# Commissioning for Outcomes

Adding value not volume...
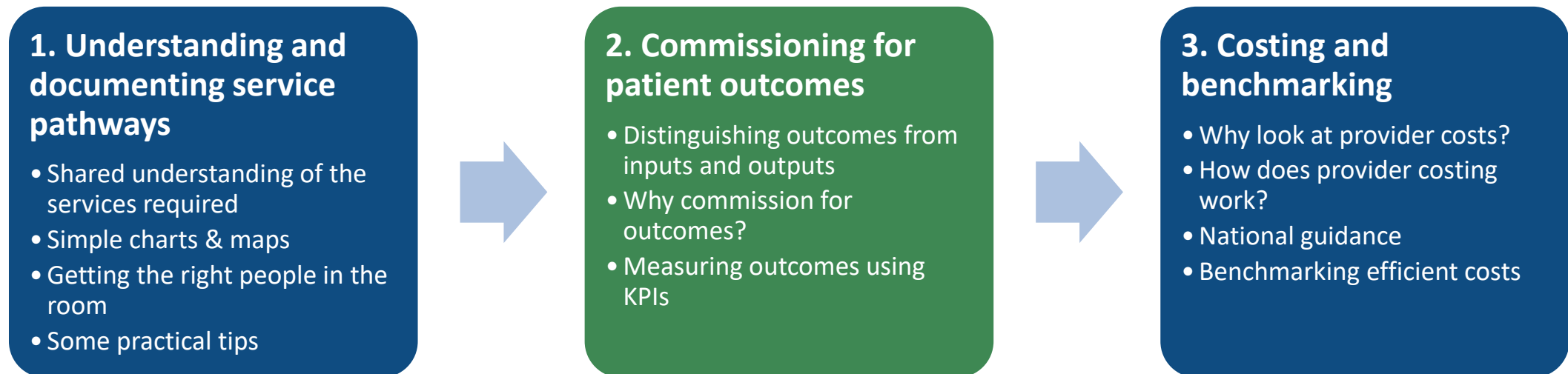
January 2023

**BAILEY & MOORE**

# Housekeeping

- The presentation usually lasts 60 minutes, plus time for questions

- But we are happy to stay online as long as you want us to ☺

- Ask questions as we go, using the chat box or raise your 'hand'

- All slides will be on our web site – link at the end

- If you're using someone else's invite, send us your email address if you would like a copy of the slides or to be sent details of further courses

# Navigating the new world: part 2

**As we move away from activity x price and towards risk sharing contracts... what will we measure and how will we pay for it?**

**1. Understanding and documenting service pathways**

- Shared understanding of the services required
- Simple charts & maps
- Getting the right people in the room
- Some practical tips

**2. Commissioning for patient outcomes**

- Distinguishing outcomes from inputs and outputs
- Why commission for outcomes?
- Measuring outcomes using KPIs

**3. Costing and benchmarking**

- Why look at provider costs?
- How does provider costing work?
- National guidance
- Benchmarking efficient costs
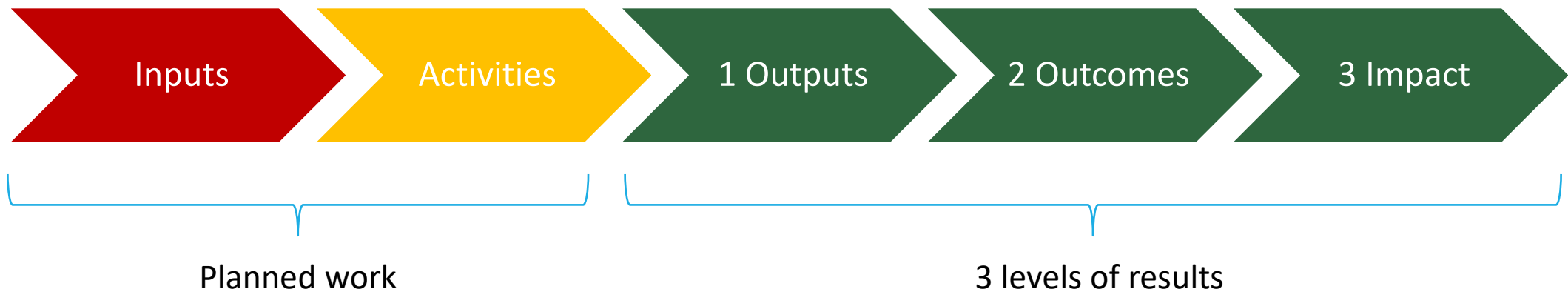
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# What we will cover…

