NHS
South, Central and West
Commissioning Support Unit

# 2020/21 National Tariff Payment System Consultation

## Summary – December 2019

# Content

# 1. Introduction

- 20/21 National Tariff Payment System Consultation Documents Published 19.12.19
- Deadline for consultation survey response midnight 22.01.20
- SCW will collate a response, circulate and submit on behalf of Commissioners as requested.
- The Draft Response will be circulated 13/01/20 for comment, the Final Draft will be circulated 17/01/20.
- Proposal, related documents, Impact Assessments and Survey saved:
- O:\CFPM\PM\Provider Contracting Area\00Contract Planning Round Templates\2020 21\NTPS 2021

# 2. Scope of Tariff

- NHS Healthcare Services - One year tariff
- Personal Health Budgets (PHB) – dependent  on type of budget (refer to 2.3 National Guidance))
- Integrated Health and Social Care - where a local authority's health related functions have been delegated to an NHS partner, they are in scope of the 2020/21 NTPS.
- Out of Scope:
  - Public Health Services
  - Primary Care Services

# 3. Currencies Used to Set National Prices (1)

- HRG4+ Phase 3 as basis for setting prices for admitted patient care, outpatient procedures and as a basis for determining local prices for emergency care and maternity services.

- Version of currency design used for collection of 2016/17 reference costs.

- Outpatient Attendances are no longer in the scope of national prices, but same process as for national prices.

- HRGs Withdrawn - WD02Z (Alzheimers Disease or Dementia, treated by a Non-Specialist Mental Health Service Provider) and LA97B (Same Day Dialysis Admission or Attendance, 18 years and under)

- Short stay emergency (SSEM) adjustments are now incorporated within the blended payment approach for emergency care.

# Currencies Used to Set National Prices (2)

- Two long-stay payment rates per chapter - child specific and other.

- Trim point floor of 5 days.

- If a patient is medically ready for discharge and discharge payments have been imposed on local authorities then CCGs not liable for excess bed days.
    - SUS+ will apply an adjustment for delayed discharge when Discharge Ready Date is submitted.

- Chemotherapy (subchapter SB) – HRGs are unbundled and include activity in IP, DC and non-admitted settings.
    - Core HRG – Primary diagnosis or procedure, this has national price.
    - Unbundled HRGs – delivery, national prices from 2020/21 include cost of supportive drugs.

# 3. Currencies Used to Set National Prices (3)

- Radiotherapy (subchapter SC) – HRGs mostly unbundled and include activity in IP, DC and non-admitted settings.
  - Radiotherapy planning for pre-treatment processes. Designed to cover all attendances needed, not individual attendances.
  - Radiotherapy treatment delivered with a separate HRG allocated for each fraction delivered.

- Nuclear Medicine – RD97Z (diagnostic imagine) and RN97Z (nuclear medicine) and are zero priced in OP procedures.

- Post-discharge rehab – covers entire pathway following discharge across acute and community for: cardiac; hip replacement; pulmonary & knee replacement.

# 3. Currencies used to set national prices (4)

- Direct Access – activity accessed directly from primary care.
  - DA imaging has national prices, including cost of reporting, but reporting costs also separate if the only activity undertaken by the provider.
  - Non-mandatory price for DA plain film X-rays.

- BPTs – (also form part of arrangements for pricing emergency care under blended payments)
  - New asthma BPT
  - Others updated (acute stroke, day-case procedures, fragility hip fracture and major trauma.)

- Health assessments for looked-after children:
  - Checklist for implementing currency included in Annex DtB
  - National prices apply for children placed out-of-area
  - Non-mandatory currency and no national prices for in-area health assessments

# 3. Currencies Used to Set National Prices (5)

- Pathway payments – single payments covering bundle of services, potentially across multiple providers.
  - Cystic fibrosis – Year of care with 7 bands of complexity, not distinguishing between adult and children.
  - Covers admitted patient care, home care support, intravenous antibiotics and annual review investigations.
  - Can be used for maternity services, if providers and commissioners chose not to adopt the blended payment approach, however non-mandatory and covered by local pricing rules.

- High cost exclusions –identified within Annex DtA and reimbursed through local prices/pass through
  - Drugs - 16 new, 5 removed, Devices - 1 new
  - Cancer genetic test reimbursed outside national prices from 20/21.

