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Federation of Practice Based Commissioning Practices

newsletter – issue 12

Happy New Year to everyone and apologies for the slight delay in producing this newsletter but it always takes the NHS a little time to wake up after Christmas!

In this issue I shall summarise the latest guidance on Payment by Results, and the operating framework and tariff for 2007, but we will have to wait for the next issue to highlight the guidance contained in The Commissioning Framework for Health and Well Being which has been delayed in its publication. As soon as it is out I will I seek to summarise this as well and share it with you.

Latest Guidance

1)NHS Operating Framework
2)Draft model contract and tariff 2007-2008
3)Payments by Results Guidance

All these were released just before Christmas and detail most of the operating rules for the 2007-2008 year. They are all available on the dh website www.dh.gov.uk

The operating framework really just reinforces the key NHS priorities for next year and there are no surprises there. The 18 week referral to treatment target (with 85% of referrals being expected to meet the 18 week target by 31/03/2007), and financial balance, are the two overarching and all consuming targets.
To many these seem mutually exclusive, but unless there is any slippage on policy (possible on the 18 week target but not on financial balance I predict) that will be PCTs and PBC commissioners main goals.

The tariff has been updated and modified for the forthcoming year and is effectively uplifted by 2.5% for inflation (portrayed as 5% uplift but 2.5% efficiency savings). There has been a shift in price of approximately 10% from the cost of follow up out patient attendances to first attendances, which is specifically designed to try and incentivise a reduction in the latter.

Practices will have to be on the look out for trusts discharging patients quicker from out patients but then charging full first out patient price to see them again!

The short stay discounts for certain procedures remain but there are now separate out patient tariff prices for certain procedures – again to incentivise these being moved away from traditional hospital settings to primary care. These are:
Colposcopy
Hysteroscopy
Rigid and flexible sigmoidoscopy
Fine needle biopsy breast and prostate
Epidural injections (non obstetric)
Subcutaneous injection
Laser destruction skin lesion.

These are all inclusive prices to cover the cost of the OP attendance and procedure.

There are some very important rules governing global budgets with provider trusts in ***the PbR guidance*** that everyone must be aware of.

Emergency admissions –the indicative volume for these is set as the figure for outturn at the end of the 2005 - 2006 financial year. Any activity in excess or below this figure is chargeable at 50% of the tariff rate. This effectively acts as a risk management aid to both commissioners and providers so if activity goes up – commissioners pay only half the cost of the additional activity, but if activity goes down commissioners can only save half the cost.

Similarly for A&E services PCTs have to agree indicative volumes with local providers but if activity is less than the volume contracted only 20% of the cost is reclaimable whereas 100% of the cost is payable for over-performance . This will encourage Practice Based commissioners to set lower A&E envelopes and try and keep activity within budget volumes.

The guidance also introduces the concept of unbundling tariffs for certain conditions and diagnostics as advertised previously but leaves the exact mechanism for this to local negotiation. It gives examples on how this might be achieved and indicative tariffs in Appendix A for diagnostics, stroke, fractured neck of femur, elective hip replacement and community acquired pneumonia. Look at pages 18 - 23 and 34 - 40 of the Guidance.

Indicative tariffs are also published on the PbR website for a collection of procedures e.g. renal transplant not covered by the national tariff and are designed to aid local negotiation on prices for these but are not mandatory.

There is also guidance to commissioners on how they can reclaim the costs of emergency readmissions where these exceed locally agreed rates. This could include withholding some, or all, of the cost when these are within 14 days, to a different provider or due to inadequate care in the first episode.

All this though like local tariffs and unbundling will have to be negotiated and agreed in advance – and with foundation trusts as part of a legally binding agreement. This will represent an immense task for newly re-organised PCTs. Hospital trusts are skilled negotiators so try and ensure that, when signing off these contracts, PCTs are engaging with those other skilled negotiators – GPs!

And then onto the ***draft model contracts*** themselves – and these are seriously written for the lawyers. They cover such immense detail as they need to when contracting with profit orientated organizations outside the NHS family. They cover everything from follow up out patient ratios to disputes but disappointingly are thin on meaningful indicators of quality including any accurate specification of a discharge summary. NHS Alliance is pressurising hard to try and include these but for now most of the clauses cover activity and volumes. If written correctly though, they will accurately specify services and help prevent some of the apparent gaming by coding switches and re-classification of activity (e.g. out patient to day case), that business savvy trusts engage in to make the books balance.

