wrong PbR claims e.g. “male hysterectomies”
- Little or no management support or resource beyond the PBC DES first part
- No clear indications on how the PBC DES reward element will be awarded.

In summary this financial year really does look like it is going to be another preparation year for many in PBC..

PBC CONFERENCES FOR PRACTICE MANAGERS.

In response to popular demand the Alliance in partnership with the Improvement Foundation are holding two conferences early next year, especially to support practice managers in PBC development.

The dates and venues are
16/01/2007 Midland Hotel Manchester
08/02/2007 Novotel Euston London

PCT and PBC Business Managers are also invited

Places are going really quickly so secure your place now by booking online at www.improvementfoundation.org
You can find full booking details on the home page.



Rt Hon Patricia Hewitt MP, Secretary of State for Health
Speaking at the NHS Alliance Annual Conference

NHS Alliance Annual Conference, Bournemouth

Over 700 delegates including many GPs and practice managers attended this lively forum for development and debate and heard repeated commitment to PBC, and practice’s roles within that, from no less than The Secretary of State and the new NHS Chief Executive David Nicholson.

Perhaps the most galvanizing speech was from Bill Moyes director of Monitor, the body that regulates foundation trusts, saying he expected all of them to be returning profits next year. In an environment of general financial gloom and disinvestment in primary care trusts, this motivated most of those assembled to realise that, without effective PBC, Foundation trusts would make a run on the bank to return their profits as demanded but probably bankrupt PCTs and primary care development funds in the process.

Whether we like it or not, NHS Foundation Trusts would now appear to be run as commercial entities, and the Prime Minister’s Special Advisor Paul Corrigan stated he expected most hospitals to be Foundation Trusts by the end of 2007!

Full details of the conference will be published at www.nhsalliance2006.co.uk and if you have not already marked your diary – November 22nd and 23rd in Manchester is the place to be next year.

Improvement Foundation PBC Update

Waves 1, 2 and 3 of the core programme are up and running. It is still possible to join any aspects of wave 3. Further details are available from the local Improvement Foundation centre, details are at www.improvementfoundation.org.

The Improvement Foundation is also still running a number of Parallel Learning Events open to all practices and PCTs. In particular, the Improvement Foundation is running in conjunction with the NHS Alliance two Practice Manager Workshops, 16 January in Manchester and 8 February in London. Further details and online booking are available at www.improvementfoundation.org

Latest Guidance

Latest guidance on PBC has just been released on 28/11/2006 "Practice Based Commissioning: Practical Implementation (34 pages) and a shortened 3 page "What does this mean for practices". Both are available on www.dh.gov.uk/practicebasedcommissioning or as attached by email to those receiving this electronically.

The shortened practice guide covers most but not all of the salient points so I shall re-summarise the key messages here. I do urge you though to read the complete documents yourselves.

I will just add a few extra interpretations/clarifications to alert PBC Federation members.

- First of all the general tone of the guidance is to reinforce that PBC is not a flash in the pan and the DH are serious about making it work. There is a recognition that often PCTs have been failing to provide the right tools and incentives to enable practices to participate in PBC and much of the tenor of the guidance is directed at them.
- The guidance says that PCTs must provide practices or PBC clusters with the management support an disinformation to support PBC or if not the budget to acquire these themselves.
- Practices will also be invited quarterly to report back via an independent survey on how well their PCT is supporting them to develop PBC - that should indeed be a powerful lever for change.
- Practices must receive budgets based on historical activity from 01/10/2005-30/09/2006 uplifted to 2007/2008 tariff prices. There should be no top slice for deficits or anything else unless agreed with PBC practices.
- Additionally no deductions should be made for savings made from budgets in that financial time frame so practices who have made savings will not be penalised in future years.
- From 2008 PCTs are expected to move to fair share budgets but not move practices towards target by more than 1% of budget a year-this seems eminently fair and acceptable and a 10% tolerance is allowed around the target budget.

NHS Alliance unreservedly supports this fair approach

- The whole of the PCT commissioning budget should be allocated to practice level then elements blocked back to cover expensive cases and services not covered by tariff e.g. mental health and community services.

This is to ensure transparency and try and prevent covert top slicing by PCT finance directors.

- A risk pool of 3-5% is advised to be held for high cost /low volume cases and unexpected in year variations.
- Practices making savings will be entitled to reinvest 70% of this in patient care – but this still implies PCT approval of such (as it is legally PCT money). The guidance stipulates that in PCTs with turn around teams in place, savings should be specifically used against national and local targets. This would seem to imply a greater degree of autonomy for practices in other areas!
- Incentive schemes are all to be locally set by PCTs. With the national DES ending but the assertion that local schemes should at least reflect the scope of the DES in value. They should be cash releasing and address national access targets and can be treated by practices as income (unlike the DES)
- For practices re-providing services in primary or community care the tariff price need not be charged (it can be undercut) unless the service exactly replicates the HRG and OPCS codes for the tariff.
- This means that services provided in the following manners can be priced and charged below the tariff price – offering incentives for commissioners to refer to them

1. Where they are provided in premises funded by cost, notional rent or LIFT or similar finance schemes
2. Where they are provided by a GP or a health professional employed or contracted to work in primary care
3. Where these services could be provided through a contractual option to provide GP services including GMS, PMS or APMS contracts
4. For this year all outpatient services

This should be reassuring to PCTs and PBC commissioners and restores confidence in the ability of primary care to create cost efficiencies by undercutting the tariff

- Tendering to provide services. There is no need for PCTs to put all bids to provide elective services under PBC out to tender unless a local healthcare monopoly might ensue. Wherever services meet agreed clinical governance standards PCTs should approve business case to provide services where this increases competition and choice within 8 weeks of receiving them.
- The draft model contract should be used

However practices should note a "get out of jail" clause in para 3.29 which effectively allows SHA Chief executives to apply to the DH to locally change the rules around budget setting and allocation of freed up resources. This is only likely to be a reality in areas of extreme financial challenge but effectively means budgets can be cut below historical levels and savings reclaimed by PCTs.

Look also to another "get out" clause – para 4.13 which says PBC incentive schemes payments to practices should be subject to local affordability and subject to the practice recording an overspend on the total indicative budget.

This means, I think, practices cannot rely on receiving any savings or incentive payments unless they have negotiated legally binding agreements. Despite the overall positivity of the document NHS Alliance holds reservations about the potential use and misuse of these clauses.

We feel it is too limiting only to offer incentives to practices making overall savings against budgets and hope PCTs will use their discretion to reward practices moving substantially to target as we have seen precedent in local prescribing incentive schemes.

In the new world of PCTs where financial balance is everything and PCT directors will be paid a bonus for achieving financial balance (and effectively receive a pay cut if they don't) the pressure to reclaim such monies will be marked. Hopefully in most instances this may mean "brokerage" over the end of the financial year but fundholders will remember all too well Health Authorities holding onto elements of savings for many years and some times permanently! Be aware of these catches and raise them with your local PCT –PBC is a real must do for them this year and most will now be keen to engage practices –especially in helping top restore financial balance!

More guidance is due out before Christmas. Look out for the following:

- The NHS Operating framework (key priorities for investments in commissioning and NHS business rules)
- New tariff for 2007-2008
- The new draft model contract for all commissioners and providers
- Commissioning framework for health and wellbeing

I will summarise these in the next newsletter as soon as they are released.

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