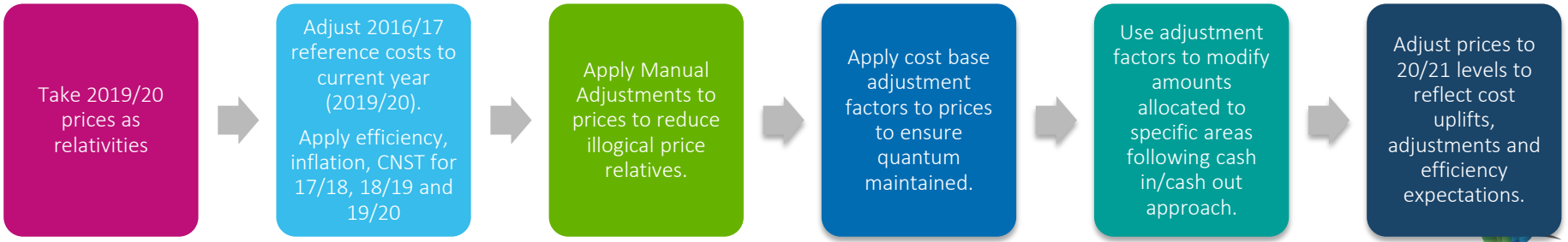
- Innovation and technology tariff / payment – products in Annex DtA, tab 13c.
  - Excluded from tariff and priced locally.

# 4. Method for Determining National Prices (1)

- Methodology:
  - Uses 2019/20 prices as price relativities
  - 2016/17 cost and activity data from reference costs
  - Second year of MFF published prices & transition
  - Cash in/ Cash Out re adjustments for changes to scope of tariff e.g.
  - remove £77.8m to reflect cancer genetic testing removed from scope

- transfer £29.1 m from NHS E to increase chemotherapy delivery prices to include supportive drugs
- transfer £12.9 m to NHS E to fund complex knee revision surgery
- Move £15.7 m out of all prices, apart from renal dialysis, to increase postnatal maternity prices.
- Adjust prices to 2020/21 levels to reflect cost uplifts, adjustments and efficiency

Modelling prices process:



# 4. Method for Determining National Prices (2)

- Setting BPT prices.
    - Use modelled price without adjustments first.
    - Set fixed differential between BPT and non-BPT price (% or absolute)
    - Set expected compliance rate
    - Calculate BPT and non-BPT price so total price paid at aggregate level is not impacted.

- Data sets used are:
    - Costs – 2016/17 reference costs
    - Activity -2016/17 reference costs and 2016/17 HES

# 4. Method for Determining National Prices (3)

- Manual adjustments
  - AA43 – sleep disorders - DC and EL prices increased.
  - HT22 – very major knee procedures for trauma - previously non-trauma higher than trauma, prices changed as illogical.

- Volatility – some subchapter prices were adjusted to reduce the volatility as below:

| Subchapter | Uplift |
|---|---|
| HC – Spinal Procedures & Disorders | 3.6% |
| HD– MSK & Rheumatological Disorders | 0.5% |
| HE – Orthopaedic Disorders | 3.6% |
| HN – Orthopaedic Non-trauma Procedures | 3.6% |
| HT – Orthopaedic Trauma Procedures | 3.7% |

| Subchapter | Uplift |
|---|---|
| LD –Renal Dialysis for Chronic Kidney Disease | 0.0% |
| PB – Neonatal Disorders | 7.9% |
| SB – Chemotherapy | 2.7% |
| SC - Radiotherapy | 4.0% |
| All remaining Chapters | -0.6% |

# 4. Method for Determining National Prices (4)

- Cost Base - same as previous tariff, adjusted for activity and scope changes

- Net tariff growth 1.4%
- Efficiency factor 1.1%
- Inflation factor 2.5%

- Breakdown of weighted elements:

| Cost | Estimate | Cost Weight | Weighted Estimate |
|---|---|---|---|
| Pay | 2.9% | 68.3% | 2.0% |
| Drugs | 0.6% | 2.6% | 0.0% |
| Capital | 1.8% | 7.2% | 0.1% |
| CNST | 3.2% | 2.3% | 0.1% |
| Other | 1.8% | 19.6% | 0.4% |
| Total | | 100% | 2.5% |

# 5. National Variations to National Prices

## MFF

- Year 2 of the 5 year transition, reduction in amount paid through MFF, resulting in a 0.38% increase in 20/21 prices.
- Organisations merging or undergoing other organisational restructuring after 1 April 2020 will not have a new MFF set during the period covered by the 2020/21 NTPS.

