Monitor
Making the health sector work for patients

February 2014 crowdsourcing exercise on the design of the NHS payment system

 Publication code: IRCP 24/14
www.GOV.UK/monitor

Contents

Summary

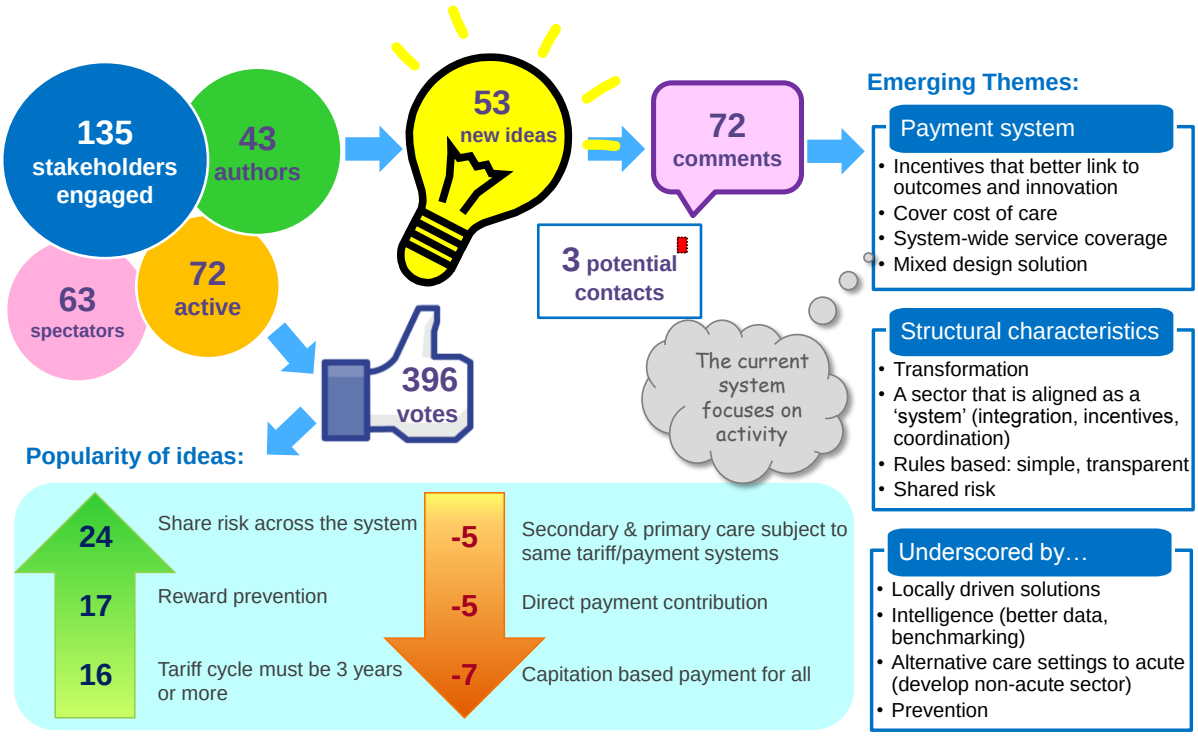
Emerging narrative: A comprehensive, mixed-approach payment system within which prevention, innovation and outcomes have stronger links to incentives; supported by information, intelligence and benchmarking.

The crowdsourcing exercise on reforming the NHS payment system invited wide participation from commissioners, providers, patient groups, regulators, academic, voluntary and other health sector stakeholders. We received a broad range of responses: over 70 participants provided more than 500 votes, ideas and comments from which a narrative began to emerge.

This emerging narrative favoured a **comprehensive** system, integrating and aligning all health providers and sharing risk. It would be characterised by dynamic and **mixed** payment approaches (including capitation), which would be rules-based, transparent and simplified within a national system that allowed local flexibility. Prices would reflect the cost and complexity of providing healthcare. **Incentives** would link more closely to **prevention, quality, outcomes and innovation**, in contrast to the current system that focuses on activity and acute care. A **multi-year national tariff** and potentially multi-year contracts were important too. Stability and predictability of funding were considered essential to encourage **innovation**. The need for improved **data and information** underscored all these, while intelligence and benchmarking were needed to support policy direction and inform local decision-making.

