2022/23 finance and payment – considerations for mental health, community and non-acute services

September 2021

NHS England and NHS Improvement

About this recorded presentation

- This session doesn't include a wider context, and is intended as additional content for those who have attended one of our general 2-hour engagement workshops, or followed other recordings.
- This session focusses on additional content related to community, mental health and ambulance services, which was included in three 2-hour workshops focussed on non-acute services, and is intended to make this material available to a wider audience.
- If you have feedback following this session, please include it in a response to our online survey.
- You can contact us on **pricing@england.nhs.uk**

Please note: What we are sharing here are policies in development. They are not final and will be subject to change as we continue to receive feedback, both internally and externally, and undertake further work.

Financial considerations for 2022/23

ICB Financial Framework

► Transition to ICB allocations

- NHS England would make **financial allocations to the Integrated Care Board** in 2022/23, which would include budgets for:
    - Newly delegated functions agreed with NHS England, in line with plans set out; and
- Money would flow from the Integrated Care Board to providers **largely through contracts**, which could be managed by Place Based Partnerships or Provider Collaboratives

ICB Financial Framework

► Managing ICB NHS resources at place

- **Models for Place Based Partnerships** in Integrated Care Boards include a consultative forum, committee of the Integrated Care Board, a joint committee with other statutory bodies or delegated authority to an individual executive or staff employed by the Integrated Care Board
- Integrated Care Board could **also contract a lead provider** to manage resources via sub-contracts
- NHS England **would not set central allocations to place**, but could adapt existing allocation tools to support an understanding of target allocation at place

► Managing ICB NHS resources at scale

- All acute (non-specialist) and mental health NHS providers would be part of **one or more Provider Collaborative**
- Options for Integrated Care Boards to **contract with Provider Collaboratives** include:
  - Contracting with and **paying providers individually**, which could agree how to use resources for shared objectives through a Provider Collaborative
  - Contracting with and **paying a lead provider**, which could agree sub-contracts and payment arrangements through a Provider Collaborative

- **2022/23 is about developing partnerships and 2023/24 should see deeper collaboration and more formal arrangements**

2022/23 tariff: blended payment

Blended payment in 2022/23

- Aligned payment and incentive (API) is a type of blended payment, introduced for 2021/22. For 2022/23, we are considering continuing with the API blended payment model, involving:
    - providers and commissioners locally agreeing a **fixed element** to deliver an agreed level of activity
    - a **variable element** to reflect quality of care – best practice tariffs and **CQUIN** (and, for acute providers, address deviations from planned elective activity levels.)
- API arrangements would **cover almost all secondary healthcare services**, including community, ambulance and mental health.
- For providers and commissioners in different ICSs:
    - API would apply to all commissioned activity **above a contract value threshold**.
    - Payment arrangements for contracts below this threshold would be **determined by agreement** between the commissioner and the provider.

The fixed and variable elements

- The **fixed element** is the key component of API and comprises the majority of funding.
- The value of the API blended payment **fixed element would be agreed between an individual commissioner and an individual provider.** For NHS providers, we would expect the starting point for discussion to be based on the agreed costs of delivering a level of activity which conforms to the ICS system plan.

- The API blended payment model contains a **variable element.** Variable elements can be used to deliver specific policy priorities.
- For 2022/23 we are considering whether to use the same design as 2021/22, in which the variable element for non-acute services:
    - deducts payment for any **CQUIN** criteria not met.
- The initial variable element design has focused on supporting elective activity. We are considering whether it might also be helpful for a locally agreed variable element to be used for non-acute services in future years.

Risk sharing

- Given the **expected uncertainty next year**, we are considering how the variable element could be used to help share risks over the year.
- For example, a similar approach to elective activity could be **employed in different areas and circumstances**. This could mean providers and commissioners agreeing in advance how a variable mechanism would distribute a contingency fund triggered by a localised COVID-19 outbreak.
- The powers granted to ICSs could also be leveraged, with systems drawing on the requirements around financial envelopes **to manage and jointly own risks and uncertainty**.
- To date, system financial management has relied on **voluntary** collaboration between CCGs and Trusts. For example, using the **System Collaboration and Financial Management Agreement** (SCFMA) – locally completed, based on a national template, committing the local NHS bodies to a partnership approach, with open-book working and “best for system” decision-making.