## Top-up payments

- Second step in the transition of the difference in income for some services as a result of the move to PSS and HRG4+.
- New payment approach for knee revision surgery – aim is to support orthopaedic providers deal with complex activity. Transferred £12.9m to NHSE Spec Com from tariff for orthopaedic & trauma services. Providers receive core payment based on historic activity levels and national tariff plus additional payment for complex activity.

## BPT Primary Hip and Knee Replacements

- Although providers might not meet all criteria for BPT, might be inappropriate not to receive full BPT price. Where providers have identified issues and can show improvement plan, commissioners must continue to pay full BPT for a limited time.

## Evidence Based Interventions

- No reimbursement unless IFR approved. Same procedures as 2019/20 with 2 additions:
    - Exercise ECG for screening for coronary heart disease
    - Helmet therapy in the treatment of positional plagiocephaly in children.

# 6. Locally Determined Prices (1)

- Emergency Care, Outpatient Attendances and Maternity Services are not subject to national prices as they are part of blended payments.

- Local variations – adjustments to national prices agreed by commissioner(s) and provider(s). Commissioner must submit a written statement of the local variation to NHS Improvement using the local variation template. NHS Improvement will publish the templates it receives on behalf of the commissioner. The deadline for submitting the statement is 30 June 2020.

- Local modifications – intended to ensure services can be delivered where they are required. They can be used to increase the price for existing currencies. They are subject to a set of criteria and approval by NHSI.

- Local prices – for services with no national prices, some have specified currencies, others do not. Local pricing principles and rules to be followed.

# 6. Locally Determined Prices (2)

## Mental Health Services

- Local pricing for MH services for working age adults and old people mental health services.
- All providers of services in care clusters must record and submit data in MHSDS, irrespective of how they have been paid.
- WAMHS & OPMH should adopt blended approach with fixed, variable, quality / outcome based elements, with possible risk share.
- IAPT – Local prices, non-mandatory prices for IAPT services work in progress.
- Must use outcome based payment model reflecting 10 national outcome measures in IAPT dataset and providers must submit IAPT dataset.
- Can agree an alternative payment approach, applying local pricing and compliance with the procedure for departing from a national currency.

## Ambulance Services

- Quality and outcome indicators must be included in contracts.

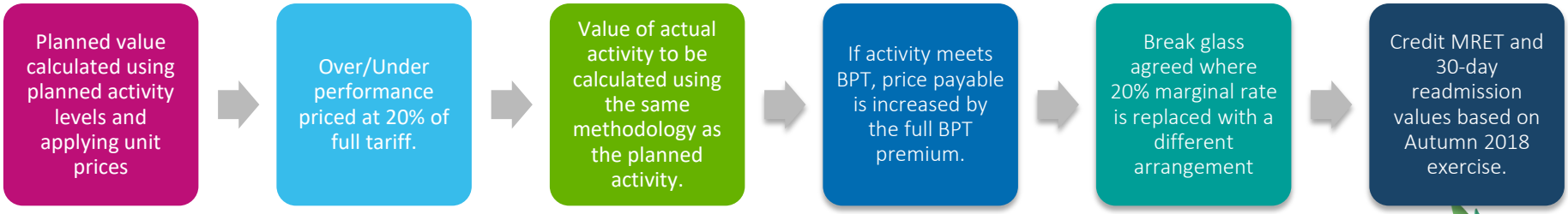
## Community Services

- Discretion at a local level.
- Where services covered by national prices are bundled, local variation rules must be followed.
- NHS Improvement and NHS Digital testing new currency models for community, which could be used to support future funding: five currency areas: children and young people with disabilities; single episodes of care; long-term conditions; frailty; last year of life.
- Pilot partners have been recruited and the pilot will run through to March 2021.

# 7. Rules for Services Covered by Blended Payments (1)

- **Emergency care** – (not in the scope of national prices)
  - Emergency care services blended payment in scope:
  - All Emergency admission spells and associated excess bed days
  - A&E Type 1, 2 and 3 attendances
  - All same day emergency care activity.
  - If planned cost is £10m+ the price for all emergency care services provided will be calculated as below.

- Agreements can be made where over/under performance is subsumed within fixed price.
- It does not include any other admissions, unbundled elements of care (e.g. Critical Care) or NHSE commissioned activity.
- If emergency activity is out of scope of the blended payment, it will be paid at unit prices including BPT where achieved. MRET and 30-day readmission as per the Autumn 2018 exercise will also be removed from this price.