Participants raised concerns about applying a 'one size fits all' approach, and hence there was much support for a mixed-approach payment system. Capitation varied from moderately popular to very unpopular (by vote), with further stakeholder consultation needed to understand the potential for this payment approach. Lastly, while risk-sharing was the most voted-for idea, it was uncertain whether respondents sought to share or shift financial risk.

Figure 1: Illustrated summary of results for crowdsourcing exercise on designing a long-term payment system results



Note: Administrator generated seed ideas and comments have been excluded from these figures (13 ideas, 3 comments, 0 votes)

Background

Monitor and NHS England have been investigating long-term options for reforming the NHS payment system. The purpose of the crowdsourcing exercise was to pre-test early thinking on reforming the payment system for NHS services, gauge reaction to potential options and inform future policy development.

Process

Crowdsourcing was done through an online interactive discussion forum. Managed by an administrator, the forum allows 'ideas' to be posted and 'comments' added in response. Organisers and participants can share ideas and comments in a 'free text' format. They can also vote on whether they 'like' or 'dislike' an idea or comment, without the need to say why. At the end of a crowdsourcing exercise, qualitative and quantitative analyses of the comments and votes are undertaken.

The crowdsourcing exercise was launched on 10 February 2014. We invited participants from the health sector, including regulators, commissioners, providers and patient groups, academic 'thought leaders' and independent and voluntary sectors. We gave each a user-name and password for accessing the site. The forum opened from 11 February to 21 February, and was then extended to 28 February. It comprised three topic areas: payment system design, structural characteristics and 'other' ideas. Monitor, with input from NHS England provided 13 'seed' ideas to

prompt discussion, and as well as posted three seed comments on 25 February to encourage dialogue.

Process of analysis: extracting the results

We identified the most popular ideas, and linked them to themes within the written responses. Many ideas and comments covered a number of topics; some were several hundred words long. Each post covered a number of themes which, read together, seemed to be inter-related and contributed to an 'emerging narrative' describing a preferred design for an NHS payment system.

Results: an emerging narrative

Summary

As a high-level summary, the results of the crowdsourcing exercise suggested that the redesigned payment system should:

- encompass the whole health system
- be rules-based, transparent and simplified
- apply nationally but allow local flexibility
- take a dynamic, mixed approach to reimbursing care
- offer a variety of payment mechanisms
- include multi-year national tariffs and contracts to enable predictability and stability
- align health budgets
- align incentives between organisations and care settings across the health system
- improve outcomes and quality measures, linking more closely to incentives
- standardise data to improve intelligence, informatics and benchmarking.

Payment system

The results favoured a **comprehensive** payment system that would transform what exists currently, encompass all health providers, bring alignment and help share risk. The proposition that transforming healthcare provision demands a transformed payment system attracted the most comments. This could support integration of care by applying to all organisations, while aligning incentives and individual budgets. Integration and alignment were key concepts underscoring the strongly felt need for a health sector that operated as a 'system'. The idea that risk should be shared

across the health system won the most votes, but it was unclear whether this was to share or shift risk.

The favoured system would be characterised by dynamic, **mixed** payment approaches, which would be rules-based, transparent and simplified; several posts promoted this idea. It would recognise that one size does not fit all, with the national system allowing local flexibility where necessary. Prices would reflect the cost and complexity of providing healthcare, including taking account of inputs (eg fixed costs), population need, workforce availability and care setting. The system could use various mechanisms to do this, such as capitation, activity and block payments.

Capitation-based payments for all care for everyone was the most unpopular idea, although a post suggesting a capitation payment aligned with incentives was moderately popular. A suggestion that primary care come under the same rules and national prices as the secondary sector was the second most unpopular idea. But given the stronger support for a payment system that covered all healthcare settings, the results suggest that a mixed approach across sectors would be welcome.

Incentives

The results suggest that **incentives** should link more closely to **prevention**, **quality**, **outcomes** and **innovation**. This idea attracted the second highest number of votes. Prevention and early intervention could decrease, divert or delay acute care demand, while improved measures of quality and outcomes could help in developing incentives geared to encouraging the right behaviours.

