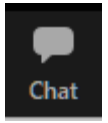
Contracting post-COVID

Challenges and opportunities

June & July 2020

BAILEY & MOORE

Housekeeping

- The presentation usually lasts 30 minutes, plus about 15 minutes for questions
- But we are happy to stay online as long as you want us to ☺
- Ask questions as we go, using 

at the bottom centre of the Zoom screen
- All slides are on our web site – link at the end
- If you're using someone else's invite, please make sure we have your email address if you want details of further courses

What we will cover…

- Direction of travel before COVID
- Alliances and ICS
- Block contracts – pros and cons
- Blended payments
- Outcomes-based commissioning
- Working as a system with aligned incentives

Direction of travel pre-COVID: NHS Long term Plan priorities

Quality & Outcomes

- System-wide quality
- New standards for emergency mental health
- Cancer rapid diagnostic centres

Prevention

- Smoking
- Alcohol
- Obesity
- Type 2 diabetes
- Air pollution

Service Models

- Primary Care Networks
- Same-day emergency care
- Clinical assessment services
- Invest in diagnostics

Digital Care

- Primary care to be 'digital first' by 2023
- Trusts to be fully digital by 2024
- Avoid a third of all outpatients in 5 years

Direction of travel pre-COVID: NHS Long term Plan priorities

Structure

- Commissioners and providers collaborate through **Integrated Care Systems**
- One CCG per ICS
- NHSE and NHSI effectively merge
- Relaxed procurement rules requested

Finance

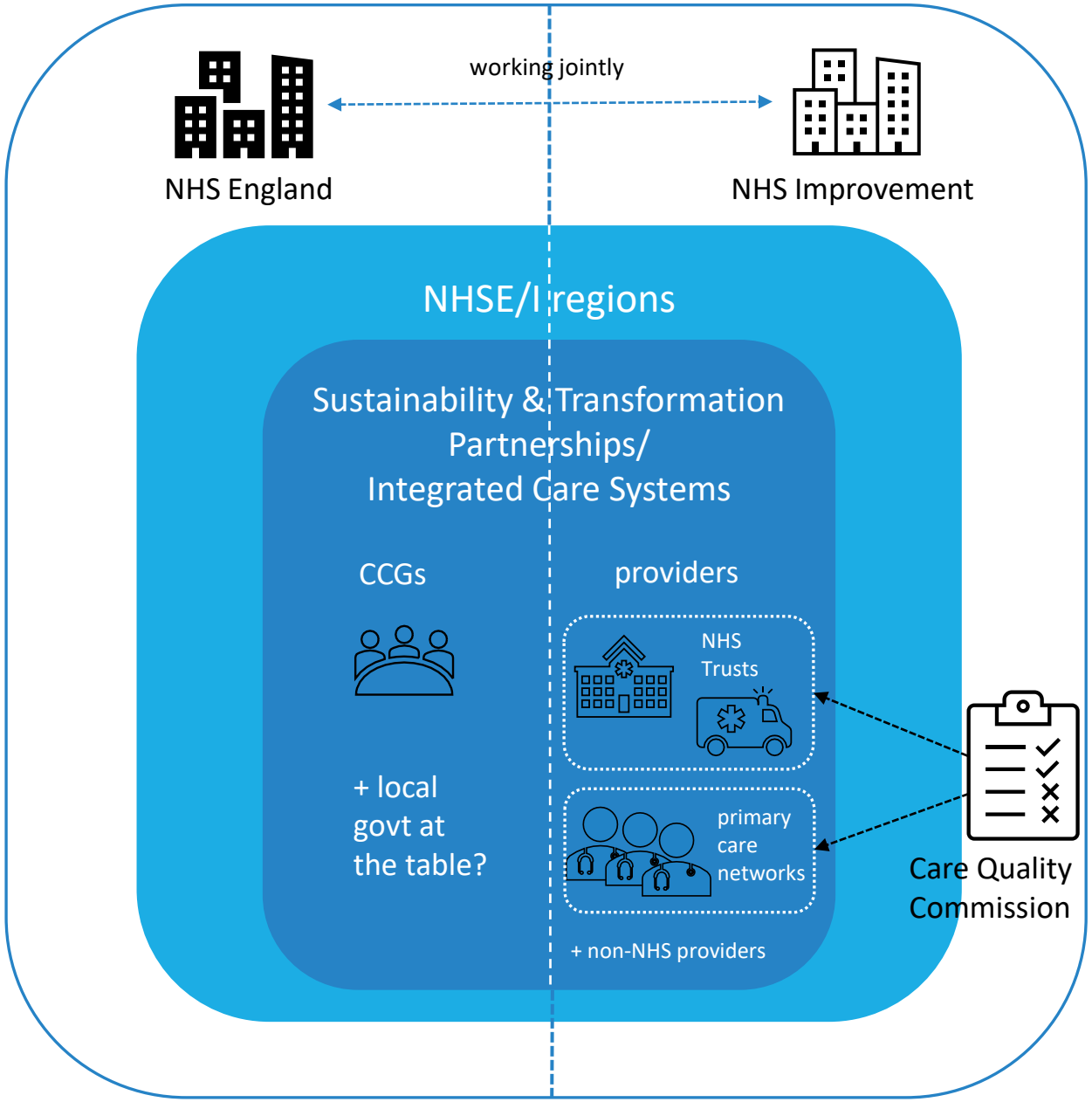
- 3.4% funding increase
- Payment system reform
- Focus on primary, community & MH
- 'Financial Reset'
- Finance Recovery Fund
- £700m admin savings

