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Re-consultation: 2022/23 National Tariff Payment System

Changes to the proposals initially
consulted on

24 February 2022

Introduction

1. This document describes the changes made to proposals for the 2022/23 National Tariff Payment System (NTPS) that were consulted on during December 2021 and January 2022. It is published as part of a re-consultation on the 2022/23 NTPS.
2. While the statutory objection threshold for the initial consultation was not met, NHS England and NHS Improvement have decided to propose a 2022/23 NTPS that differs from that initially consulted on. This decision has been made following consideration of the feedback to the initial consultation and the recently published elective recovery plans. The changes are described below.
3. This document only describes the changes to the proposals initially consulted on. More details of all the proposals for the 2022/23 NTPS, including those described here, are included in the full consultation notice. The full consultation notice, draft tariff and related guidance, with changes highlighted where appropriate, are available [on our website](#).¹
4. We are continuing to consider the feedback to the initial consultation, and whether any price or policy changes should be implemented for the final tariff. No changes have been made to Annex DtA for this re-consultation. The supporting document, *Guidance on the aligned payment and incentive approach*, has been updated to reflect the changes described here and clarify the guidance on overseas visitors and MedTech Funding Mandate products.

Proposed changes

Revising the variable element for elective activity

5. In the proposed 2022/23 NTPS, the aligned payment and incentive variable element pays additional money for elective activity above the agreed baseline (used to calculate the fixed element) and deducts amounts for activity below the baseline.
6. We are proposing changing the rate of deductions for activity below the agreed baseline to 75%. In the initial consultation, a deduction rate of 50% was proposed, with 75% of prices paid for activity above the baseline.

¹ Available via: www.england.nhs.uk/publication/2022-23-tariff-consultation/

7. We have had considerable feedback to ask that we align the rates for systems and providers to avoid actions which would inhibit funding flows between systems and providers, hindering overall activity. As such, we feel it is appropriate to change the tariff rules to be consistent with the elective recovery funding process.

Rules for providers who subcontract activity

8. In the initial consultation, the aligned payment and incentive rules did not make any provision for providers subcontracting additional activity to other providers. This meant a potential risk of providers being paid at 75% of tariff prices, under the variable element, but having to pay subcontractors 100% of tariff prices.
9. We propose amending the aligned payment and incentive rules in the 2022/23 NTPS so that subcontracted activity is excluded from aligned payment and incentive arrangements and subject to tariff prices. The actual payment between the providers would remain outside of the tariff rules, as the tariff governs transactions between providers and commissioners.

Responding to the consultation

10. This is a new consultation. The statutory consultation process, described in Annex CnB and Section 2 of the full consultation notice, applies in full.
11. In addition to consulting on the method for setting national prices, we also welcome any comments on the policies described here and the proposals set out in the full consultation notice. However, we have considerably shortened the online survey to make it easier to complete.
12. Please submit your feedback through the [online survey](#).² The deadline for submitting responses is midnight at the end of **25 March 2022**.
13. You can also watch a [recorded presentation](#) discussing the re-consultation changes, and summarising the other policies being proposed for the 2022/23 national tariff.
14. Please contact pricing@england.nhs.uk if you have any questions.

² Available from: www.engage.england.nhs.uk/pricing-and-costing/reconsultation-2022-23-tariff