

**REFERENCE COSTS ADVISORY GROUP**  
**MINUTES OF MEETING ON FRIDAY 19 OCTOBER 2012**  
**QUARRY HOUSE, LEEDS**

**Present**

Jonathan Storey(Chair) (JS)	North East SHA
Simon Gregory (SG)	South Tees Hospital NHS Foundation Trust
Alex Bartholomew (AB)	Monitor
Howard Davis (HD)	Capita Health
Jason Dean (JD)	Alder Hey Children's NHS Foundation Trust
Sharon Ainley (SA)	Harrogate and District NHS Foundation Trust
Lee Webb (LW)	Derby Hospitals NHS Foundation Trust
Nicola Hollins (NH)	Nottingham University Hospitals NHS Trust
David Cooper (DC)	Sheffield Teaching Hospitals NHS Foundation Trust
Stuart Burney (SBu)	North Tees & Hartlepool NHS Foundation Trust
Dave Allen (DA)	Health and Social Care Information Centre
Jag Randhawa (JR)	Birmingham Community Healthcare NHS Trust
Susan Devlin (SD)	NHS Commissioning Board
Karen King (KK)	Burton Hospitals NHS Foundation Trust
Thanos Polyzois (TP)	Greater Manchester West Mental Health NHS Foundation Trust
Sarah Butler (SJB)	DH PbR
David Hubbard (DHu)	DH PbR
Joanne Lowther (JL)	DH PbR
Suzanne Ibbotson (SI)	DH PbR
Simon Tither (ST)	DH PbR
Bulwinder Singh (BS)	DH PbR
Paul Follett (PF)	DH PbR
Valerie Churches(Secretary)(VC)	DH PbR

**Apologies**

Paula Monteith (PM)	Health and Social Care Information Centre
Andrew Belcher (ABe)	Leeds Teaching Hospitals
Cath Chilcott (CC)	NHS Connecting for Health
Helen Strain (HS)	HFMA
Carolyn Wood	North West SHA

**1. Welcome and introductions**

JS welcomed all to the meeting and received apologies.

**2. Minutes and/or matters arising from**

**(a) Meeting held on 27 March**

The minutes were accepted as an accurate record.

**(b) Papers circulated for (cancelled) meeting of 26 June**

DHu advised that the PbR team has reconsidered the advice it received from RCAG critical care outreach, and as a result would be excluding it from the RCIs when published. He also advised that six Trusts RCIs would change as a result. JS suggested that the six Trusts affected by the change in the RCIs are notified.

**(c) Papers circulated on 1 August**

The group were content with these.

**3. 2011-12 reference costs publication - RCAG09-03**

The group discussed the paper.

**3.1** On Section 2: Data DHu asked the group if they agreed that publishing all of the source data submitted by trusts in the reconciliation statement workbook (paragraph 49) supports transparency and the drive to improve quality. The group agreed and thought that the information would be useful.

**3.2** On Section 3: Spells DHu asked the group if DH PbR have offered a sufficient explanation of the spells collections, comparison of spell and FCE unit costs, and comparison of spell and FCE equivalent RCIs? (Detailed annex dealing the latter is in preparation)

SG considered that spells would provide a better measure of efficiency than the current RCIs.

DC advised that casemix had limitations.

**3.3** On Section 4: Survey, DHU asked if any members of the group were able to offer a case study of clinical and financial engagement in your trust. JD volunteered.

**3.4** On Section 5: Quality, DHu asked if the group had any comments about the non-mandatory validations presented here, and the analysis of unresolved issues in the final dataset.

The group suggested that there were issues with the figures in table 29 that some Trusts had provided, causing unrealistic costs, but that some of the high costs HRG outliers were feasible, and DA suggested that the tables be caveated.

SG advised that PLICS could produce some of the low cost HRGs.

SJB advised that table 24 was helpful and asked the group if drawing people's attention to the anomalies proved useful.

HD suggested that DH PbR could provide an explanation of the circumstances that could have caused the anomalies to increase the tables usefulness.

The group considered that the data in section 5 could be harmful to reference costs reputation without an explanation.

SJB asked the group which non-mandatory validations should be changed for 2012-13.

The group asked for clarification of which HRGs always include a high cost device and which sometimes do. DA will obtain clarification.

**Action: DA to clarify which HRGs always include a high cost device and which sometimes include the device.**

SBU suggested that the validation for in patients should be £50 rather than the current £5.

SG suggested that the spells guidance could be clearer for spells with both a short and long stay. DHu advised that the guidance would be tightened for 2012-13.

DA said that same cost HRGs should be addressed in order to improve the standard of reference costs. SBU suggested that same cost HRGs should be excluded from

tariff. PF advised that DH PbR have looked at these and that more consideration will be given to this issue for 2012-13.