Workforce

- More generalist doctors
- New entry routes, e.g. apprenticeships
- £2.3m investment in volunteers
- Flexible rostering

Alliances and Integrated Care Systems:

current transition

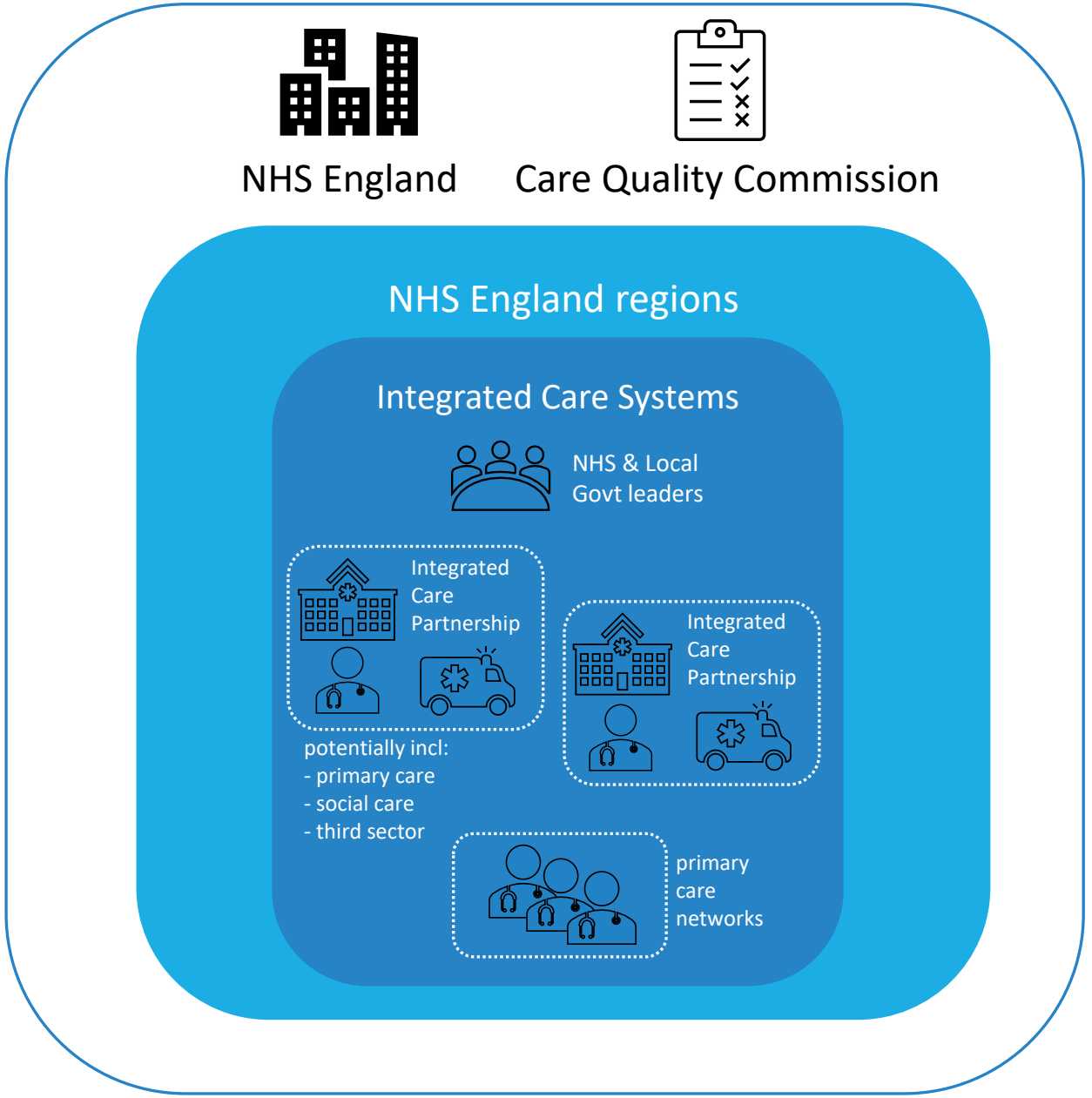


Developing Integrated Care Systems: some common features

- Responsible for defined population rather than specific providers or buildings
- Moving to population (place) based funding and control totals
- Accountability for outcomes not inputs
- Information electronic and shared
- Prevention – identify and manage patients in need proactively
- Increase clinical engagement across organisations, including social care
- Culture change: collaboration and joint working

Alliances and Integrated Care Systems:

the future?



What behaviours do we want to incentivise in an ICS?

Incentivise

- Focusing on patient outcomes
- Working as a system with shared goals
- Taking inefficient costs out
- Hitting system control total
- Investing to save, based on evidence
- Risk sits where it can be best managed
- Planning for the long term

Disincentivise

- Focusing on inputs and volumes
- Monthly debate over who is following national guidance
- Passing the deficit around the system
- Hitting organisational control totals
- Panic cost cutting as year-end looms
- Risk allocated per national guidance
- Planning only for the contract term

Block contracts – friend or foe?

- Pure cost & volume contracts can have downsides:
  - incentivise growth in activity – volume and/or coding
  - create commissioner v provider conflict when volumes deviate from plan
