

## **The Priory Group**

### **Response to the Department of Health Consultation *Fair and Transparent Pricing for NHS Services; Proposals for Objecting to Proposed Pricing Methodologies***

#### **About The Priory Group**

The Priory Group ("Priory") is the largest independent provider of mental health, specialist care and specialist education services in the United Kingdom by number of beds, focusing on the provision of acute psychiatry, secure and rehabilitation services, complex care, specialist education and elderly care, and one of the top three independent providers of secure and rehabilitation services in the United Kingdom by number of beds.

#### **Introduction**

Priory welcomes the opportunity to respond to the Department of Health's consultation paper on *Fair and Transparent Pricing for NHS Services* and to continue to contribute to this process. Priory believes that in conjunction with the *Fair Playing Field Review* currently being undertaken by Monitor, the establishment of fair and transparent pricing is important for ensuring a fair playing field and lowering barriers to entry for all providers of services to the NHS.

Priory welcomes the progress made to date in respect of establishing a fair playing field for providers, including the recognition that an effective pricing system must be based on quality and the services patients want, rather than cost.

Although this consultation paper is primarily concerned with the establishment of fair and transparent national tariff prices, Priory welcomes plans to establish rules aimed at ensuring fairness and transparency is also applied to the pricing of services for which no national tariff is in place. A clear and robust set of rules will be essential and once established, Monitor should apply them to challenge commissioning decisions which are contrary to patients' best interests or which go against the principles of a fair playing field.

Priory wishes to draw particular attention to the commissioning of mental health services and continuing healthcare community services, neither of which are currently subject to national tariff pricing. There continues to be scope for improving the quality of commissioning of these services

and the introduction of such rules would serve to significantly raise standards of care, delivering better outcomes for patients and greater value for the taxpayer.

With effect from 1 April 2013, specialised mental health services will be commissioned by the NHS Commissioning Board, specifically through its regional hubs, and Priory believes it appropriate that the scope of Monitor's remit should extend to ensuring the NHS Commissioning Board's compliance with new commissioning rules, specifically in respect of the quality and outcomes of commissioned mental health services. It is essential that the rights of patient choice in mental health services are extended to match those afforded to users of other NHS services, as set out in the latest choice frameworks published by the Department of Health.

Priory welcomes the continued progress in the development of national tariff prices for mental health services as a means to ensure that competition between providers is primarily based upon quality rather than cost or activity.

Priory recommends that Monitor also pays particular attention to the commissioning practices for fully-funded NHS Continuing Healthcare, particularly the operation of local "Any Qualified Provider" processes which introduce lower prices on independent and voluntary sector providers. Monitor should ensure that if local "Any Qualified Provider" tariffs are to be set, they should be equitable and transparent and should fairly apply to all providers.

Within our response Priory has identified the following recommendations which, it believes, the Department of Health should consider:

1. Monitor's new regulatory responsibilities should extend to include reviewing the commissioning arrangements of the NHS Commissioning Board, and its relevant regional and local bodies, to ensure they promote a fair playing field
2. The Department of Health and Monitor should expedite the introduction of payment by results for mental health services and remove block contracts for NHS providers to ensure a level playing field between providers, and incentives are in place for improvements in care
3. The Department of Health should collect and publish information about existing currencies at a local level that work well in mental health to help share good practice in the absence of a national tariff
4. Monitor should review local "Any Qualified Provider" tariffs to ensure they meet the principles of a fair playing field, and apply to all providers

In this submission, Priory has responded to the questions where it believes it can make a constructive contribution to the review.

## Response

1. **Do you agree that providers of services in the tariff in operation at the time at which Monitor consults on the next tariff should count towards the thresholds?**

Priory does not believe it is appropriate to set an objection threshold without also incorporating a mechanism for considering other relevant factors. For an objection process to be effective and truly fair, the quality of any objection must be properly considered alongside the quantity of objections. If an objection is based upon reasoned argument and is supported by clear evidence, then this should

be given due and proper consideration, regardless of the percentage of providers or commissioners lodging that objection.

Given that one of the principal intentions of the *Fair Playing Field Review* is to ensure fair and equitable treatment for a diverse range of providers, it is appropriate that independent and voluntary sector providers have a fair opportunity to have their views taken into account. Priory believes it would be counterproductive to operate a system that prevented certain providers from being considered because their combined size fell below a pre-determined threshold.

Priory recommends the Department of Health also incorporate mechanisms to safeguard against dominant groups of commissioners or providers raising objections simply because a decision is not in their own self-interests (even though such a decision may be in the best interests of patients and the taxpayer).

- 2. If yes, do you agree that this should include any such providers who are exempt from the requirement to hold a licence?**

Please refer to the response to Question 1.

- 3. Do you agree that the data used to calculate an objection threshold should be based on total tariff income, as reported in financial accounts? If no, please suggest an alternative source.**

Please refer to the response to Question 1.

- 4. Are there any other providers who should count towards the threshold? If yes, please give details and reasons.**

Please refer to the response to Question 1.

- 5. Do you agree that the objection percentage threshold should be set at 51% for commissioners? If not, what figure would you propose, and why?**

Please refer to the response to Question 1.

- 6. Do you agree that the objection percentage threshold should be set at 51% for providers? If not, what figure would you propose, and why?**

Please refer to the response to Question 1.

- 7. Do you agree that a provider's share of supply should be calculated across all tariff? If not, how should their share of supply be calculated?**

Please refer to the response to Question 1.

- 8. Do you agree that providers should be weighted based on income from tariff services delivered, as stated in the previous year's financial accounts and minus any local area adjustments? If not, on what basis should they be weighted?**

Please refer to the response to Question 1.

- 9. Do you agree that the share of supply percentage threshold should be set at the same figure as for the objection percentage thresholds, i.e. 51% of the total supply? If not, what percentage should be set, and why?**

Please refer to the response to Question 1.

- 10. Do you have any evidence that the proposals in this document will impact adversely or unfairly on any protected groups? If so, please provide details of the evidence.**

We anticipate that rather than impacting adversely or unfairly on people on the grounds of age (i.e. older people) or disability (people with mental illnesses), the introduction of robust commissioning rules will serve to address current examples of poor commissioning.