- What do we need to measure - why commission for outcomes?

- The 5 elements: inputs, activities, outputs, outcomes & impacts

- Designing aligned outcomes and incentives

- Starting from the top – the national NHS Outcomes Framework domains & indicators

- What are KPIs designed to do?

- Designing effective KPIs – some dos and don'ts

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# What do we need to measure?

# 5 things we could measure…



| Inputs | Activities | 1 Outputs | 2 Outcomes | 3 Impact |

Planned work

3 levels of results

# In more detail…

| Inputs | **What resources do we need to deliver the service?** e.g. funding, staff, equipment. Often confused with activities. Inputs ensure it is possible to deliver the intended service. *e.g. 3 WTE Smoking Cessation advisors* |
|---|---|
| Activities | **What do we need to do to deliver the service?** In other words, what staff do in order to achieve the aims of the service. *e.g. organise support group meetings* |
| Outputs | **First level of results – what will the project directly achieve in the short term?** Outputs quantify the project activities that have a *direct link* on the desired outcomes and impact. *e.g. 50% patients attending meetings have quit smoking for >6 months* |
| Outcomes | **Second level of results – what do we wish to achieve in terms of health benefit?** An outcome is an effect the service produces on the people or issues you need to address. *e.g. reduce mortality rate from respiratory and cardiovascular disease by 10% by 2024* |
| Impact | **Third level of results – what will be the long-term consequence of our programme?** *e.g. NHSOF Domain 1: preventing people from dying prematurely* |

# More about...
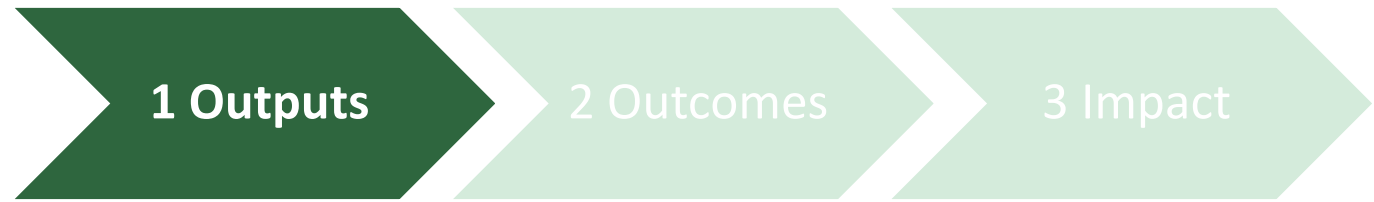
- Short-term results – actions or products that were created or delivered, the number of people served and the activities or services provided.

- Usually describe outputs with numbers... *after attending the course 50% of smokers were still smoke free after 6 months*

- Outputs are measurable and readily determined – tempting to stop with outputs because they are easy to produce... you just count. *How many people had quit smoking? How many Outpatient attendances were delivered?*

  **BUT need to assess achievement of the next level... outcomes and impact**

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# More about…
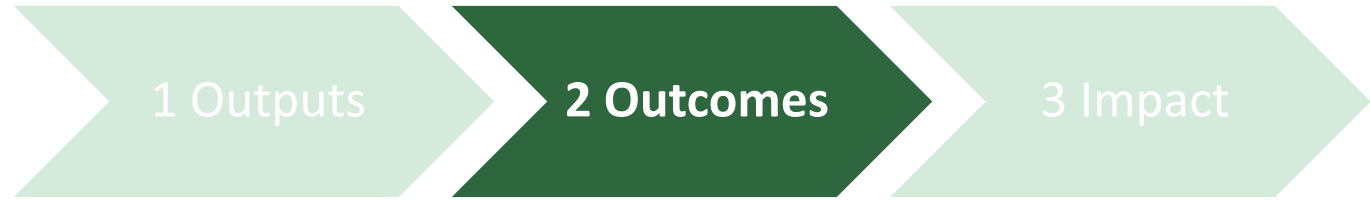
- Outcomes refer to the medium-term – the effect of the service on the people or issues you wish to address