Participants noted that better measures of quality and outcomes are needed. Related to this, and the third most popular idea, was the need for a **multi-year national tariff** as well as multi-year contracts. Stability and predictability (even foreknowledge) of funding are essential to encourage **innovation** whereas uncertainty may have led to risk-averse behaviour. Participants also suggested funding innovative enterprises.

Data and information

The payment system and its structural characteristics should make use of **intelligence.** Nationwide benchmarking and information (including data collection and definition) are needed to support policy direction and inform local decision-making. This would require improved data reporting locally.

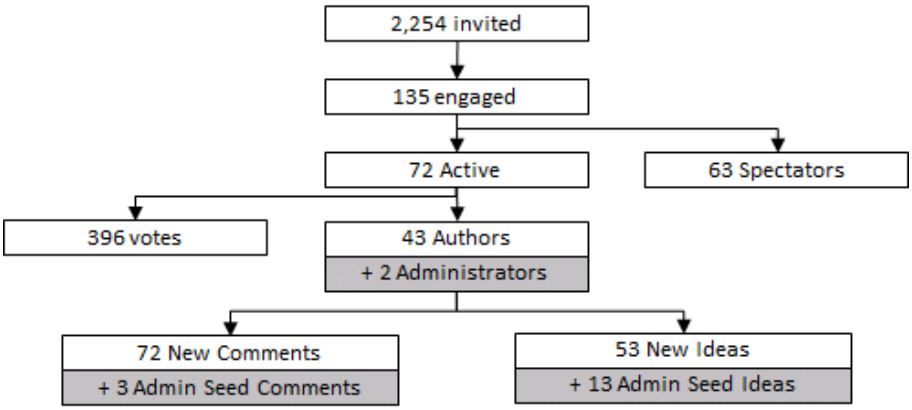
Participation

The response included a broad range of individuals and were representative of the different health sector groups.

Response

A total of 2,254 stakeholders identified by NHS England and Monitor were invited to participate.[1] Of these, 135 (6%) engaged with the platform: 63 non-active spectators, and 72 active participants. Participants placed a total of 396 votes. A review of unique user IDs[2] found 43 authors of ideas and comments, indicating 27 voting-only participants. The 43 authors posted 53 ideas and 72 comments.

Figure 2: Stakeholder participation



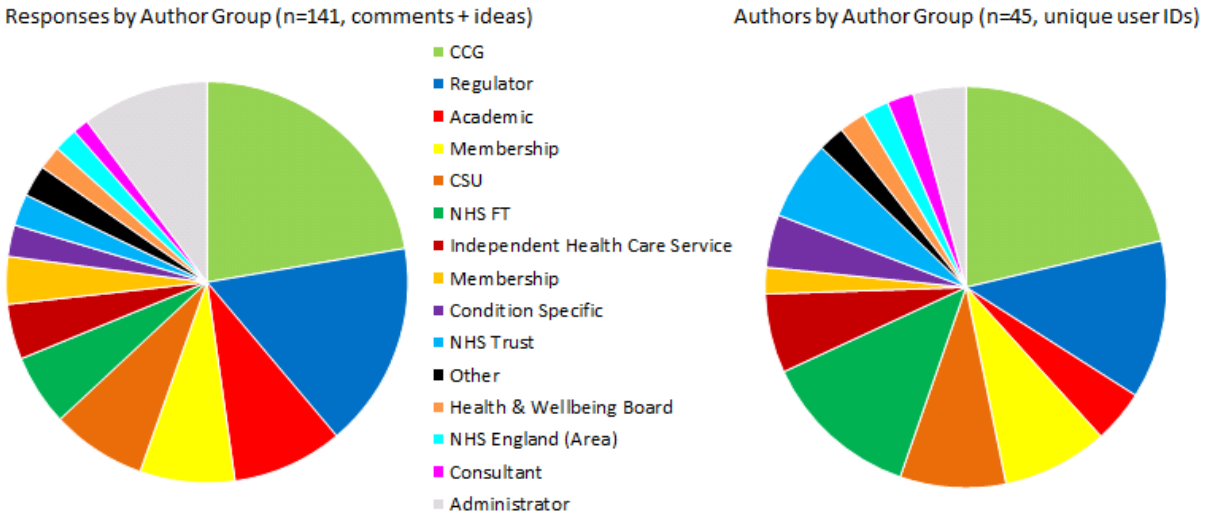
Note: Administrator authorship, comments and ideas have been identified separately above, and are in addition to non-administrator submissions.

