

Changes to the 2020/21 National Tariff Payment System following statutory consultation

NHS England and NHS Improvement

November 2020

Following the statutory consultation on the proposed 2020/21 National Tariff Payment System, NHS England and NHS Improvement carefully considered the feedback received. This document gives details of the corrections and clarifications that have been made to the tariff documents prior to publication. The documents have also been updated to reflect the delay to publication as a result of the COVID-19 pandemic and the emergency financial framework introduced for 2020/21. There have also been minor editorial changes to improve clarity and ensure consistency and accuracy. For more information, please contact pricing@improvement.nhs.uk. The final documents are available at <https://improvement.nhs.uk/resources/national-tariff/>

Please note: the prices published in Annex A have been lowered by 0.2% compared to the statutory consultation. This corrects an error in the consultation prices, when the total amount covered by tariff prices was higher than intended. A full explanation of the issue, and the reasons for making the change, is included in the [Appendix](#). Please also see a note on the impact assessment of the proposals consulted on at the end of the table below.

Location	Issue	Change	Correction or clarification?
National tariff document, Section 1, after paragraph 3	Need to update document to reflect changes arising from COVID-19	New box added to explain the situation	Clarification
National tariff document, Section 1, paragraph 9	Need to signpost to 'Understanding and using the national tariff' document.	Reference and link added.	Clarification

Location	Issue	Change	Correction or clarification?
National tariff document, Section 2.1, paragraph 12	Commissioning on behalf of local authorities not included in list of public health exclusions from the tariff.	Bullet point added.	Clarification
National tariff document, Section 2.5, paragraph 27	Impact of emergency financial arrangements on operation of contract sanctions and CQUIN not mentioned.	Explanation added	Clarification
National tariff document, Section 3.2, paragraph 46	Implies that all maternity services are subject to Section 7 pricing rules. Those commissioned by NHS England are not.	Make clear that maternity services commissioned by NHS England are subject to local pricing rules in Section 6.	Clarification
National tariff document, Section 3.2.2, paragraph 64	Reference to chemotherapy regimens, even though these have been retired	Remove reference to regimens.	Correction
National tariff document, Section 3.2.8, paragraph 105	Paragraph did not explain which rules apply for maternity services outside the scope of blended payments.	Updated to included reference to rules for services commissioned by NHS England.	Correction
National tariff document, Section 3.3, paragraph 113	It was not clear what the funding would be for tests that were excluded from previous tariffs.	Updated to state that existing funding arrangements would continue for diagnostic tests excluded from previous tariffs	Clarification
National tariff document, Section 4.1, paragraph 122	Not clear that the prices are only applicable from the date of publication, with the 2019/20 NTPS prices in effect until that point.	Bullet point added to clarify.	Clarification
National tariff document, Section 4.7.1, paragraph 166	Second bullet point was not clear on which education and training costs were excluded from the calculation.	Reworded to clarify it refers to costs funded directly by Health Education England.	Clarification

Location	Issue	Change	Correction or clarification?
National tariff document, Section 4.7.1, paragraph 166	Third bullet point could be interpreted as suggesting that all high cost drugs are funded by NHS England.	Reworded to avoid ambiguity, with signpost to section dealing with high cost drugs.	Clarification
National tariff document, Section 4.7.1, paragraph 169	Not clear how additional employer pension costs would be funded if not included in tariff inflation calculation.	Added a footnote to reference the NHS Operational Planning and Contracting Guidance 2020/21, which explains how these costs will be funded.	Clarification
National tariff document, Section 4.7.1, paragraphs 171–173	Feedback to the consultation asked for more detail of the pay inflation estimate.	Table inserted and figures updated to set out details of the figures used to calculate the estimate.	Clarification
National tariff document, Section 4.7.1, paragraphs 177, 180 and 188	Delay to publication of the tariff would mean that more recent information on inflation would be available so need to explain why September 2019 deflator used.	Explanation added to make clear that as the September 2019 deflator was used for the prices consulted on, continuing to use this ensures consistency with the proposals we sought views on.	Clarification
National tariff document, Section 5.2, paragraph 210	MFF values should reflect organisation mergers up to the point of a tariff coming into effect. Given the delay to publishing the 2020/21 tariff, the 1 April date is not correct.	Paragraph updated to make clear that MFF values will reflect organisation changes up to the date of publication. List of MFF values in Annex A also updated.	Correction