Implications for ambulance services

Background

- In 2019/20, the national tariff specified four currencies for ambulance services:
    1. Urgent and emergency care calls answered
    2. Hear and treat/refer
    3. See and treat/refer
    4. See, treat and convey

- None of these currencies had a national price and so the prices needed to be locally negotiated, using the local pricing rules, including:
    - Rule 10: Quality and outcome indicators must be agreed locally and included in the commissioning contracts covering the services in question.

- Commissioning footprints remain as they have been for a number of years.

Ambulances – implications of potential blended payment

For the 2021/22 tariff, and potentially 2022/23, it is important to note the following points:

- Local pricing rule 10 has been incorporated within local pricing rules 1-3.
- Currencies remain (as per 2021/22: Calls answered; Hear & Treat; See & Treat; See, Treat and Convey) but are not directly linked to payment unless locally agreed.
- Activity and cost continue to be recorded using existing currencies.
- Most ambulance services would be above the blended payment threshold and so use the API arrangements, with the majority of funding fixed.
- Fixed payments are more closely aligned to the fixed cost structure of ambulance providers.
- Ambulance commissioning may be an area of more limited change initially.
- We are aware of conversations as to the future of ambulance commissioning footprints.
- Aligning the payment approach with that of acute should support parity and effective risk sharing.

Supporting the fixed element

Supporting the fixed element

- As the fixed element makes up the largest proportion of funding, it should be set using the best possible national and local intelligence. We intend to provide a **range of products and tools** to support systems to **develop and adjust the fixed element**.
- To support continuity for 2022/23, we expect the starting point for setting fixed elements would be **similar approach to that used for 2020-22**. Local adjustment could then be made using the guidance, tools and intelligence described below.
- We are looking to **iteratively refine, evaluate and develop** these products as required over future years. This will increasingly support systems to adapt and, where necessary, fully rebuild fixed payments to meet their population's needs.
- In 2022/23, some products may initially be made up of qualitative materials, links and guidance. However, we intend to offer more developed interactive products in future.
- More details about the products is available in the **1 October session: Products to support fixed payments.** This will be recorded and available via the Developing the national tariff web page.

Using cost data – available tools

Products	Acute	Mental Health	Ambulance	Community
Data validation tool*	Published	Published	Published	Published
In-collection data quality tool	Published	Published	Published	Published
Post-collection data quality tool	Published	Published	Published	Expected early 2022
PLICS portal	Published	Published	Published	Expected early 2022
ICS dashboard	Expected early 2022	Expected early 2022	Expected early 2022	Expected early 2022
Self-service platform	Expected late 2021	Expected late 2021	Expected late 2021	Expected late 2021

*Pre collection validation tool used by the submitting trusts to validate that data is in the correct format.

You can sign up to access these tools via: https://apps.model.nhs.uk/

Note: Different organisations have different product availability

The products

Costed pathways supported by GIRFT	Programme budgeting	PLICS analysis	Population group
• From a range of medical specialities • Used for benchmarking	• One of the best opportunities to understand how resources are used across a system	• Rich benchmarking information • Detailed information on cost structures	• Move towards commissioning based on population need

With a range of options available to build the fixed payment locally, each of the products are intended to support providers, systems and commissioners explore different ways to build their fixed payment

Products supporting mental health

MHIS (modelling, reporting, benchmarking	Population Group Analysis	PLICS analysis / Currencies	Programme Budgeting
• LTP Analytical tool model of MHIS spend • NHS Mental Health Dashboard • Spend per head benchmarking / finance planning analysis	• Move towards commissioning based on population need • PHE modelled MH population need at local level • MHSDS activity information	• Initial/experimental information on cost structure and benchmarking • Adult MH currencies are currently in development	• Helps understand how resources are used across the whole health system

In addition to the products already discussed, we are also considering how products can help support mental health services

Products supporting mental health

Mental Health Investment Standard (MHIS) spend – Modelling, Benchmarking, Reporting

- The LTP Analytical tool provides modelling of spend required by ICS to meet MH objectives set out in the LTP tool. Note that LTP objectives do not fully address the treatment gap.
- Finance planning provides systems with required spend breakdowns to meet LTP objectives
- Finance planning analysis provides spend per head benchmarking in MH programmes.
- The NHS Mental Health Dashboard shows total mental health spend at system level.
- Reports on how much money systems have been allocated to deliver the NHS LTP e.g. increasing access to CYP MH services, or developing CMHTs.

