SPECIALISED HEALTHCARE ALLIANCE RESPONSE TO THE CONSULTATION ON OPTIONS FOR THE FUTURE OF PAYMENT BY RESULTS: 2008/09 TO 2010/11

INTRODUCTION

The Specialised Healthcare Alliance (SHCA) is a broad coalition of 42 patient groups, supported by eight corporate members. It has been set up to campaign on behalf of people with conditions which require specialised medical care. These conditions tend to be rarer and both complex and expensive to treat. Examples are numerous but include certain cancers, cystic fibrosis, haemophilia, HIV and neurological conditions. Accidents or complications of more common conditions such as diabetes can also trigger the need for specialised services. Cumulatively, specialised services are important to a very large number of people.

The Specialised Healthcare Alliance welcomes this opportunity to present its views on the development of Payment by Results (PbR). A tariff-based system presents problems for specialised services whether they are included or excluded. We hope that this response will form a part of ongoing dialogue with the PbR team with the aim of ensuring robust funding systems to ensure stable provision for the many vulnerable people who require specialised care.

STRATEGY AND FUTURE DIRECTION

The Alliance understands the need to delay the introduction of v4 HRGs and supports the desire to establish a coherent and transparent process for determining what is suitable for inclusion within PbR. However, we are concerned that given this delay and the fact that work remains in progress on specialised services, Trusts with a high proportion of specialised activity will continue to experience problems and unacceptable uncertainty.

We look forward to the publication of the Clinical Advisory Panel's views in the summer and would like to be among the stakeholders that feed into this process. We believe consideration should not only be given to those services that may be incorporated within the tariff system, but also to more secure funding mechanisms for those drugs and services that are likely to remain outside.

DATA AND THE STRUCTURE OF THE TARIFF

The Alliance understands that the Department has already begun collecting data for some drugs and services currently excluded from PbR for V4 HRGs based on OPCS codes. However, there are significant problems with thecoding for many specialised services and tariffs based on current codes would lead to significant underfunding of services.

The Alliance had thought that the PbR team intended to take forward a project aimed at improving the coding for specialised services. However, further communication with the Department has led us to understand that the project will now be limited in scope and relate only to those services within the Definition Set which receive the additional top-up payments targeted at

specialised trusts. We do not consider this to be adequate and would strongly urge the Department to allocate sufficient resources to review all chapters of the National Definition Set. We believe this should be prioritised as integral to the PbR process.

In addition, we believe that alternative approaches should be used when considering tariff calculation and structure for specialised services. We would strongly favour a sampling approach as more likely to support high standards of provision and would see a natural fit with the designation of specialised services providers.

Several members of the Alliance believe that their services would be best funded by an annual banded tariff reflecting severity of condition and this has already been introduced in some cases. However, the Alliance would be concerned if this approach was developed at a local level. Many specialised services are already subject to unacceptable variations in funding and quality of treatment according to geographic location. The move to national currency and local price or local currency and local price is likely to compound this problem. Specialised services are particularly vulnerable given the small number of patients and need for considerable commissioning expertise.

SPECIALISED SERVICES

The Specialised Healthcare Alliance supports the goals for the funding arrangements for specialised services. We believe that the additional goal of ensuring sufficiently flexibility to adapt to the sometimes rapid developments in specialised services and treatments would be beneficial.

The Alliance understands that it may be necessary to retain separate funding arrangements for specialised services. However, if this is to be the case it is essential that the Department considers the commissioning arrangements for specialised services and ensures that funds for those services outside PbR are not threatened by over-runs in PbR related expenditure. We therefore consider that appropriately calculated pooled budgets, held by the specialised commissioning groups, are imperative for those drugs and services which remain outside the tariff system.

In addition, we are concerned that there has been so little communication regarding the approach likely to be adopted in v4. In particular, many members of the Alliance have concerns about the development of drug specific HRGs and how these will work in practice. It is important that such matters are clarified as soon as possible to enable commissioners to ensure stability in terms of these complex and often expensive drugs and services.

CONCLUSION

The Alliance believes that a great deal of work remains to be done if specialised services are to be adequately funded in an NHS where the majority of activity is covered by a national tariff. In our opinion this holds equally true for those services excluded from PbR.

We are disappointed that so little progress appears to have been made in relation to specialised services and hope that the publication of further work in the summer will both move the debate forward and provide some clarification on the detail of proposals in relation to v4. Given the intention to develop PbR at a more local level we believe that clarity about the position of services commissioned at a regional and supra-regional level is essential.

Application of PbR to specialised services should be predicated on the need to provide robust funding and stable provision for those in need of such care.