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Monitor Costing Webinar

2 December 2014

GOV.UK/monitor

Agenda

- Part 1
  - Launch of the engagement process on: ‘Improving the costing of NHS services: proposals for 2015 to 2021’
  - Questions and answers

- Part 2
  - Review of initial findings - 2013-14 PLICS data collection
  - Introduction of the PLICS & MAQS Benchmarking Tool
  - Questions and answers

Webinar – Part 1

‘Improving the costing of NHS services: proposals for 2015 to 2021’ engagement document

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Webinar – Part 1: 'Improving the costing of NHS services: proposals for 2015 to 2021' engagement document

- Background

- High level overview of our proposals
  - What we are proposing
  - Why we are proposing it
  - How we propose transitioning to it

- The engagement process and next steps

- Questions

Background

Early 2014, ‘Costing roadmap’ work carried out by a team led by BDO, setting out:

- The cost information needs of the sector
- Recommendations for:
  - a costing and cost collection approach that meets these needs
  - a transition path to this approach

BDO project engagement:

- Producers and users of cost information
- Representatives from:
  - Acute, mental health, community and ambulance trusts
  - Independent trusts, commissioners, central bodies

Background (continued)

Pre-engagement phase:

- Reviewing the BDO team recommendations
- Discussion with a number of organisations
  - Central organisations – NHSE, DH, HEE, NTDA
  - Sector groups – PLICS suppliers / benchmarking tool providers
  - Advisory groups:
    - HFMA acute and mental health costing practitioner groups, and strategic costing group
    - payment system advisory groups on benchmarking and payment strategy implementation

Where we are now:

- 'Improving the costing of NHS services: proposals for 2015 to 2021' published yesterday – 1 December
- The BDO report is available in the same location
- Engagement on the proposals begins today

(Search for 'Costing of NHS services' on GOV.UK or look at the attachments tab on this webinar)

A standard costing approach and single cost collection

- A transparent and intuitive costing approach
- Prescribed structures to deliver consistency
- A single, national cost collection

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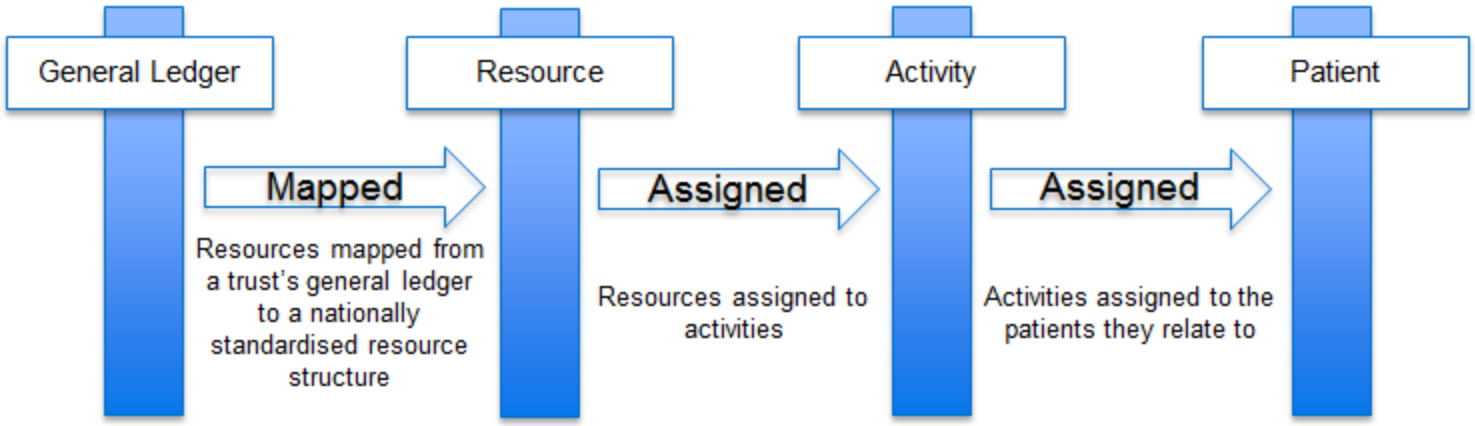
A transparent and intuitive costing approach