Location	Issue	Change	Correction or clarification?
National tariff document, Section 5.2.1, paragraph 216	The top-up payments detailed in Table 8 were calculated based on the tariff being applied as usual, across a whole year. Given the delay to publication of the tariff, the impact of COVID-19 and the emergency financial framework there is no way to be certain that these figures would be correct in practice.	Paragraph updated to reflect this uncertainty and explain the basis of the figures included in the table.	Clarification
National tariff document, Section 5.3.2, paragraph 232	Procedures covered by the evidence-based interventions national variation are subject to consultation. The consultation on potential new evidence-based interventions has not concluded before publication of the final tariff.	Paragraph added (233) to state that the national variation will only apply to the two new procedures following consultation and the issuing of a determination to state that they should be included in the evidence-based interventions list.	Correction
National tariff document, Section 6, paragraph 236	Feedback to the consultation reported some confusion about the status of guidance, as opposed to rules, included in the tariff document and Annexes.	Expanded paragraph to state that commissioners have a duty to have regard to guidance. Added a footnote to explain what 'have regard to' means in this context.	Clarification
National tariff document, Section 6.2.1; Section 6.3, paragraphs 251, 258	To support organisations to move to the emergency financial framework for 2020/21 a template local variation statement was published.	Added link to the template statement to footnote.	Clarification
National tariff document, Section 6.4.3, Rule 5	Wording of local pricing rule 5 (c) was not as clear as it could have been.	Wording updated to avoid ambiguity	Clarification

Location	Issue	Change	Correction or clarification?
National tariff document, Section 7.2, Rule 1(d)	Cystic fibrosis pathway not included in list of excluded activity.	Bullet point added to exclude cystic fibrosis pathway payment from the scope of the blended payment.	Correction
National tariff document, Section 7.2, Rule 3(a)	Footnote did not make sense and inaccurately referred to rules 2 to 4.	Footnote reworded to state that rules 2 and 3 do not apply to other NHS England commissioner activity.	Correction
National tariff document, Section 7.3, paragraph 309	Feedback from engagement on blended payment suggested potential confusion about the status of Specialised Commissioning within the maternity blended payment.	Paragraph added to explicitly state that services commissioned by NHS England, including Specialised Commissioning, are not covered by the maternity rules.	Clarification
Annex A-G and supporting documents, start	Not clear how Annexes and supporting documents relate to payment arrangements for 2020/21.	Note added to make clear that documents are part of 2020/21 NTPS, but block payments mostly being used for 2020/21.	Clarification
Annex A, throughout	Total amount covered by tariff prices in the statutory consultation was £91 million higher than intended.	Prices recalculated, reducing price levels by 0.2%. For more details, see the Appendix to this document.	Correction
Annex A, Tab 6a (BPT prices), cell C38	Incorrect percentage (75%) included in the description of level 2 criteria.	Corrected to 90%. This aligns with the guidance in Annex D.	Correction
Annex A, Tab 6a (BPT prices), cells E43:E48	Feedback to the consultation highlighted that the BPT price was not equal to the sum of the non-BPT price and additional payments	BPT prices corrected.	Correction
Annex A, Tab 6a (BPT prices), cells F174:F201	Additional payment amount was incorrect in the consultation (£1,354).	Payment amount corrected to £1,335	Correction

