Innovation payment policy

Sector engagement on proposed funding options

For NICE-approved MedTech products

Deep Dive Session, 29 September 2021

11.00 – 12.00

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Agenda

1. Welcome and Introductions
2. MedTech Funding Mandate – Background
3. Presentation on:

- Key feedback from engagement and identified issues
- Proposed payment options and options appraisal
- Proposed payment policy options for 2022/23

4. Discussion and comments
5. Feedback on proposed policy and payment rules (Menti questions)
6. Next steps

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

Objectives of the session

- Discuss feedback from engagement events, payment options generated through engagement and policy proposals for 2022/23
- Gather further feedback from the sector on the most suitable payment approach and associated implementation rules that would better support adoption and spread of innovation products
- Gather feedback on the usefulness of:

➢ Carrying out cost and benefit analysis by provider type

➢ Full implementation cost analysis

➢ Developing case studies for each established product

➢ Continuing with phase 2 of the project to explore barriers to implementation of new models of care, pathways and new ways of working as well as possible solutions to inform policy proposals for 2023/24.

MedTech Funding Mandate – background

- The MedTech Funding Mandate was introduced in April 2021 to support the uptake of NICE-approved innovative products. The Mandate requires commissioners to pay providers wishing to use the products it covers. At launch, there were four products on the Mandate.
- The 2021/22 national tariff rules mean that products on the MedTech Funding Mandate should be funded separately to the tariff. However, confusion about how the products should be funded under the block payment arrangements has led to mixed and limited uptake.
- A project group whose membership includes senior clinicians and other relevant colleagues, has considered how to better support the adoption and spread of innovations. The innovation project team carried out extensive engagement and identified a range of options:
- **Do nothing:** Retain the status quo on support for the policy
- **Mandated fixed and variable payments**
- **Centrally funded approach**
- **Phased approach with transitional arrangements from central to local funding**
- **Locally funded approach**

Products covered by MedTech Funding Mandate

- **SecurAcath** (a device used to secure peripherally inserted central catheters (PICCs) and should be considered for any PICC with an anticipated medium- to long-term dwell time (15 days or more).
- **Heartflow** (subsequently Computed Tomography Fractional Flow Reserve (CT-FFR) is a technical add-on to CT Coronary Angiography (CTCA), a very effective tomography test used to investigate the presence of coronary arteries disease with reasonable degree of accuracy.
- **GammaCore** (used to treat cluster headache)
- **Placental growth factor (PlGF) based tests** (used to diagnose pre-eclampsia in pregnant women)

Products selection criteria for 2022/23

- **Are effective**:
  Demonstrated through positive NICE Medical Technology Guidance or Diagnostic Guidance
- **Are cost-saving in three years:**
  NICE modelling demonstrates a net saving within 3 years of implementing the technology
- **Are affordable to the NHS:**
  The budget impact should not exceed £20 million, in any of the first three years.

89 NICE guidance on technologies and diagnostics are being assessed against the policy criteria for 22/23. We are working through potential technologies that aim to help a broad range of conditions such as Benign Prostatic Hyperplasia, pulmonary surgery, and chronic sinusitis as well as diagnostic innovations for pregnancy related illness and cancer.

The Accelerated Access Collaborative (AAC) will be signalling early October which technologies will be supported in 2022/23.

Summary of engagement feedback

- The lack of multi-year funding was voted the most likely barrier to the adoption and spread of innovation, followed by resistance to change, upfront investment and cost.
- Issues relating to leadership and staff shortages were very rarely seen as barriers to innovation
- There was strong support for tariff and payment rules to include fixed payment to fund the uptake and spread of innovation products covered by the MedTech Funding Mandate.
- The Payment Development team were encouraged to provide implementation guidance and education sessions outlining the benefits of clinical and cost effectiveness of innovation products.
- 56% of respondents thought that NICE recommended products should be 100% centrally funded and payments made to providers. 35% thought that those products should be locally funded with a national commissioning rule mandating payment.
- There were very few votes for funding through local agreements between providers and commissioners.
- Rewarding better patient outcomes was voted as the most popular incentive to support innovation, followed closely by upfront investment and any additional funding.
- Clinical training and funding to address staff shortages were the least popular incentives, implying that they are not regarded as major barriers in innovation.
- There was overwhelming support for innovation payments being calculated based on patient outcomes