- What do we want to achieve? Health changes for the cohort of patients for which the service is intended – usually defined in terms of expected improvement in condition, behaviour or health status

- Outcomes should be measured as they link directly to the efforts of the ICS and serve as a basis for joint accountability

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# Inputs vs outputs vs outcomes

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 2027?***

Inputs are NOT outcomes

Outputs are NOT outcomes

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# What are the desired outcomes?

Choose a school…

| School A | employs 150 staff |
|----------|-------------------|
| School B | delivered 55,000 lessons last year |
| School C | 85% of students achieved grade 5 or above at GCSE |

# What are the desired outcomes?

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 |

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# Outputs vs outcomes: choosing a hamburger…

*McDonald's sells approximately 33 million burgers a day*

*Five Guys sells approximately 350,000 burgers a day*

- Based on this information, who makes the better burger?

- Counting hamburger sales (output) is obvious… but does it show effectiveness or impact?

- Whereas an outcome shows success against the objectives required

- Depending on what goals you have, outcomes here might be **which burger tasted the best** or **which burger had the highest nutritional value**?

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# More about…

- Long-term consequence of a service/programme – what we ultimately hope to achieve in the great scheme of things

- The result of all outcomes of all services – difficult to ascertain exclusive impact of a services since other projects/services can contribute to same impact

- Impacts are hard to measure since they may or may not happen

- For instance, graduating from a training program may eventually lead to a better quality of life for the individual. But how do you know? What are the indicators of a better quality of life? How long will it take to see the impact?

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# Summary

Using the smoking cessation service example:

| | |
|---|---|
| **Input** | Successfully recruited 3 WTE smoking cessation advisers |

| | |
|---|---|
| **Activity** | Organise support group meetings 5 times per week |

| | |
|---|---|
| **Output** | Increase the number of patients successfully quitting smoking by 15% compared to last year |
| **Outcome** | Reduce the county's mortality rate from respiratory and cardiovascular disease to below the average for England |
| **Impact** | NHSOF Domain 1: Prevent People From Dying Prematurely |

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# Why commission for outcomes?

# Why commission for outcomes?

- Huge opportunity to get different parts of local health systems working together, to deliver patient benefit - unlikely that any single provider of care can deliver any given outcome in isolation from other providers

- Understand how resources are used, what health gain outcomes are delivered and how these can be measured – redesign use of resources to maximise health gains

- To expand the skills capabilities and expertise across the system so this approach becomes "business as usual"

- Inputs, activities & outputs still matter – but we want better patient outcomes...

  AND btw... commissioning for outcomes is NOT a savings programme...

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# Joint accountability for outcomes/costs

**Internal market** ✗

- No one provider is accountable for/has visibility of whole cycle of care
- Results in a lack of ownership of the overall/continuing health of the patient
- Focus tends to be on reactive treatment, rather than proactive intervention and preventative action
- Clashing organisational objectives as each provider delivers care for their part of the patient pathway…

**Integrated system** ✓

- Different providers deliver the specified outcomes across the full care pathway for a group of people with similar needs
- Key objective… how to deliver outcome together
- System incentivises collaboration towards delivering those outcomes
- Where waste or 'inefficient cost' is identified, this is a system issue not an organisational issue
- Need to agree outcomes across provider organisations and the full pathway

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# NHS Outcomes Framework Domains & Indicators

The NHS Outcomes Framework sets out high-level national key outcomes:

| Domain 1 | Preventing people from dying prematurely |
|----------|------------------------------------------|
| Domain 2 | Enhancing quality of life for people with long-term conditions |
| Domain 3 | Helping people to recover from episodes of ill health or following injury |
| Domain 4 | Ensuring that people have a positive experience of care |
| Domain 5 | Treating and caring for people in a safe environment & protecting them from avoidable harm |

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

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# Specifying the outcomes

- Start from the top (National Domains & Indicators) and expand on these

- Add any relevant additional local indicators if necessary

- If local outcomes aren't linked to the 5 national domains, check… is this really a priority for the ICS?