**3.5** DHu asked if the group had any additional feedback on the 2011-12 collection. TP stated that he considered Unify was more stable and JD said that he considered the reconciliation statement was much improved.

#### **4. Accountability and governance for reference costs**

SJB gave a verbal update.

The Sector Regulation Board (SRB) have agreed that Monitor should be the accountable organisation for reference costs guidance, collection and publication. This means they will be ultimately responsible for delivery.

The Department is retaining the functions of drafting guidance, collecting data and publishing it as Monitor's agent.

Monitor's accountability for reference costs is balanced by the need to secure NHS Commissioning Board agreement to any changes, and the agreement of other organisations with a recognised interest in the collection must also be sought where changes affect their interests.

Clear governance arrangements will be necessary to ensure the views of all parties are represented. SRB will see a paper containing proposals in November.

#### **5. Potential changes for 2012-13 reference costs - RCAG09-04**

The group discussed the paper.

**5.1** DHu asked the group if they any objections to removing contracted out data from the 2012-13 collection.

NH advised that there would be more importance for accurate costs. SG suggested that DH PbR consider for example dialysis, which is mainly contracted out, and other ways of recording this data.

**5.2** DH asked the group if they agreed that DH PbR should continue to collect FCE and spell costs in 2012-13.

KK advised that there had been software issues during the 2011-12 collection. The group agreed that this had been an issue for some organisations.

**5.3** DH asked the group if they agreed that the reporting of costs against UZ01Z should be provided for in critical care and in other unbundled settings.

PM who was unable to attend the meeting has advised by email that the UZ01Z paragraph needs clarifying. She advised that DH PbR are not asking for people to report it as an inlier cost, but as an inlier episode cost with associated numbers of episodes and bed days (for ELIP / NELIP-L) PM also advised that she considered the comment about removing the Hospital at Home and the link to RRR short sighted.

The group were comfortable with the suggested change.

**5.4** The group then discussed UZ01Z in paediatric critical care. The group expressed concern that UZ01Z was being used incorrectly and that it may not be appropriate to facilitate an increase in its use. The group considered that the real issues with paediatric critical care should be rectified instead. SA suggested that DH PbR considered validating the use of UZ01Z instead.

**5.5** DH asked the group if they had any views on the removal of some memorandum activity data items.

The group agreed with the proposal to remove the memorandum item for hospital at home and pathology.

**5.6** DH asked the group if they agreed with the consolidation of the costing guidance. Paula Monteith, has advised by email that she disagrees with the suggestion that NHS costing manual should be consolidated into other guidance , and that the clinical costing standards don't extend beyond acute and mental health, but the costing manual does.

Cath Chilcott is unable to attend the meeting, but has advised by email that regarding the milestone of “how to avoid a conditional approval from ROCR” some of the issues that NHS Connecting for Health encountered have now been resolved by work carried out with the DH PbR team. She will discuss anything outstanding before the deadlines with DH PbR.

The group commented that the costing manual is mandatory and the HFMA costing standards are not.

**5.7** TP asked if DH PbR could consider improved guidance and validations for mental health clusters.

**Action: DH PbR to look at improving guidance and validations for mental health clusters.**

## **6. Cost pools - RCAG09-05**

The group discussed the paper.

**6.1** AB asked the group if they thought that their organisations could comply with the proposal to collect cost pools.

Some members had reservations about the cost pools as currently defined in the HFMA clinical costing standards

AB advised that Monitor are looking at this. DC advised that organisations systems were set up for differing cost pools. SB said that he uses HFMA cost pools but has difficulty. SI advised that HFMA were looking at tightening up their cost pools but there were issues with standards for a retrospective collection. SB advised that Monitor would need to understand whether an organisation had used PLICS. TP asked if Monitor were planning to mandate the use of PLICS, AB advised that no decision had yet been taken.

RCAG had reservations about the readiness of NHS providers to submit costs against HFMA cost pools, and recommended that any collection of cost pool data through reference costs begins on a voluntary, pilot, basis, perhaps starting with a limited number of HRGs.

**6.2** AB asked the group if they thought that they could do cost pools with top down costing and the group agreed that it was possible.

The group discussed the possibility of collecting cost pools for a few HRGs in the first year.

JS asked what impact a cost pool collection would have on Unify. DHu advised that there were various options for collecting the cost pool data that could be considered. SJB advised that the decisions on specialist/non-specialist and cost pools need to be taken together.

JD asked if Monitor could consider a voluntary cost pool collection as it may provide better data, AB advised that Monitor were considering this.