Population Group analysis

- Public Health England are in the process of developing models to predict the levels of mental health need of local populations. Data for certain conditions has already been published on Fingertips.
- Data in the Mental Health Services Data Set (MHSDS) can also be used to inform understanding of levels of need, although it only portrays access to services rather than truly representing need.

Products supporting mental health

PLICS

- Mental Health PLICS are being refined to provide more detailed MH costing information

Mental Health Currencies

- We are in the process of developing five adult mental health currency models, for five distinct mental health populations.
- We have identified a data-driven approach (using the MHSDS) to allocate service user to currency units, which will ultimately result in burden reduction for clinicians

Phase 1
2021/22

Develop a data-driven approach to group patients into the 5 currencies

Improve data collection and start analysis for the 5 currencies

Phase 2
2022/23

Identify and implement a data-driven-approach to group service users into the complexity groupings, and start associating costings

Phase 3
2023/2024

Full model to be implemented and reviewed

Support the system in the transition to the new AMH currencies model

Mental health considerations

Mental Health Investment Standard (MHIS)

- Due to the treatment gap, and historic under-investment, MH funding remains ringfenced via the Mental Health Investment Standard (minimum investment required), protecting and growing investment at a rate that aligns with credible workforce growth.
- Even areas that are performing well in the MHIS and in activity metrics are likely not meeting the mental health needs of their local population. Systems should retain a strong focus on where they direct investment, ensuring it deliver NHS LTP commitments and closes the treatment gap.
- Due to persistent under-investment in LTP mental health services, where data has been poor, we will consider potential changes to the MHIS to ensure delivery of key LTP commitments (eg core community MH spend).
- In the longer term, a new currency model will help local areas understand how to pay for activity to reflect costs of providing care to their population.

Provider Collaboratives in Mental Health

- The NHS has committed to manage all appropriate specialised mental health, learning disability and autism services, through NHS-led Provider Collaboratives by 2023/24.
- The shifting system architecture provides a significant opportunity to embed the roles of Provider Collaboratives in ICSs to take on the 'commissioning' function for mental health and learning disability and autism, including the management the MHIS-compliant budget.
- We understand that 16 systems plan to implement Provider Collaboratives across the whole mental health pathway from 1 April 2022. This will enable a new approach of whole mental health pathway commissioning (from community to specialised services).
- This is happening thorough a number of approaches depending on the local landscape. The National Mental Health team is keen to understand and support these plans.
- Provider Collaboratives will enable transformation at scale and local place-based partnerships which see joined-up decision making across primary care, physical health, mental health and social care.
- Assessment of the readiness of each system to adopt this approach is underway through joint work with regional teams. We expect that a series of 'frontrunners' to go live from April 2022 with other systems starting to operate in shadow form.

Community currency development

Developing currency models for community providers

- The Pricing and Costing Team are developing population and needs based currencies for a range patients being supported by community care.
- We want to understand the whole patient, rather than specific aspects of their care. This will involve multiple models which, when combined, allow understanding of a patient's overall need and complexity.
- We expect this to add value to systems by providing an enhanced understanding of community-based costs, as well as patient pathways, by linking currency data sets to PLICS.

Challenges to address

- Interoperability with primary care, social care etc.
- Developing currencies which can be used as building blocks for PHM approaches.
- Ensuring clinical relevance is not lost when developing new approaches to currency models.
- Ensuring patient groups are not missed or excluded within population-based models.
- Ensuring accurate costs can be assigned to the currencies.

Developing currency models for community providers

Children and Young People (CYP) Patient Populations

- A model for CYP with disabilities is being tested currently, however this model also has applications for a wider group of patients, including those with Long Term Conditions. In 2022/23 we will test these applications and also consider linkages with mental health.

Adult Patient Populations

- **Frailty and Last Year of Life (End of Life)**
  These two currency models were consulted on last year and testing continues. In 2022/23 we will continue testing, applying these currencies within systems to understand their value within planning and clinical settings.

- **Long Term Conditions and Single Episodes of Care**
  Development of these models is ongoing and we expect to begin testing models in 2022/23. We are considering how supported self management assessments will combine with needs measurement models to form a useful currency model.

- **Other Population Groups**
  We are aware that these currencies will inevitably not capture all care and we continue to consider other groups for future development.

We welcome support with this currency development. Please contact: Gary.Stinson@nhs.net

Find out more

For all engagement materials, please visit our ‘Developing the national tariff’ web page: www.england.nhs.uk/pay-syst/national-tariff/developing-the-national-tariff/

You can also contact pricing@england.nhs.uk with any questions.