- Tracing costs from a trust's general ledger through to patients:
  - Creating a common starting point - mapping a provider's general ledger to an agreed standardised resource structure
  - Assigning resources to the activities that use them
  - Assigning the activities to the patients they relate to

- A patient-level costing approach – locally meaningful, and allowing links to patient outcomes

- Comprehensive - every cost in the trust's ledger retained through every stage



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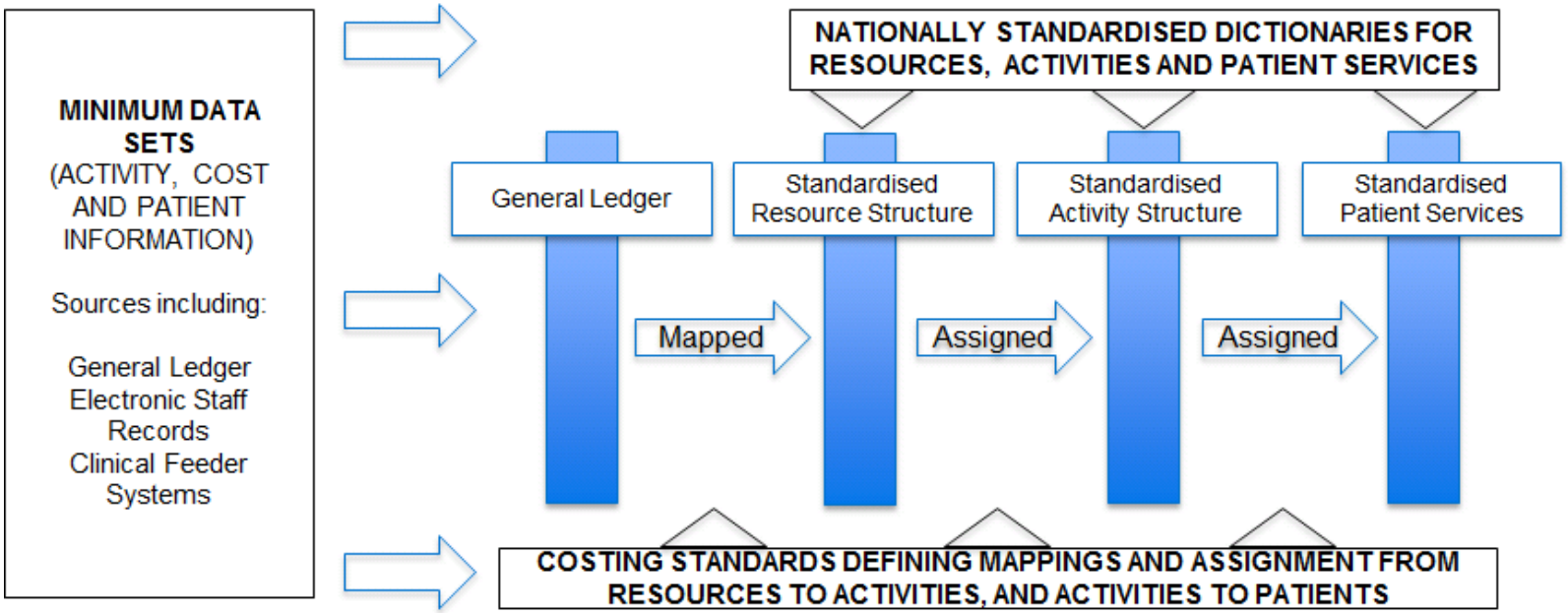
Prescribed structures to deliver consistency