## **7. Assurance - RCAG09-06**

**7.1** AB asked the group if the checklist ask the right questions.

SG advised that he thought the list could be simplified.

SG also suggested that Monitor consider an on-line portal for completing the checklist.

**7.2** AB then asked the group if Board sign-off of the reference costs process would cause timing issues with the reference cost submission.

The group discussed the timing issue and suggested that this may have to be done after the reference costs collection.

**7.3** AB asked the group if they could calculate a Materiality and Quality Score (MAQs).

SBU advised that there were currently many flaws with MAQs. He also advised that nursing acuity was a current issue. SJB asked Monitor to consider asking for MAQs on a voluntary basis. SG asked if there could be a separate one for community.

The group did consider that it could be a useful tool possibly on a voluntary basis.

**7.4** AB then asked if the group thought that it is important to maintain some external assurance of reference costs

The group agreed.

JD also asked that Monitor consider peer review.

## **8. Exclusions - RCAG09-07**

The group discussed the paper.

**8.1** JL asked the group for help in understanding pass through payments and services provided where there is no patient. The group considered that these may be provider to provider agreements and therefore the income should be netted off. The group considered that the guidance could be strengthened for pass through payments.

**Action: JL and SBU to discuss pass through payments further.**

**8.2** JS suggested that group members send their comments on the exclusions referred to in the paper to DH PbR.

**Action: Members to send their comments on the exclusions referred to in the paper to DH PbR.**

## **9. NHS costing manual - RCAG09-08**

The group discussed the paper.

**9.1** JL asked the group if they agreed that the NHS costing manual should be retired, with relevant sections consolidated into the clinical costing standards or cost collection guidance as appropriate. Paula Monteith from the NHS IC, who was unable to attend the meeting, had advised by email that she strongly disagrees with the suggestion that NHS costing manual should be consolidated into other guidance. The group however agreed the proposal.

## **10. Education and training update - RCAG09-09**

The group discussed the paper and expressed concerns that the education and training collection would be at the same time as the reference costs collection.

## **11. Options for developing reference cost guidance, collection and validation - RCAG09-10**

The group discussed the paper and agreed that the proposals would be useful, but had concerns about the resource implications of introducing and maintaining some of these proposals.

The date of the next meeting will be Wednesday 5 December.

### **Actions**

<b>3.4</b>	<b>DA to clarify which HRGs always include a high cost device and which sometimes include the device.</b>	<b>DA</b>	
<b>5.7</b>	<b>DH PbR to look at improving guidance and validations for mental health clusters.</b>	<b>DH PbR</b>	
<b>8.1</b>	<b>JL and SBu to discuss pass through payments further.</b>	<b>JL and SB</b>	
<b>8.2</b>	<b>Members to send their comments on the exclusions referred to in the paper to DH PbR.</b>	<b>RCAG members</b>	

RCAG member's attendance record

<b>Name</b>	<b>Organisation</b>	<b>06/12/2011</b>	<b>27/03/2012</b>	<b>19/10/2012</b>
Carolyn Wood	North West SHA	R	Y	R
Ivy Wong/Susan Devlin	NHS Commissioning Board	N	A	Y
Alex Bartholomew/Oliver Senter	Monitor	Y	Y	Y
Dawn Mankin/Bryn Shorney	Programme Budgeting	A	A	N
Dave Allen/ Paula Monteith	Information Centre	Y	Y	Y
Cath Chilcott	NHS Connecting for Health	A	R	Ap
Howard Davis	Capita Health	A	Y	Y
Karen King	Burton Hospitals NHS Foundation Trust	Y	A	Y
Lee Webb	Derby Hospitals NHS Foundation Trust	A	A	Y
David Cooper	Sheffield Teaching Hospitals NHS Foundation Trust	Y	Y	Y
Simon Gregory/Deborah Farrel	South Tees Hospital NHS Foundation Trust	Y	Y	Y
Laurence Murphy/Jason Dean	Alder Hey Children's NHS Foundation Trust	Y	Y	Y
Sheelagh Carr	Greater Manchester West Mental Health NHS Foundation Trust	R	R	R
Nicola Hollins	Nottingham University Hospitals NHS Trust	Y	A	Y
Sarah Green/Sandip Kandola	Birmingham Community Healthcare NHS Trust	N	Y	Ap
David Almond	North Lancashire PCT /Blackpool Teaching Hospitals Foundation Trust	A	N	N
Stuart Burney	North Tees & Hartlepool NHS Foundation Trust	N	N	Y
Sharon Ainley	Harrogate and District NHS Foundation Trust	N	N	Y
Andrew Belcher	Leeds Teaching Hospitals	N	N	Ap
Helen Strain	HFMA	N	N	Ap