Identified non-payment barriers outside the scope of NPS

Clinical engagement levels and culture that is resistant to change
Innovation needs to be supported with robust, clinical, real world evidence of efficiency (winning hearts and minds, not just hard evidence)
Lack of evaluation capacity at ICS level to be able to determine high impact innovation
Improvement to patients' outcomes should inform investment decisions
Staffing levels and implementation capacity at provider level
Data infrastructure and clinical processes
Understanding the true value of innovation at a system level
Clarity around the clinical benefits of the innovation
Procurement and lack of support for business case development
Covid-19 related backlogs
Lack of space and time for groups of stakeholders to come together to discuss and agree change

Key Issues identified during engagement

- **Mandating the payment of the products alone would not be sufficient to encourage uptake and spread of these innovations**

- **Sector proposed the following enhancements to the payment policy:**

➢ **Clearer mandate in NPS rules for paying for MedTech products (with either funding being included in ICS commissioner allocations or provided centrally via a commissioner allocation top slice)**

➢ **Guidance on how commissioners and providers should implement the rules**

➢ **The whole cost of implementing the innovation (including upfront investment, clinical engagement, training, maintenance etc.)**

➢ **Multi-year approach to innovation implementation and benefits realisation**

➢ **Clear consideration of where engagement, investment, support and benefits realisation sits across different partners in the ICS**

➢ **Clear link to NICE business case for mandated products and where possible, practical case studies demonstrating best practice to support implementation**

➢ **Need to consider how the payment policy can support non-mandated innovations (such as models of care, ways of working, and pathways) if not addressed in the policy proposals for 2022/23.**
This work will be considered in more depth in Phase 2 of this project.

Appraisal of options generated through engagement

Do Nothing: Retain the status quo on support for the policy

Current position / benefits

- ❑ CCG commissioners are required to pay providers using the products covered by the MedTech Funding Mandate Policy.
- ❑ Compliance with the MedTech Funding Mandate has been limited, which has had an negative impact on uptake. Better guidance and how to implement the rules is required
- ❑ No new processes for implementation locally or nationally, during a time of challenge/change for the NHS
- ❑ Supports business as usual.

Disbenefits / risks/challenges

- ❑ CCG functions transfer to ICBs from April 2022 may create confusion
- ❑ Does not fit with overall future financial framework
- ❑ Does not address fundamental barriers/issues in relation to funding of innovation, including lack of multi year funding, implementation and upfront costs recovery
- ❑ Inefficient management/recording of payback and savings
- ❑ Non-recurring funding is a key barrier
- ❑ Would not be supported by future payment policies and reengaging stakeholders may prove to be challenging
- ❑ Does not address ongoing barriers in adoption and spread of MTFM products or local resistance / capacity in responding to MTFM, which could increase as product list expands
- ❑ Unclear what recourse there is where products are not adopted

Mandated fixed and variable payments (Preferred approach):

- ❑ There is strong support from stakeholders for the cost of innovation to be funded through mandated fixed payment under the API model
- ❑ A variable payment could be used to recover payment for non-delivery
- ❑ This approach aligns better with the MedTech Funding Mandate and the new national payment policy
- ❑ Providers and commissioners have the flexibility to use variable payments to make necessary adjustments to reflect increased capacity and ensure that non-products costs are reimbursed accurately.

- ❑ Compliance with payment rules mandating payment could be challenging
- ❑ Budgetary constraints and conflicting priorities may have a negative impact on funding products
- ❑ Importance of identifying where full cost investment and cost saving sits in ICS partners
- ❑ Lack of capacity to develop business cases to secure funding could affect uptake
- ❑ Need for a multi year approach in an annual planning cycle

Appraisal of options generated through engagement

Mandated fixed and variable payments (continued)