The contracts also allow for commissioners to set indicative activity volumes towards reaching the 18 week target and even make financial adjustments if these are exceeded "for reasons part from the exercise of patient choice". Although this statement is not absolutely clear it does give commissioners more clout in trying to stop trusts performing more procedures than the commissioners can afford.

All in all this guidance is welcome but this really does make effective commissioning reliant on detailed managerial and accountancy input and underwrites the partnership necessary between PCTs and practices.

PBC Lead in PCTs

It is a pleasure to introduce Clare Old the new NHS Alliance lead for PBC in PCTs, and we welcome a regular input from her bringing the PCT managers perspective to the newsletter.

NHS Alliance is uniquely placed to represent both practices and PCTs, and supports effective joint working between them, genuinely believing that it takes "two to tango". We will not though seek to sweep unreasonable behaviour by either PCTs or practices under the table, but address these and seek to secure effective joint working putting local patient's health need at the centre.

NHS Alliance in conjunction with the Improvement Foundation has produced a compact (see below) which we feel helpfully captures and explains both practice's and PCT's mutual responsibilities in PBC

PBC Compact
for Practices and Primary Care Trusts

Practice Based Commissioning is key to improving local services and health. PCTs and practices should be mutually accountable for its success.

1. PCTs and practices should:-

- Patients are at the heart of PBC. PBC plans should improve convenience and access of services and ensure local initiatives are more cost effective and of equivalent quality.

2. The Primary Care Trust should:-

- Provide timely activity data in an **accessible** format to practices that allows relevant scrutiny and monitoring.
- Provide accurate budgetary information on a monthly basis (or the means of accessing such information).
- Encourage and support practices in bringing about service and organisational development and seek to remove barriers to those changes.
- Provide adequate resource to practices and collectives/localities to do the job.
- Abide by the National Framework for Commissioning and Guidance.

3. Individual Practices or Consortia of Practices should:-

- Involve all their clinicians and managers in the day to day operation of Practice Based Commissioning.
- Draw up and deliver PBC plans that significantly improve patient services and health.
- Focus PBC activity on identified local needs and also support the PCT in its strategic objectives and delivery plan.
- Work collectively with local patients and community professionals and local agencies to deliver PBC in the wider interest.
- To make PBC core to their planning, monitor activity and seek to adhere to indicative budgets.
- Abide by the National Framework for Commissioning and the Guidance.

Claire Old :
Director of Commissioning and Service Improvement

Claire Old has been Director of Commissioning and Service Improvement of Telford & Wrekin PCT since November 2007.

She is a locally trained nurse and midwife, entering the NHS in 1979. As well as clinical experience in acute, community, hospice and independent sector nursing and midwifery, she has experience of managing a general practice in Mid Wales for 5 years as a business manager, managing acute medical hospital services at the Royal Shrewsbury Hospital, operationally managing mental health, primary care and community health services in Dudley and leading City wide services such as clinical governance as a Chief Executive Officer of a PCG in Wolverhampton.

Prior to being appointed as Director of Commissioning and Service Improvement of Telford & Wrekin PCT in 2006, Claire was Director of Commissioning and Deputy Chief Executive in Dudley PCTs (2005-2006) and Director of Quality and Nursing for Dudley Beacon and Castle PCT (2002-2005).

Claire achieved a high national profile in her service redesign work in Dudley and now sits on the Secretary of State for Health's Sounding Board which she attends every six weeks to offer advice on policy development and operational implementation. Claire is also the National Commissioning & Service Improvement Network lead for the NHS Alliance.

Claire has two children and lives in Shrewsbury where she has lived all her life.

You can contact Claire at c.old@nhsalliance.org

Did you know that, via the members area of the NHS Alliance website, not only can you access all NHS Alliance documents and information, but you can also find Health Direction's regular newsletter and their comprehensive, searchable, database of all NHS organisations?

Log-in at www.nhsalliance.org. If you would like a reminder of your username and password just email office@nhsalliance.org

Coming up…….

NHS Alliance Spring Conference – 17th May, Kings Fund, London

NHS Alliance Practice Managers Conference – 12th July, Birmingham

And not to forget….

The NHS Alliance Tenth Annual Conference
Manchester International Conference Centre
22/23rd November

Don't miss out, put the dates in your diary now.

We will of course, be sending you further details just as soon as we can. Or 'watch the website' - www.nhsalliance.org

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