PRACTICE BASED COMMISSIONING

Practice based commissioning: practical implementation – what does this mean for practices?

Is Practice Based Commissioning here to stay?

Yes. There is a firm commitment to PBC – it is here to stay. It is a key part of the overall NHS reforms. PBC offers GPs and practices the chance to do what they have always asked – to make a difference. One that will affect the health and services available for all their patients. It enables clinical knowledge and experience to be used, with patients, to re-engineer services and reduce inefficiencies so those services work better for patients. The Department of Health is listening to the thoughts of clinicians and clarifying the guidance in response.

What is the role for Clinicians?

Clinicians can drive improvements in care for their patients through PBC. At both practice and practice group level, the freedoms and flexibilities of PBC give front line professionals and managers the information, levers and incentives to improve services in response to the need of their patients and local populations. All clinicians are strongly encouraged to become meaningfully involved with PBC; a key route for the future development of practices. *Practice Based Commissioning: practical implementation* further strengthens these freedoms through a number of important developments that are described below.

What administrative tasks need to be undertaken?

Bureaucracy is to be kept at a minimum. Practices will need to mutually agree a practice based commissioning plan with their PCT. This will set out what the practice wishes to achieve through PBC, i.e. commissioning objectives. Where practices have grouped together into PBC consortia, then a single plan may be submitted on behalf of the group. The guidance has been simplified, making it easier for practices.

What support is available for practice based commissioners?

Practices will be properly supported by their PCT in their role as practice based commissioners whether they are in groups or single practices. Support should include information, analysis, management and HR support. If these services are not provided as promised, or not to the correct standard, or not in a timely way, the practice or group will be able to negotiate a budget (held and managed by the PCT) to procure these services for themselves. Practices would commission their own support arrangements as agreed with the PCT, with the PCT handling payment of the invoices. The budget would be proportionate to the scale of the PBC plan and, if applicable, the size of the practice consortium. Management costs for provision of a service by a practice through PBC are separate and should be included in the cost of the service.

What other incentives are available?

With the existing DES incentive scheme set to finish in March 2007, PCTs should introduce a local incentive scheme to encourage practices to participate in PBC and develop services that address national priorities, including delivery of the 18 weeks standard. This is a key priority for the NHS and aims to securing the best and most timely care for patients. Local incentive schemes are separate from and not part of the management support arrangements described in the previous section.

How much of the PCT budget is available for practice based commissioning?

For greater transparency, all aspects of PCT budgets should be devolved indicatively to practices with those elements that need to be returned to the PCT, such as funding for the necessary management team, being clearly identified. This allows practice based commissioners to see exactly how their practice budget has been calculated. By devolving every aspect of the PCT budget indicatively, a practice can begin to understand how NHS resources are currently being deployed on behalf of their registered population.

When will practices receive 'fair share' budgets?

There must be a reasonable pace of change from budgets that are currently determined largely on historic out-turn, towards setting 'fair share' budgets. Practices and PCTs need to work together to agree PBC budgets. PCTs should not top slice PBC budgets to resolve PCT deficits as this makes practice budgets unrealistic. Progress will be made in 2007/08 to move practice budgets towards their 'fair share' of PCT resources but at a reasonable pace. Adjustments of no more than 1% will be made to those practice budgets that are significantly greater or less than their likely 'fair share' budget. The appropriateness of any adjustments will be informed by the results of simple utilisation reviews that PCTs will undertake with the practices concerned. Work is now in hand to develop a robust methodology for setting 'fair share' budgets from 2008/09 onwards, with the pace of change to be revised accordingly.

Can the development of new services through PBC be straightforward?

Yes. For elective care services, the PCT should act as a local approver, granting permission for any willing provider (which meets quality standards) to operate in their area rather than purchasing an exclusive service from a single or limited number of providers. Contracts will set out quality requirements but give no income or activity guarantees. Practices that have formed a limited company will be treated in the same way as any other willing service provider. This means that for services developed through PBC, tendering should not normally be required.

Only where an unavoidable service monopoly would be created, should tendering be necessary. This would be, for example, where a proposal seeks to move a whole service out of a local hospital without an alternative equivalent service available within the PCT boundary. PCTs should only approve this in exceptional circumstances as it perpetuates a monopoly, inhibiting choice and contestability.

Practices retain the option of developing services through extending existing GMS, PMS and APMS contracts. These may be funded through a Local Enhanced Service (LES). This means that for holders of these contracts, tendering will not be necessary if they wish to provide services through PBC.

How can the resources released through PBC be used?

Practices are entitled to keep at least 70% of resources released for reinvestment in patient care, irrespective if these were included in practice business plans or not. If their PCT is subject to formal turnaround arrangements, then the resources should be used to address national or local priorities as determined through mutual agreement between the practice and PCT. Where resources are freed up that were not planned, the practice will agree with the PCT which additional objectives will be met.

When should services moved out of hospitals be paid at tariff rate?

Services traditionally provided in hospitals that are re-provided in the community through PBC will only attract tariff rate if the new community-based service exactly reflects the relevant Payment by Result and/or OPCS definitions. Tariff will not apply when a service currently provided by a hospital is offered by a GP or other primary care professional in a primary care setting receiving notional or cost rent reimbursement (or other equivalent benefit).

What is Tariff unbundling?

In order to make moving services out of hospitals and into the community easier, guidance is being road tested on how the unbundling of diagnostic imaging can take place at local levels. Where services are shifted out of hospital settings, unbundling is expected to take place locally. For PBC, this means that prices for outpatient services should not include the diagnostic imaging elements where these are supplied by an alternative provider. Where rehabilitation services are provided by an alternative provider, indicative tariffs are now available for the acute phase of care for a small number of clinical areas. Guidance is being road tested on how this approach can be extended locally where appropriate rehabilitation services are available locally.

Further details

This document is a summary of the key developments in *Practice based commissioning: practical implementation*. The full document can be downloaded from www.dh.gov.uk/practicebasedcommissioning.