- Fixed payment gives certainty of income and ability to fund upfront costs.
- Variable payment would allow local flexibility to address variations from planned activity
- Variable payment may help remove some non-financial barriers, although further work is required to assess how this might be achieved.
- This option requires corporate teams to work closely with clinical teams to enable them to champion the technologies and their benefits to patients, hence driving the enthusiasm for innovation and improving culture
- Variable payment could be used to increase incentives around patient outcomes and data collection
- Implementing this for 22/23 will mean that guidance wouldn't change vastly going forward

- Could be seen as unnecessary burden on new ICSs as they transition into the new systems
- Organisations making the investment are not always the ones achieving savings or reaping benefits – would need risk sharing element to share the burden / gain if loss or savings are made.
- Unclear how variable payment will reduce non-financial barriers
- Complexity and management costs for both national and local implementation, including negotiation and development of local risk sharing agreement, iterated across 42 geographies
- Unclear what recourse there is where products are not adopted
- ICSs may not all have required maturity to manage this

Locally funded approach

- Partners within each ICS agree funding and have the flexibility to agree which products to fund
- Organisations with local knowledge will be able to adopt technologies outside of the MTFM that are more suited to their population's needs
- This option requires corporate teams to work closely with clinical teams to enable them to champion the technologies and their benefits to patients - driving the enthusiasm for innovation and improving culture

- Innovation may not be funded adequately due to lack of local agreement unless there is a national payment rule mandating funding and mechanisms are in place to support local compliance with the rule.
- Conflicting priorities and limited resources may have a negative impact on spread of adoption
- Complexity relating to implementation may be hard to manage
- May increase unwarranted variation and health inequalities when some areas may innovate further than MTFM technologies
- ICSs may not have required maturity

Appraisal of options generated through engagement

Centrally funded approach

- The majority of stakeholders voted for this approach, which also supports multi-year funding called for by key stakeholders
- Products would be procured centrally and payments made to providers, similar to the approach for High Cost Drugs and Devices
- Easy access to funding, which mitigates the risk that ICSs may not fund products due to conflicting priorities and budgetary constraints
- This option should help reduce unwarranted variations in spread and adoption

- No new investment, ICSs allocations will have to be reduced
- This approach has been tried before through Innovation and Technology Payment (ITP) but did not work effectively. It created significant admin and transactional burden
- Central funding does not guarantee uptake. Some clinicians may be reluctant to use the products unless they are fully engaged on benefits and cost-effectiveness. Therefore, ICSs budgets may be reduced unnecessarily if the products are not used widely
- Financial framework has shifted from central funding to ICSs having control over their budgets. This option does not align with principles of local flexibility to agree funding between partners within local systems.
- Central funding may not address non-financial barriers such as adverse culture to innovation and clinical engagement
- Behaviours towards the use of innovation could be influenced by it being outside of the main contract – this is a learning from transitioning from ITP to MTFM

Appraisal of options

Phased approach with transitional arrangements

- This involves adoption of a centrally funded / pass through on cost and volume approach for 2022/23 and 23/24, moving to a mix of fixed and variable payments in 2024/25 once ICSs are well established and reached a good level of maturity.
- Fixed and variable payments will be mandated through the NPS rules to ensure products are consistently supported
- The approach allows transition from CCG to ICS funding and necessary planning to be completed.
- Reduces burden while ICSs become established and system maturity achieved to be able to take on commissioning responsibilities for innovation
- Reduces funding uncertainty in the short term
- Top slicing ICSs budgets will be required for a couple of years
- Central funding may not increase uptake and there are other challenges to consider
- Increased burden on the NHSE/I teams to manage this operationally
- Involves two-stage change process to administer, centralisation then decentralisation
- May be difficult/unpopular to introduce a blended model after a central funding model

Proposed payment policy for 2022/23

- The Pricing Development Group has reviewed all options generated through engagement and taken the view that although the majority of stakeholders supported central funding of products, the experience of ITP showed limited increase in uptake. In addition, central funding would require a reduction in ICS allocations and also would create a large admin burden centrally and locally.

- We are therefore considering other proposals to ensure payment policy and associated guidance encourage the use of Nice-approved innovative products.