- **National dictionaries** for the patient care, resources, and activities, supported by defined activity and cost minimum data sets
- **Clear and comprehensive costing standards** to define the relationship between the resources; the activities that use the resources, and the patients they relate to
- **Minimum data sets** building on existing national minimum data sets, and based on the requirements of the costing process



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A single, national cost collection

- **Moving from 3 collections to 1 collection**
  - bringing together reference cost, education and training and patient level collections
- **A national collection**
  - Including foundation trusts, NHS trusts, and independent providers subject to Monitor's licence
- **Underpinned by high quality costing**
  - Providers required to follow the prescribed costing method

Why this approach fulfils the uses of cost information

- Local uses
- National uses

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Fulfilling the uses of cost information

- **Local uses**
  - Cost benchmarking - improved national alignment of resource, activity and service definitions, and of costing processes
  - Cost management - uses locally relevant resources and activities already used for local clinical service and operational management

- **National uses**
  - Payment regulation and currency development:
    - allows any collection of patient services or any cohort of patients to be combined
    - enables links between costs and patient outcomes

- **Highly granular, flexible and comprehensive**
  - Detail allows reference costs to be replicated
  - No cost information currently produced will be lost

How we propose to transition to the costing method and single cost collection across the sector

- Long term transition
- Short term developments

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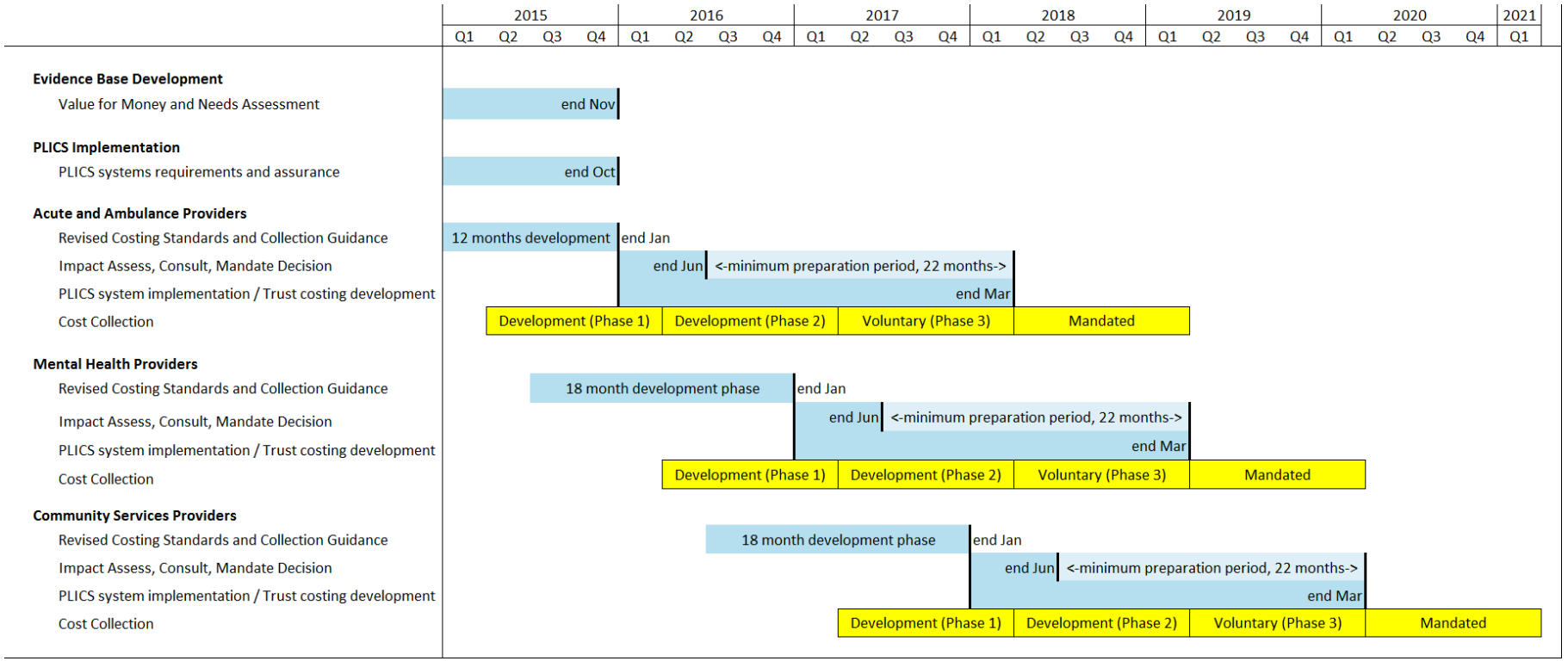
Long term transition – required work streams