- What do you actually want/need to happen? Probably the same as the service users…

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# How do we measure outcomes?

In 1847, Robert Liston performed an amputation in 25 seconds, operating so quickly that he accidentally amputated his assistant's fingers as well. Both patient and assistant later died of sepsis, and a spectator reportedly died of shock, resulting in the only known surgical procedure with a 300% mortality rate
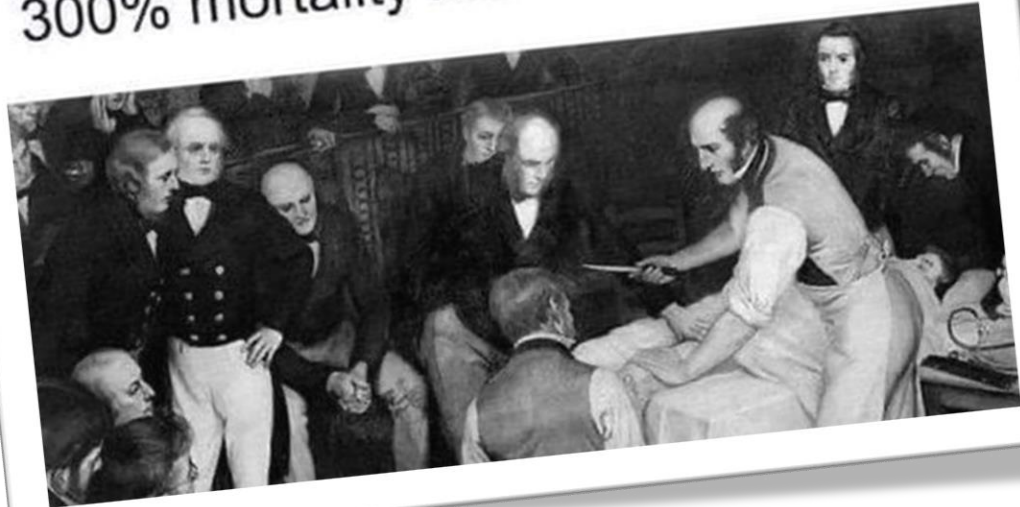
# What are KPIs designed to do?

- Evidence of progress towards achieving a desired outcome

- (Also known as metrics, thresholds, etc)

- Track performance change over time and whether on track

- Reduce the complex nature of organisational performance to a small, manageable number of key indicators

- Help inform better decision making

- Ultimately, help improve performance!

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# What do KPIs measure?

KPIs are for inputs **rarely**, outputs **occasionally** and outcomes **wherever possible**…

For example:

- Outcomes can also be secured by ensuring key pathway steps are followed:

    *e.g. in ED: 95% of patients to be streamed within 15 minutes and seen by senior decision-maker within 1 hour*

- What are the key KPIs/metrics that show the service is being delivered as agreed so that the outcomes are as required?

    *e.g. in SDEC: 90% of patients with suspected DVT to be treated in a non-admitted setting and discharged home the same day*

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# Selecting the right KPIs

- Decision makers need information on the key measurements of performance

- For example, instead of measuring random things, a doctor would focus on key health measures – blood pressure, cholesterol levels, heart rate and BMI, as key indicators of health

- KPIs relate to joint system objectives and provide clarity on the important issues for the local health system

- Less is more… before you add a KPI, check do you really need this information?

