NHS England

Guidance for commissioners on the marginal rate emergency rule and 30-day readmission rule

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Contents

1. Purpose

This non-statutory guidance for commissioners is provided as a supporting document to the 'National variations to national prices' section of the *National Tariff Payment System.*[1]

2. Marginal rate emergency rule

The marginal rate rule sets a baseline monetary value (specified in £) for emergency admissions at a provider.[2] A provider is then paid 70% of the national price for any increases in the value of emergency admissions above this baseline. Overall, commissioners should set aside sufficient budget to pay for 100% of emergency admissions.

2.1 Investing the retained funds

The 30% of the value of emergency admissions above a provider's baseline that is retained by commissioners should be spent on managing the demand for admitted emergency care. These investment decisions should be:

a. properly prepared, with plans that are:
    i. based on clear evidence that they can relieve pressure on emergency care
    ii. co-ordinated with other commissioning decisions on demand management
    iii. developed through constructive engagement and with input from system resilience groups.
b. communicated to all relevant stakeholders, with plans:
    i. published on the commissioner's website
    ii. sent to the chief executives of relevant affected acute providers, and shared with NHS Improvement and NHS England
    iii. subject to oversight by NHS England, through its local offices.
c. reviewed for effectiveness.

2.2 Preparation of demand management plans

Commissioners should invest the retained funds, on the basis of clear evidence, at the point in the system where investment will have greatest local effect. As well as funding initiatives to reduce the number of emergency admissions, this investment

[1] Consultation version available at: https://improvement.nhs.uk/resources/national-tariff-1719-consultation/

[2] Emergency admissions as defined in the NHS Data Model and Dictionary. These codes are: 21-25, 2A, 2B, 2C or 2D (or 28 if the provider has not implemented CDS 6.2).

may also aim to improve a patient's recovery through earlier discharge, enhanced community-based rehabilitation and reablement to prevent inappropriate readmissions.

For planning purposes, this investment decision should be co-ordinated with other decisions made by commissioners on demand management, including the investment of funding retained due to 30-day readmission penalties.

The review of the marginal rate rule,[3] which was part of the development of the 2014/15 National Tariff Payment System, found that retained funds were most effectively invested when stakeholders worked together to forecast demand and formulate demand management plans. Such constructive engagement needs to involve all parties, including emergency care clinicians, out-of-hospital care providers and the local authority, and should start early in the commissioning cycle.

Commissioners should therefore prepare plans for managing demand early in the year. In doing so they should obtain input from their local system resilience group, in consultation with NHS England area or regional teams, and from all relevant providers and advisory groups (eg stroke networks).

Acute providers or other parties in the local health economy can raise any concerns about the investment plans with NHS England, through its local offices. Where local consensus cannot be reached, NHS England, through its local offices, will provide mediation, in the context of its CCG assurance role. Where the local NHS England office is the commissioner, the NHS England regional team will mediate.

In all cases, the NHS England Pricing Team[4] should be notified by email where concerns have been raised, and whether (and how) plans were changed as a result.

2.3 Communication of demand management plans

Commissioners should publish details of their plans for investment of the retained funds on their website before the start of the financial year. Commissioners should also send these details to the relevant acute providers' chief executives, and email them to the NHS England Pricing Team.

The plan details should include:

a. targeted service redesign initiatives for managing demand for emergency admissions

b. evidence reviewed when considering the investment proposals

c. amount invested as a result of the marginal rate rule

[3] www.gov.uk/government/consultations/30-marginal-rate-rule-for-emergency-admissions
[4] Emails should be sent to england.paymentsystem@nhs.net

d. expected change in demand patterns as a result of the investment

e. how progress of targeted initiatives will be measured.

Additionally, Commissioners should explain how these demand management plans are co-ordinated with other investment decisions.

2.4 Review of demand management implementation

Once agreed, the implementation of demand management investment initiatives will form part of the commissioner's assurance process.

Commissioners will be expected to feed back on the impact of their plans. Therefore, when they publish their accounts at the end of the financial year, commissioners should also publish a summary of the final value of funds retained due to the marginal rate rule for each contract they commission. This summary should compare the actual outcomes of the investment of these retained funds with the targets in the plan published before the start of the year.

3. 30-day readmission rule

The 30-day readmission rule incentivises hospitals to reduce avoidable unplanned emergency readmissions within 30 days of discharge. Hospitals may reduce the number of avoidable emergency readmissions by investing in, for example, better discharge planning, more collaborative working and better co-ordination of clinical intervention with community and social care providers.

Where money is retained from not paying for emergency readmissions, this should be re-invested by the commissioner in post-discharge services that support rehabilitation and reablement and, in turn, may help to prevent avoidable readmissions. Clinical reviews may highlight particular types of patients who would benefit most from these services.

To ensure transparency and effectiveness, commissioners should discuss with providers where this money will be re-invested. Re-investment proposals should be co-ordinated with other commissioning decisions on demand management for emergency care, for example initiatives funded by the retained funds from the marginal rate rule.