- An implementation and transformation programme, delivering change across the sector:
  - Value for money assessment
  - Costing standards development
  - PLICS system requirements specification and assurance
  - PLICS implementation programme – reconfiguration / implementation
  - Cost collection process development
  - Assurance and quality framework
  - Support structures – capability development, costing development support, non-financial engagement

Long term transition – phased by service area

- Timelines constructed by service area



- A four year progression to mandated collection:
  - **Years 1 and 2** – **<u>Development collections</u>** carried out with "roadmap partner providers", focus on learning, not quality of output data
  - **Year 3** – **<u>Voluntary</u>** collection open to all trusts, aiming to achieve a higher quality of output, and an input into the payment system;
  - **Year 4** – **<u>Mandated</u>** collection, including all trusts

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Short term development

- Short term development is essential while we are developing the improved approach

- Development to existing processes:
  - Continued refinement of reference cost
  - Supporting the move to parallel education and training and patient care cost collection in the medium term
  - Existing patient level cost collection development
    - Mental health development work for 2014/15 data
    - Community services development work for 2015/16 data
    - Acute scope development to A&E and outpatient services

- Early communication of long term development, particularly required minimum data sets

Engagement process

We are very keen to hear your views on the proposals. The engagement process starts today and ends on 16 January 2015.

- Regional workshops for providers and commissioners:
  - 10 December, London
  - 18 December, Leeds
  - Possible 3rd workshop due to high interest, so please register interest through the email below – (provisionally 13 January)
- A workshop for PLICS Suppliers – (provisionally w/c 12 January)
- A 'roundtable' workshop for representative organisations
- An online response form – by following the link in the publication

To get involved with the engagement process, contact costing@monitor.gov.uk

Engagement focus

- We are particularly interested in your views on:
  - whether providers would like us to develop a central accreditation system for assuring the capability of local PLICS systems
  - what you think of the order of service areas proposed for the 3 four-year phases of the overall implementation programme; ie first acute and ambulance services, then mental health and then community services
  - what you think of the proposed pace of implementation for each service area
  - what you think of the proposal that independent providers should be subject to the same requirements and follow the same timelines as NHS trusts and foundation trusts
- These questions are included in the online response form by following the link in the publication, but we would also like to hear your views on any aspect of the proposals

What we will do with the engagement feedback - next steps

- Previous pre-engagement comments will be incorporated
- All feedback will be reviewed
- Engagement feedback will be shared with the Costing Policy Advisory Group, who will develop independent recommendations
- Based on the feedback, amendments will be made to the proposals and reported back to the sector in March

Questions on ‘Improving the costing of NHS services: proposals for 2015 to 2021’