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# Summary checklist:
# How to Develop Effective KPIs

- ✓ Start with ICS objectives in the service spec

- ✓ Define the **key** questions you need answers to

- ✓ Identify what supporting data you need to answer the questions

- ✓ Evaluate all existing data to see how it can be made available

- ✓ Determine the best measurement, methodology and frequency

- ✓ Allocate responsibility for delivery of the KPIs

- ✓ Ensure KPIs are understood by those who will be using them

- ✓ Regularly review KPIs to ensure they support improved performance

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# Remember to be SMART about KPIs!

# Example of outcomes with KPIs:
# 1) Adult Cystic Fibrosis (national spec)

| Domain 1 | Preventing people from dying prematurely |
|---|---|
| Forced Expiratory Volume in 1 second (FEV1) | Number of patients and % with FEV1 >65% by age group and sex |
| BMI | Median BMI of centre cohort |
| Median Survival of National population | UK CF registry data |
| **Domain 2** | **Enhancing quality of life for people with long-term conditions** |
| Annual review and feedback | Number and % of patients who have had a post-annual review management plan with discussion |
| Accessibility of psychological support | Number and % of patients who have seen a psychologist within the past 12 months |
| **Domain 3** | **Helping people to recover from episodes of ill-health or following injury** |
| Timely initiation of treatment for exacerbation | % patients breaching standards of care for timing of admission. |
| Mucociliary clearance therapies | Number and % of adults receiving mucociliary clearance therapies |
| **Domain 4** | **Ensuring people have a positive experience of care** |
| Admission to specialist unit/ward | % of patients admitted to a ward with specialist CF staff |
| Systematically measure patient experience and satisfaction at a frequency driven by patient need | Systematic engagement and feedback on actions taken |
| **Domain 5** | **Treating and caring for people in safe environment and protecting them from avoidable harm** |
| Chronic Pseudomonas Aeruginosa infection (3+ isolates between two annual data sets) | % adults with chronic pseudomonas infection |
| Pseudomonas (PA) Chronic PA is 3+ isolates between two annual data sets | Number and % of patients with Chronic PA infection on inhaled antibiotics |
| Data | Number of complete annual data sets taken from verified data set expressed as a % of actual patient numbers |

# Example of outcomes with KPIs:
# 2) Cardiac rehabilitation nursing service

| Domain 1: Preventing people from dying prematurely | | | | | | |
|---|---|---|---|---|---|---|
| Outcome | Ref | Quality Requirement/KPI | Threshold | Method of Measurement | Consequence of breach | Timing of measure ment |
| National Indicator/improvement area | | | | | | |
| Reducing premature mortality rate from cardiovascular disease | 1.1 | Under 75 mortality rate from cardiovascular disease | 70.8 per 100,000 (national av) | NHSOF annual indicator | GC9 process followed | Annually |
| | | | | | | |
| Local outcomes & indicators | | | | | | |
| Reduced Admissions – reduction in readmissions for another cardiac event | L1.1 | Readmission rate | 10% reduction | SUS monthly extracts | GC9 process followed | Quarterly |
| | | | | | | |