- Block contracts can bring financial certainty to ICS
- But blocks have downsides too:
  - disincentivise accurate recording of activity
  - obscure link between activity and cost
  - can hide financial risk rather than escalating it to resolution

Block contracts – overall pros and cons

Pros

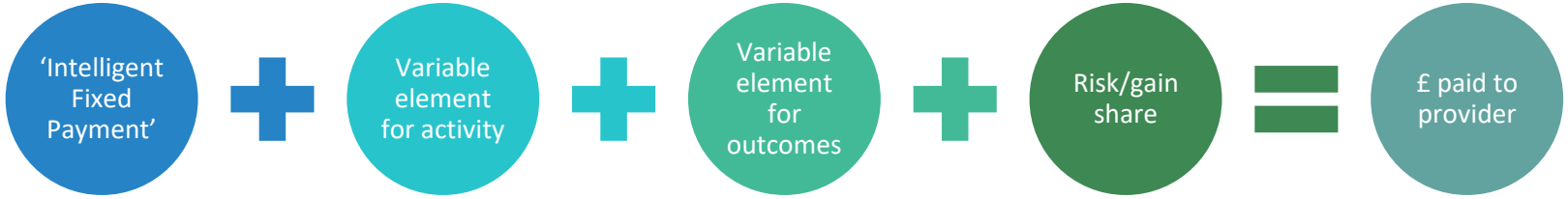
- Financial certainty
- Focus on finite resource available to ICS
- Low transaction costs – avoid monthly bean counting exercise
- Can be useful where simply not feasible to measure activity etc

Cons

- Less incentive to record activity accurately
- Activity still drives cost – so just hiding the problem?
- Cost can become dissociated from the cost drivers
- Lose focus on driving clinical efficiency

Blended Payments

- These combine a fixed block payment with a number of variable elements:



- Mandated for **emergency care** and **adult mental health** from April 2019
- Proposed for **outpatients** and **maternity** from April 2020, now probably 2021?
- Happy medium or complicated fudge?

Inputs vs outcomes – realising benefits

Important to define measurable outcomes as precisely as possible

- *some* is not a number
- *soon* is not a time

Improve life expectancy?

OR

Reduce premature mortality by 3 years by 2024?

Inputs are NOT outcomes

Outputs are NOT outcomes

What are the desired outcomes from your service?

Choose a school…

School A	employs 150 staff
School B	delivered 55,000 lessons last year
School C	85% of students achieved A-C at GCSE

What are the desired outcomes from your service?