Location	Issue	Change	Correction or clarification?
Annex A, Tab 6b (BPT flags), cell L6:M6	ICD list and selection criteria were incorrect.	Details corrected.	Correction
Annex A, Tab 6b (BPT flags), row 10	Feedback suggested potential confusion about the flags for Diabetic ketoacidosis and hypoglycaemia.	New row added to clarify difference between appearance in list BP52A_ICD only and in both BP52B_ICD and BP52A_ICD.	Clarification
Annex A, Tab 6c (BPT OPCS codes), row 71	Introduction of OPCS 4.9 identifies procedure previously not coded.	Additional OPCS code, MO71, added	Correction
Annex A, Tab 6d (BPT ICD codes)	Cohort C (BP52C_ICD) should not be included.	Remove rows.	Correction
Annex A, Tab 10 (HRGs with no national prices)	Six HRGs were created for Covid-19 (subchapter DX) and added to the 2020/21 local payment grouper version 2.	The subchapter DX HRGs have been added.	Correction
Annex B, Section 3.1, paragraphs 23-24	References to chemotherapy regimens were included. However, regimens had been retired so should be removed from Annex.	References to regimens removed.	Correction
Annex B, Section 5, paragraph 55	Guidance on outpatient attendances did not make clear that these should be excluded from the blended payment.	Paragraph updated to clarify that cystic fibrosis activity is excluded from the outpatient attendances blended payment.	Clarification
Annex C, Section 2.2	Clarification needed for appropriate recording of neonatal critical care.	Section updated to provide more detailed guidance.	Clarification
Annex D, Section 1, paragraph 3	Lack of convenient location to access relevant audits and reports required to implement BPTs.	Web page created and paragraph added to signpost from the guidance Annex.	Clarification

Location	Issue	Change	Correction or clarification?
Annex D, Section 2 (Acute stroke), paragraph 25	The OPCS code X833 is likely to be retired in a future release of OPCS-4. This would change the operation of this BPT	Paragraph updated to flag the potential that HRG XG07Z may not be part of the BPT in future tariffs.	Clarification
Annex D, Section 15 (Outpatient procedures), paragraph 195	Feedback from the consultation highlighted concerns that hysteroscopy in an outpatient setting may not be appropriate for all women.	Guidance updated to clarify that women should be given sufficient information to make an informed decision about whether to have a hysteroscopy in an outpatient setting.	Clarification
Annex D, Section 23 (Spinal surgery), paragraph 314	Lack of clarity about source of data required to operate the BPT.	Paragraph updated to signpost to website where reports will be published.	Clarification
Annex E, multiple locations	Document repeatedly referred to the clustering 'booklet'.	References updated to make clear that references were to Annex E itself, with signposts to specific appendices where appropriate.	Clarification
Blended payment guidance, Section 2.1	Lack of clarity on how blended payment could support service developments.	Table on 'blended payment and service development' added to give examples.	Clarification
Blended payment guidance, Section 3.8	Language referred to 'break glass clause'; however break glass is a provision of the rules, not a clause in the contract.	Wording updated to refer to provision, rather than clause.	Correction
Blended payment guidance, Sections 3.9, 4.10, 5.7, 6.7	References to future direction of blended payment superseded by proposals for 2021/22 NTPS.	References removed to avoid potential confusion.	Clarification
Blended payment guidance, Section 4.11, subsection 4	Worked example in Section 4.12 describes a calculation for a whole year, rather than the period from publication of NTPS.	Paragraph added to clarify.	Clarification

Location	Issue	Change	Correction or clarification?
Blended payment guidance, Section 4.3	Cystic fibrosis pathway not included in the list of excluded activity.	Bullet point added.	Correction
Blended payment guidance, Section 4.8	Potential to use cancer waiting times as metric for quality element not explored.	Box added to give an example of how this might be done.	Clarification
Blended payment guidance, Part D	Part D of the guidance (about producing blended payment for whole system) risked confusion with the proposals for blended payment in 2021/22.	Part D removed from the guidance document.	Clarification
Guide to the market forces factor, Section 5.1	MFF values should reflect organisation mergers up to the point of a tariff coming into effect. Given the delay to publishing the 2020/21 tariff, the 1 April date is not correct.	Paragraph updated to make clear that MFF values will reflect organisation changes up to the date of publication. List of MFF values in Annex A also updated.	Correction
Non-mandatory prices	Prices that were calculated in the same way as national prices were also subject to the adjustment as a result of the WD02 issue.	Prices recalculated for: acute phase of rehabilitation; maternity pathway payment; outpatient attendances without frontloading.	Correction
Non-mandatory prices, Benchmark – wheelchair	Wheelchair prices should be treated as benchmarks.	Prices moved to new benchmark tab.	Clarification

A note on the impact assessment of the proposed tariff

In December 2019 we published the *2020/21 National Tariff Payment System – a consultation notice – Impact assessment (IA)* alongside the *2020/21 National Tariff Payment System – A consultation notice*.