# 7. Rules for Services Covered by Blended Payments (2)

**Outpatients** (not in the scope of national prices)

- Set for 1 year with blended payments updated for each tariff cycle.
- Scope of outpatient blended payment :
- All OPA that group to WF subchapter
- CL, NCL, National Tariff, Local Tariff, F2F and NF2F, Advice and Guidance
- Threshold of £4m for CCG planned activity which if over, outpatient service payments will be calculated as below.

- Excludes:- OPPROC (non-WF subchapter), Diagnostic Imaging (TFC 812), Pathway payments and emergency blended activity.
- Out of scope paid at unit prices including BPT where achieved. Advice and guidance to be paid as per agreement between commissioner and provider.
- In future, activity will be grouped e.g. by specialty, to pay for pathways of care – testing to be done in 2020.

Planned value (fixed payment) calculated using planned activity levels and applying unit prices, BPT + advice & guidance.

→

Outcome measures agreed for any advice & guidance services.

→

Optional risk share element can be agreed for over/under performance. e.g. break glass, GP referral levels, activity levels.

→

Fixed payment adjusted for achievement of outcome measures/ best practice attainment.

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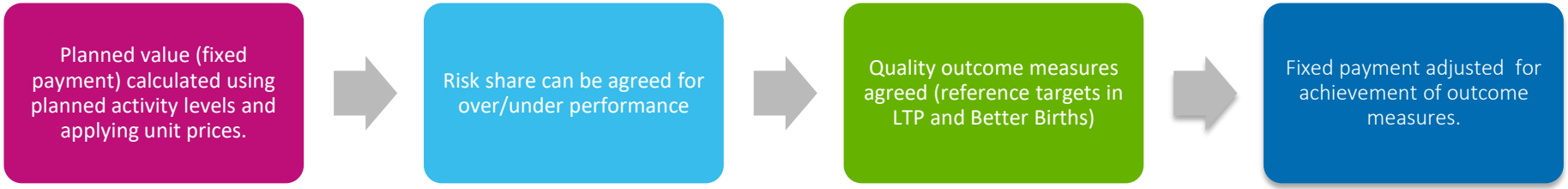
# 7. Rules for Services Covered by Blended Payments (3)

Maternity Services – (not in scope of national prices)

- Set for 1 year with blended payments updated for each tariff cycle.
- Continued option for using existing pathway payment approach in 20/21. Blended payment likely default in 20/21.
- Maternity services definition / scope on p163 of the tariff consultation. (Includes AN, Birth PN, Screening )
- Excludes NHS E Spec Comm e.g. foetal screening)

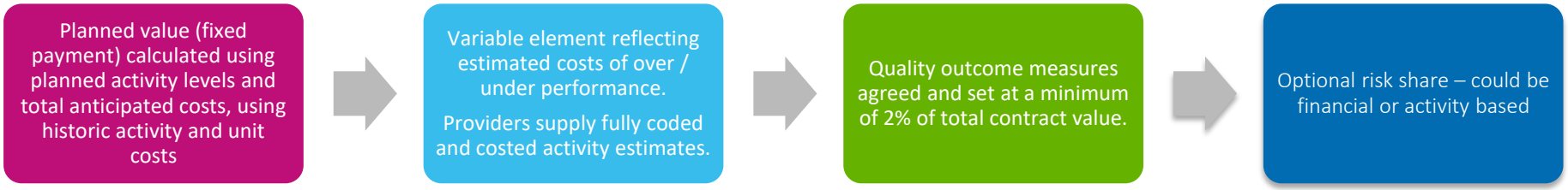
- No minimum cost threshold.
- Activity out of scope i.e. outside of the Local Maternity System, it will be paid at published non-mandatory unit prices.
- Maternity Services Dataset (MSDS) revised as of April 2020 and all maternity providers should submit.



# 7. Rules for Services Covered by Blended Payments (4)

## Adult Mental Health Services

- Aim is to improve data quality; access to services; monitoring the Mental Health Investment Standards and service delivery.
- Clusters to be reported within the Mental Health Services Data Set (MHSDS) and are the currencies within the blended payment approach.



# 8. Payment Rules

- Billing must be accurate and prompt.
- National priced activity - submitted through SUS.
- Dates to be published on NHS Digital website.
- Non-nationally priced activity - requirements in NHS Standard Contract.
- Regardless of payment mechanism….

‘ A rigorous and transparent approach to coding, counting, and costing activity will continue to be essential, allows activity to be analysed alongside data on needs and outcomes which support continuous improvement and effective use of available resources.’

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