Webinar – Part 2

2013-14 PLICS data collection findings

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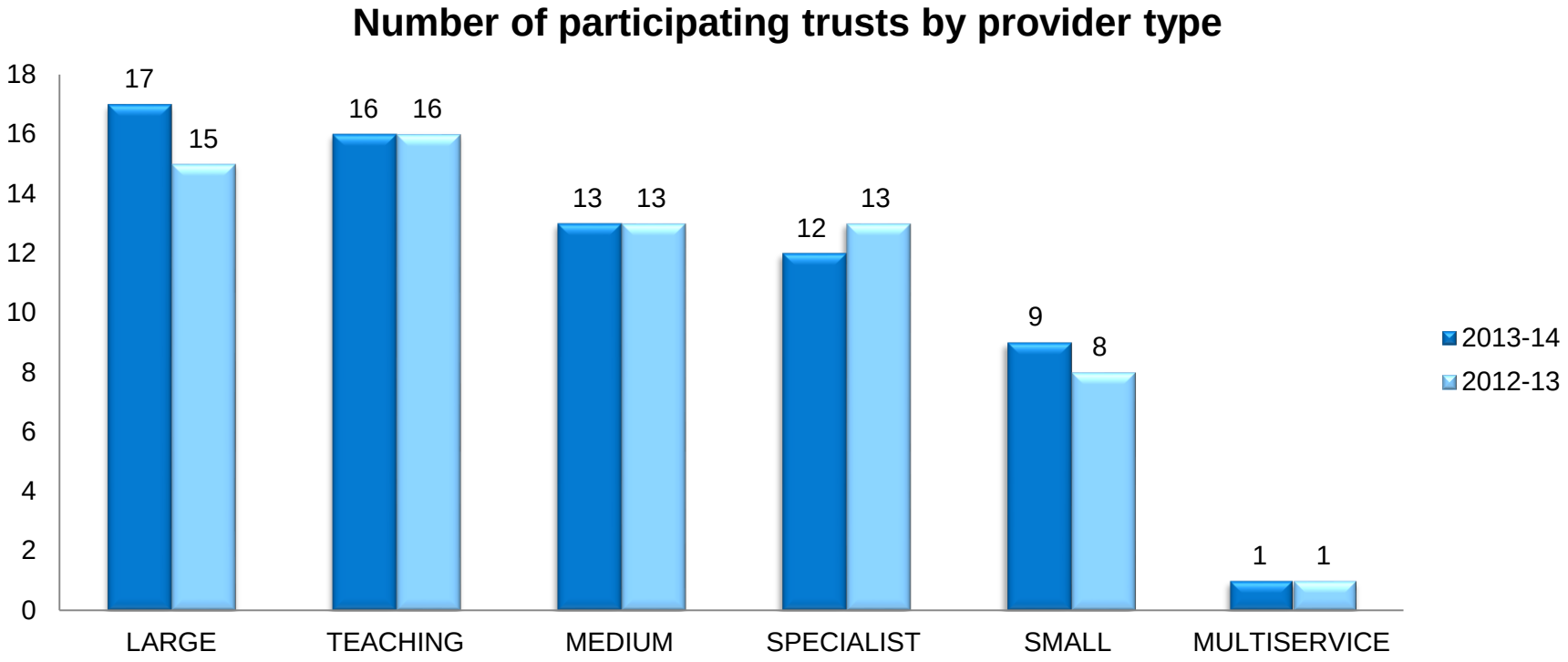
Webinar – Part 2: 2013-14 PLICS data collection findings

- 2013-14 PLICS data collection
  - Walkthrough key observations
  - Data validation process
  - Cost quality validations
  - PLICS and MAQS Benchmarking Tool (PMBT) 2013-14
  - Next steps
  - Questions and answers

Across the 2 years 82 distinct providers have submitted patient level cost data to our non mandatory collection

- 68 providers contributed in 2013/14 (Up from 66 in 2012/13)
- 52 providers contributed in both years
- 16 providers joined for the first time in 2013/14
- 14 providers dropped out
  - Lack of resources and staffing issues – 3
  - Implementing new costing systems – 4
  - Lack of confidence in data and systems – 4
  - Others – 3

Despite the movement in participating trusts the representation by provider type has remained similar.