We recognise that the passage of time since the publication of the IA, in conjunction with the impact of COVID-19 on 2020/21 financing arrangements and activity levels, has meant that the assessment of likely impacts identified in the consultation notice deviate significantly from the actual impacts experienced by providers, commissioners and patients.

However, we do not consider it proportionate to revise and republish the IA to reflect these changes, given the continuing uncertainty around activity levels for the remainder of 2020/21. In addition, the level of national prices in the overall financial architecture for 2020/21 will have a relatively limited role, particularly in the first half of the year, given that the COVID-19 arrangements involve local departures from those prices.

The tariff proposals from December 2019 aimed to provide financial stability for providers and commissioners and to enable a focus on service transformation in line with the NHS Long Term Plan commitments. We are of the view that the NTPS for 2020/21 is still consistent with this intention when compared to the 2019/20 tariff and that the IA continues to provide a broadly appropriate basis for assessing the impacts for the remainder of 2020/21.

The IA should be read with the view of what the difference would be if the 2020/21 tariff was in force instead of the 2019/20 tariff. This remains useful in that it illustrates to providers and commissioners what the differences would be in the second half of this financial year, should contracts be set by reference to the 2020/21 tariff rather than the 2019/20 tariff. The percentage impacts reported in the IA document would still be broadly correct, although any absolute figures would need to be pro-rated.

Appendix: Reducing 2020/21 tariff prices between consultation and final tariff

The prices in the 2020/21 National Tariff Payment System (NTPS) are 0.2% lower than the prices presented in the [statutory consultation on the proposed tariff](#).¹ This corrects an error in the statutory consultation, when the total amount covered by tariff prices was higher than intended.

In the 2019/20 NTPS, a national price was set for HRG WD02Z (Alzheimers Disease or Dementia, treated by a Non-Specialist Mental Health Service Provider). This was an error as the currency should have been subject to local price setting, not national prices. In the proposed 2020/21 NTPS, there was no national price set (see Section 8.2 of the consultation notice). However, the funding for this price was not removed from the total amount covered by tariff prices (£41 billion). This amount had increased from £39 billion in 2019/20, but including the money for WD02Z meant that the prices consulted on were slightly higher than intended, potentially leading to a £91 million benefit for providers and £91 million cost pressure for commissioners.

In the final 2020/21 NTPS, all prices (national prices, prices for emergency care and outpatient attendances and non-mandatory prices) have been reduced by 0.2% from the prices included in the consultation. This decreases prices by an average of around £9 (£8 for day-case and elective spells and £10 for non-elective spells). The median reductions are £5 for day-case and elective spells and £7 for non-elective spells.

Analysis of the impact of this change suggests that providers' operating income would typically decrease by 0.1%, compared with the prices consulted on. This is lower than the decrease in prices as operating income comes from non-tariff as well as tariff sources. Even with the change, prices in the 2020/21 NTPS are on average 1.8% higher than in the 2019/20 NTPS.

NHS England and NHS Improvement have decided to make the change to the final tariff without reconsulting on the corrected prices for the following reasons:

- There were no substantive changes to either the policies or the method used to calculate prices, which were set out in the consultation.

¹ <https://improvement.nhs.uk/resources/national-tariff-2021-consultation/>

- The additional amount used to calculate the consultation prices was included in error.
- The impact is relatively minor and almost all providers would continue to receive an increase in tariff income of between 0.1 and 2.8%.

Please contact pricing@improvement.nhs.uk if you have any questions about this change, or any other aspect of the tariff.