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# Tips for selecting effective KPIs…
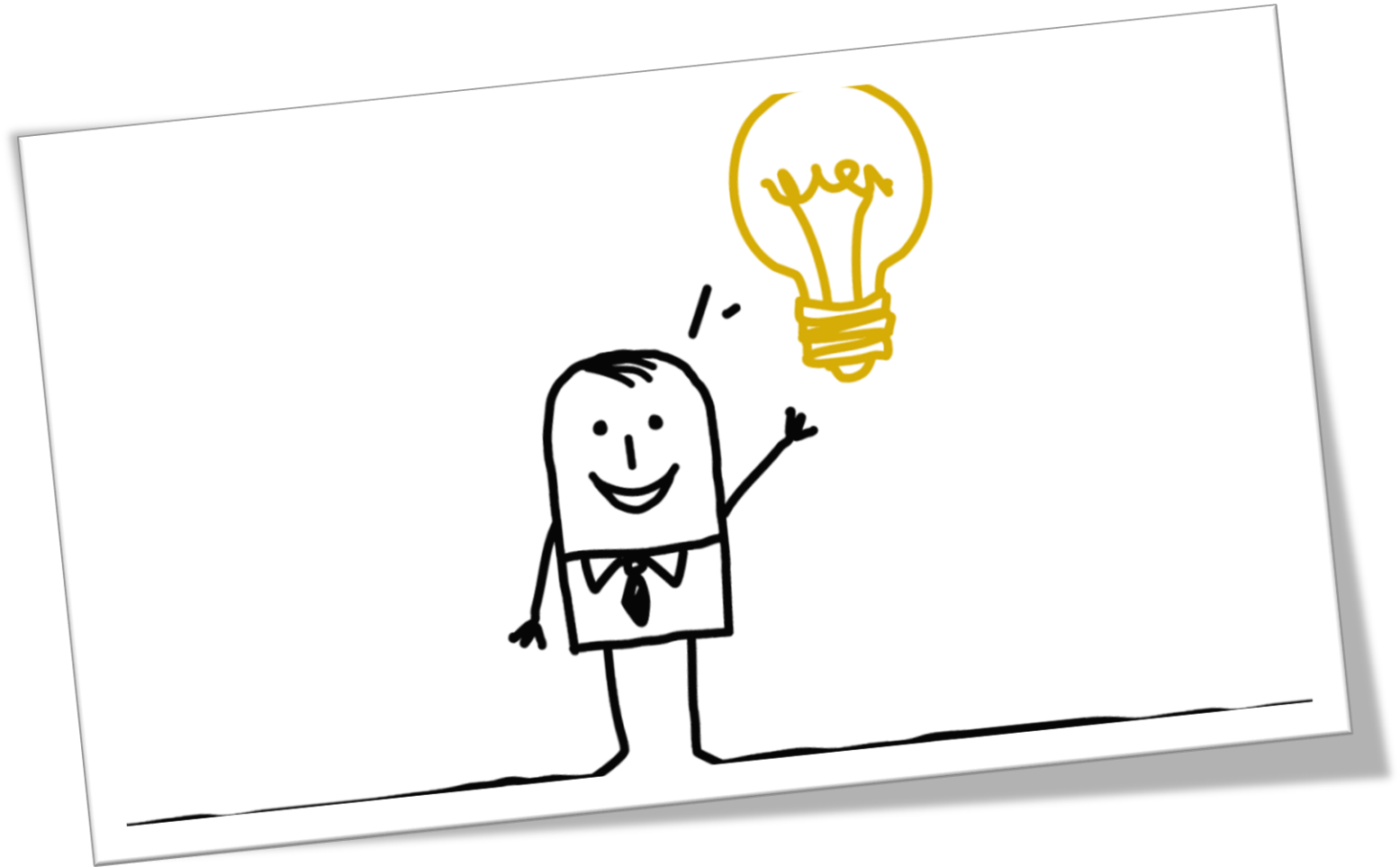
## some "dos and don'ts"

# Tips... some "dos and don'ts"

- **Have a limited number of robust metrics** – a few well-targeted metrics will tell you more than a long list that no-one looks at. Don't throw in every KPI you can think of – less is more!

Avoid:

- – Measuring everything that is easy to measure – just because you **can** measure it, doesn't mean you **should**

- – Measuring everything that moves – **too much** information is as bad as **too little**

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# Tips… some "dos and don'ts"

- **Copy-cat KPIs –** don't include KPIs just because someone else includes them or you have seen them in an article

  Is it relevant? Is it key? If not, move on…

- **Make sure you can see the "wood for the trees"** – don't bury the key measures in pages of information. Separate vital KPIs from other data

- **Use it or lose it –** only collect and publish data that will be used… use the KPIs to gain insight by relevant and useful presentation, deciphering what the results mean for the system objectives

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# Tips... some "dos and don'ts"

- **"We always do it this way"**... avoid publishing KPIs as a "tick box" exercise – it should be a timely measure that supports the delivery of better outcomes