Now choose a hospital…

Trust A	employs 3,200 staff
Trust B	delivered 105,000 A&E attendances last year
Trust C	was in the lowest 10% nationally for emergency readmissions last year

What are the desired outcomes from your service?

Which of these is an **outcome** from an investment in the smoking cessation service?

Successfully recruited 3 WTE smoking cessation advisers
Increased the number of patients successfully quitting smoking by 15% compared to last year
Reduced the county's mortality rate from respiratory and cardiovascular disease to below the average for England

https://digital.nhs.uk/data-and-information/publications/statistical/nhs-outcomes-framework

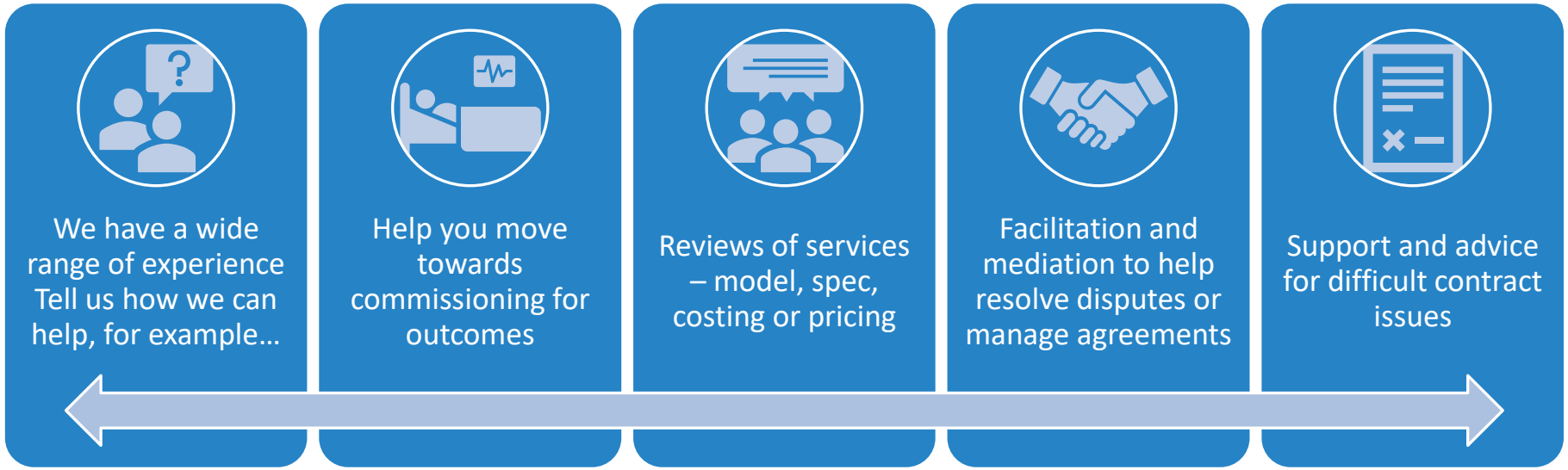
Working as a system with aligned incentives – some thoughts

- Start with the patient journey rather than the activity and money – put the horse back before the cart again
- Put time into designing aligned outcomes – difficult to define and measure
- Find the happy medium between unaccountable block contracts and open-ended cost & volume – blended approaches and risk/gain sharing
- Share scarce resources – clinical, finance, IT etc
- Shared objectives and accountability requires honest communication and joint decision-making – are we ready for the cultural change?

In summary…

- It’s all about the system… move away from “he says, she says” contractual arguments
- No benefit in passing difficult issues between organisations
- Reduce bureaucracy and move away from payment for volumes
- Contract should be a document of agreement, not the basis for disputes

Can we help?



We have almost 30 years' experience at senior level within the NHS and can provide practical support across a wide range of issues

Email us at info@baileyandmoore.com to discuss how we could help

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Other courses we offer include

- *Step by step guide to writing a service specification*
- *Outcomes-based commissioning – developing KPIs and metrics*
- *A 'how to' guide – local pricing and costing reviews*
- *The future of ICS – moving to aligned incentives*

If you are interested in these or other topics, email us at training@baileyandmoore.com and we can discuss your requirements

Thanks for listening!

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Email us with any comments or requests for training courses at:
training@baileyandmoore.com

Slides available at:
http://baileyandmoore.com/resources/training-slides/