Preferred payment policy option for 2022/23 from engagement to date

1. Mandated fixed and variable payments

- A payment rule would mandate fixed (and variable) payments to be agreed between commissioners and providers under Aligned Payment and Incentives model, providing clear guidance and business cases for established products, to support implementation.
- Multi-year approach should be embedded in planning process, including incorporated cost savings into relevant provider fixed and variable payment

The fixed element to include:

- ➢ Cost of innovation products
- ➢ Upfront investment (business case development, infrastructure development, etc.)
- ➢ Ongoing implementation costs (training, project / data management)
- ➢ Offset by the profiled cost saving to the provider, and discussion on how released capacity will be utilised
- ➢ Adjustment of fixed payment, or discussion of how to utilise released capacity with other providers

Potentially the variable payment would address variations from planned activity or used to incentivise specific areas such as patient outcomes and data collection as agreed locally. This element should cover:

- ➢ Increased capacity
- ➢ Payment recovery for non-delivery of planned activity
- ➢ Potential to consider outcome-based focus and data collection /improvement
- This approach aligns better with the MedTech Funding Mandate and national payment policy direction.
- Feedback from engagement carried over the summer indicates that there is good support from stakeholders for this approach.

Proposed payment policy options

2. Pass through approach based on cost and volume (exclude MedTech products from the fixed payment and treat as similar to volatile high cost drugs and devices)

3. Exclude the MedTech products from the fixed payment and adopt a pass through approach for the first few years, and include in the fixed payment when embedded (potentially with no variable payment)

Options for implementing payment rules / Menti questions

There are various options for implementing the payment rules, which we are engaging on:

Should the payment of innovation products covered by the MedTech Funding Mandate be:

- Included in the fixed element – with no variable payment
- Included in the fixed element – with variable payment to address variations from plans
- Excluded from fixed payment and mandate ”Pass Through” payment
- Excluded from the fixed payment and adopt a “Pass Through” approach for the first few years, and include in the fixed payment when embedded

Other policy development considerations

Guidance

- Engagement feedback we have had to date proposes implementation guidance to be issued to support local implementation
- Ideas for inclusion in the guidance to date :

  - depending on the payment policy proposal step by step guide on how to implement the payment

  - checklist to ensure commissioners and providers consider the full cost of implementation (including non device purchase costs)

  - checklist to ensure profile of the benefits are fully understood including actual cash savings and capacity release for the provider investing in the device and other providers where appropriate

  - reference to the MedTech web page which could develop full implementation cost analysis and profiled benefits analysis for each product

  - reference to the MedTech web page which could provide a range of local case studies to demonstrate how local systems have implemented each device and the impact on staff, patients and outcomes

Other policy development considerations

Phase 2

- Engagement feedback we have had to date highlights that there is strong support for considering how payment can support wider innovation including models of care and ways of working
- NHSE/I All Staff Briefing highlighted "It will not be enough to do the same – apply innovation to new set of challenges. Tackling elective challenges by looking at new pathways and new ways of working"

- Ideas for developing Phase 2 to date :

  - develop a project to engage with the innovations working group and reference group to understand specific barriers to the spread of models of care and ways of working

  - consider what payment policy developments could be considered to support these innovations

  - engage with the wider sector as part of the NHS Payment System (NPS) engagement for 2023/24

  - promote prosed policy in the S118 NPS consultation and include in 2023/24 published NPS

Additional menti questions

1. In order to support efficient implementation of innovation payment policy, do you think that it would be useful to include in guidance :

i. Step by step guide to implementing payment rules

ii. Full implementation cost checklist

iii. Benefit realisation checklist for all providers, including cost saving and released capacity

iv. MedTech team develop analysis of full implementation and benefits realisation for each product

v. MedTech team develop case studies for each established product

2. Should the project continue with phase 2 to explore barriers to other types of innovation such as new models of care, pathways and new ways of working as well as possible solutions to inform policy proposals for 2023/24?

Next steps

National Payment System Rules

- Clearer mandate on payment of MedTech products
- Reference to guidance for how rules should be implemented

Innovation NPS Guidance

- Multi-year approach to full implementation cost ,benefits realisation and cost saving
- Reference list of implementation costs to consider

NICE business case & local case studies

- Published evidence and business case for NICE approved products
- Local case studies of successful implementation