Response ratio and author type

A broad range of respondents took part, including a good proportion from clinical commissioning groups. The ratio of responses to unique authors indicated good representativeness.

[1] Many stakeholders had previously been involved in a crowdsourcing exercise for the NHS Futures Summit. This achieved a 12% rate of engagement.
[2] Stakeholder email addresses were assigned a unique user ID for anonymity.

Figure 3: Responses and unique respondents by author group



Schedule of ideas

The schedule below presents ideas arranged from most popular to least popular. Starred (*) ideas are those developed by NHS England and Monitor, and subsequently posted by the survey administrators to the forum.

Idea	Votes Up	Votes Down	Total Vote
Share risk across the system*	25	1	24
Reward prevention*	18	1	17
Tariff cycle must be 3 years or more*	18	2	16
Price linked more strongly to clinical outcomes	13	2	11
Take patients with complex needs into account*	15	4	11
Why do we assume one size fits all?	10	1	9
Transformation needs a transformed payment system.	8	0	8
Multi-level weighted payment models for complex and longer-term interventions such as rehabilitation and palliative care	9	1	8
Don't take money away from organisations that need it*	9	1	8
Integrated care management?*	7	0	7
Have to phase out incentives as innovation becomes business as usual*	9	2	7
Payment approaches to meet the characteristics of different services	6	0	6
Encourage innovation, base system on patient type*	6	0	6
Don't forget about the non-acute sector	5	0	5
Capitation and aligned incentives	6	1	5
Variety is the spice of life	6	1	5
Market forces factor needs an overhaul rethink	6	1	5
The system should not be overloaded with penalties and incentives	5	1	4
Hold off the revolution and prioritise targeted reform	4	0	4
Local determination	4	0	4
Extend tariff to primary care*	10	6	4
Costs of servicing the system - avoid increased bureaucracy	4	0	4
Rear view mirror	4	0	4
Reduce the numbers of commissioners	4	1	3
Avoid complexity in payment systems	3	0	3
Local price setting will be inefficient *	6	3	3
Too many cooks	3	0	3

Base care in the community whenever possible	4	1	3
Addressing perverse incentives and achieving consistency	2	0	2
Payment system reform can't be seen in isolation from other policy initiatives	2	0	2
Rebalancing the risk	2	0	2
Patients first	2	0	2
Payment model needs to better incentivise transformation change	2	0	2
Pathway payments to include full pathway including social care	4	2	2
Empower local systems to develop local solutions to local problems	2	0	2
Provision of community services	3	1	2
Year of care based approach	5	3	2
Price set = actual payment	2	0	2
Bring stability to the system	2	0	2
Price competition	2	0	2
Funding NICE outcomes – evidence-based tariffs	1	0	1
Informatics for complexity, current need and future prevention	1	0	1
Mixture of everything	1	0	1
Acute care - rebalance the books	3	2	1
Balance certainty with evolution	1	0	1
Health system payments	1	0	1
Generate stability and certainty	1	0	1
OK, but something has to give*	1	0	1
Freeze acute prices & focus on community*	8	7	1
Transparency is the key: towards a lexicon of interventions	0	0	0
Incentives to avoid admission	4	4	0
Value-based Payment-by-Results based on sentinel PLICS	3	3	0
Messy problems: clumsy solutions	2	2	0
National policy + national data + national IT system = better outcomes for patients	0	0	0
The wood for the trees	0	0	0
How does tariff fit with the efficiency challenge? Prime contractor?	0	0	0
Geographical best practice tariffs	0	0	0
Widening our gaze	0	0	0
National policy + national data +national IT system = better outcomes for patients	1	2	-1
Tariff for imaging	1	2	-1
Risk from personal budgets?*	1	2	-1
Acute care summit	1	2	-1
Reducing public health spending	2	3	-1
Secondary and primary care subject to same tariff and same payment systems	0	5	-5
Direct payment contribution	2	7	-5
Capitation based payment for all	2	9	-7