- **Link KPIs to the ICS objectives** – they are only useful if they inform strategic decision making and link back to agreed service descriptions

- **Use KPIs as a compass, not a target** – KPIs should be used to evaluate the achievement of goals, not penalise part of the system. A focus on financial incentives may lead to data manipulation – use payment mechanisms judiciously

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# Tips… some "dos and don'ts"

- **Design KPIs by multi-disciplinary approach** – avoid a lack of ownership so everyone understands the connection with system objectives, KPIs and what KPIs will be used to measure

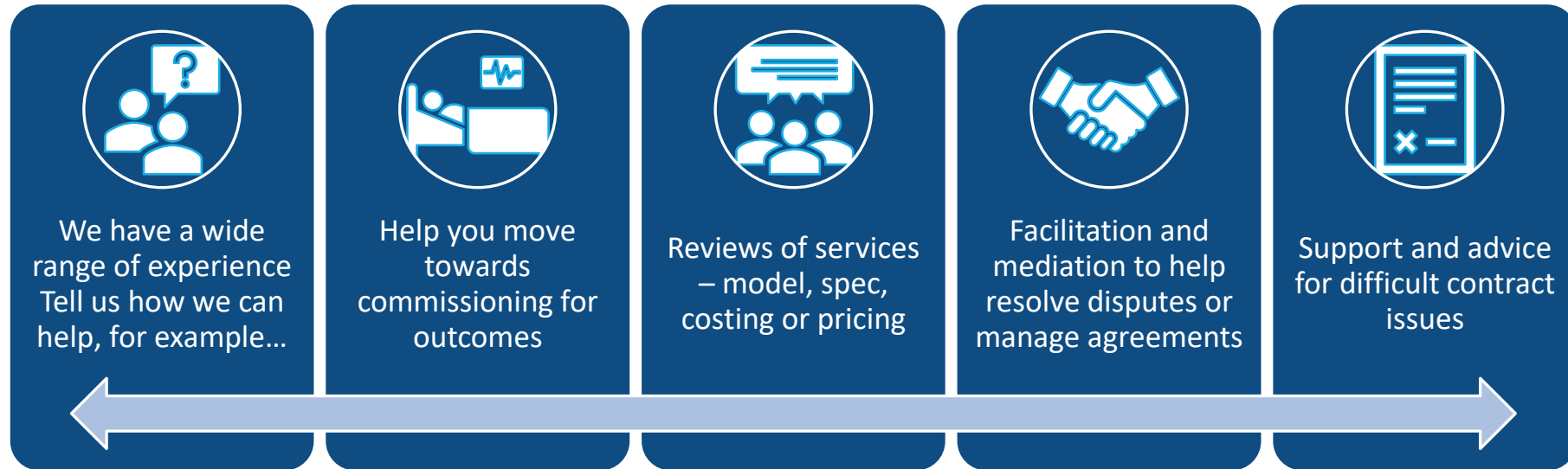- **Keep up to date** – as strategies and objectives change, review/update the KPIs

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# In summary...

- Commissioning for outcomes encourages the health system to collaborate to maximise patient benefit within the resources available

- Distinguish outcomes from inputs, activities and outputs

- Start with the national NHSOF domains and indicators – don't reinvent the wheel – before you add local outcomes

- Properly designed KPIs provide objective evidence of progress towards achieving your ICS objectives... use them sparingly and wisely

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# Can we help?

| We have a wide range of experience Tell us how we can help, for example… | Help you move towards commissioning for outcomes | Reviews of services – model, spec, costing or pricing | Facilitation and mediation to help resolve disputes or manage agreements | Support and advice for difficult contract issues |

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

- *Brave New World – Life in the NHS after the Health & Care Act 2022*

- *Understanding and documenting service pathways*

- *Why costing matters more than ever*

- *Preparing for April 2023 – a practical guide*

- *Tips for managing and avoiding disputes*

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

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# Thanks for listening!

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training@baileyandmoore.com

Slides available at:

http://baileyandmoore.com/resources/training-slides/

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