42% of <u>all</u> acute trusts participated in collection this year. By provider type, the percentages are…

45%	**59%**	**36%**	**63%**	**24%**	**33%**

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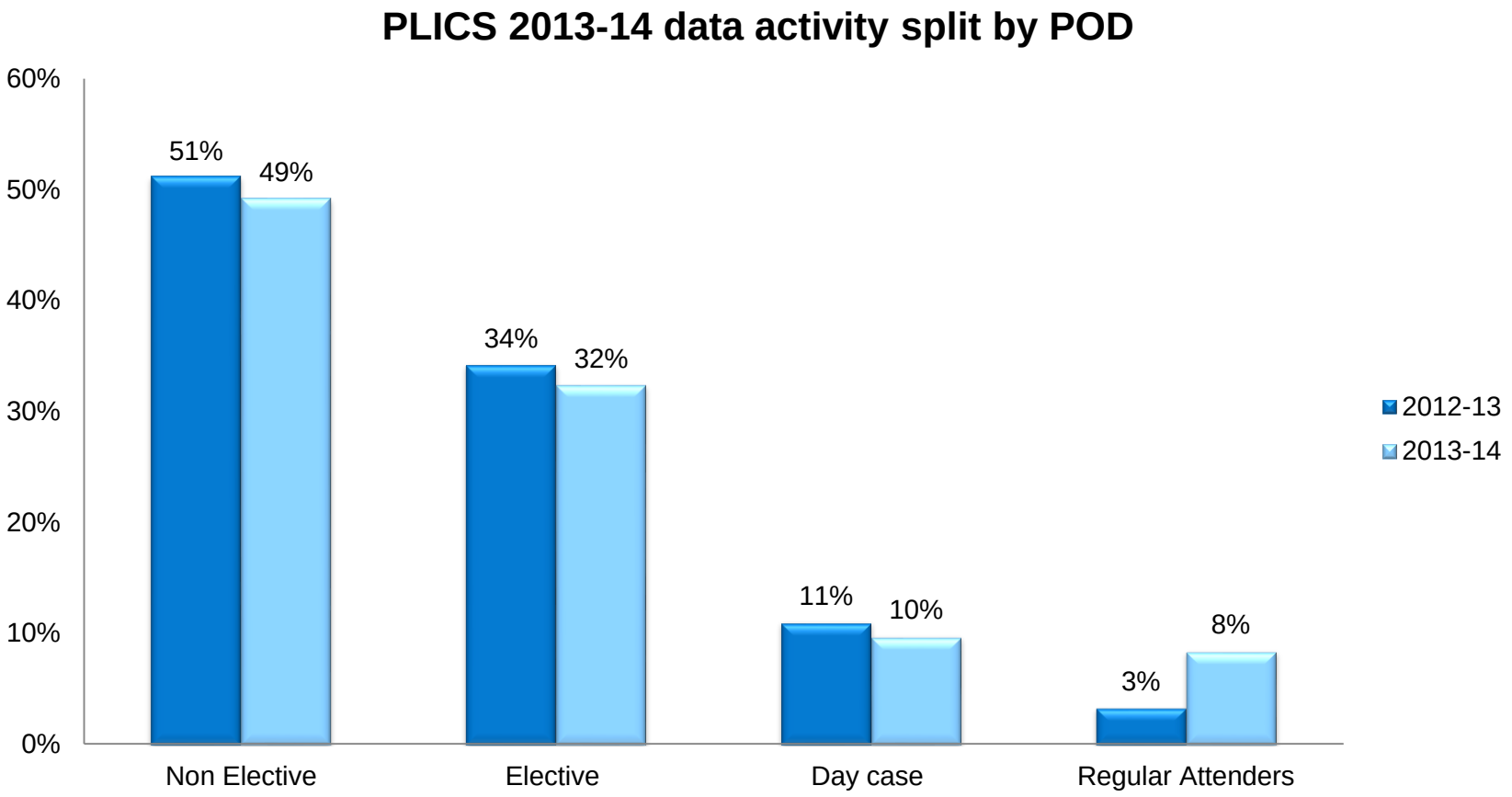
This year we have collected 7.9 million episodes which is a 7% increase on last year.



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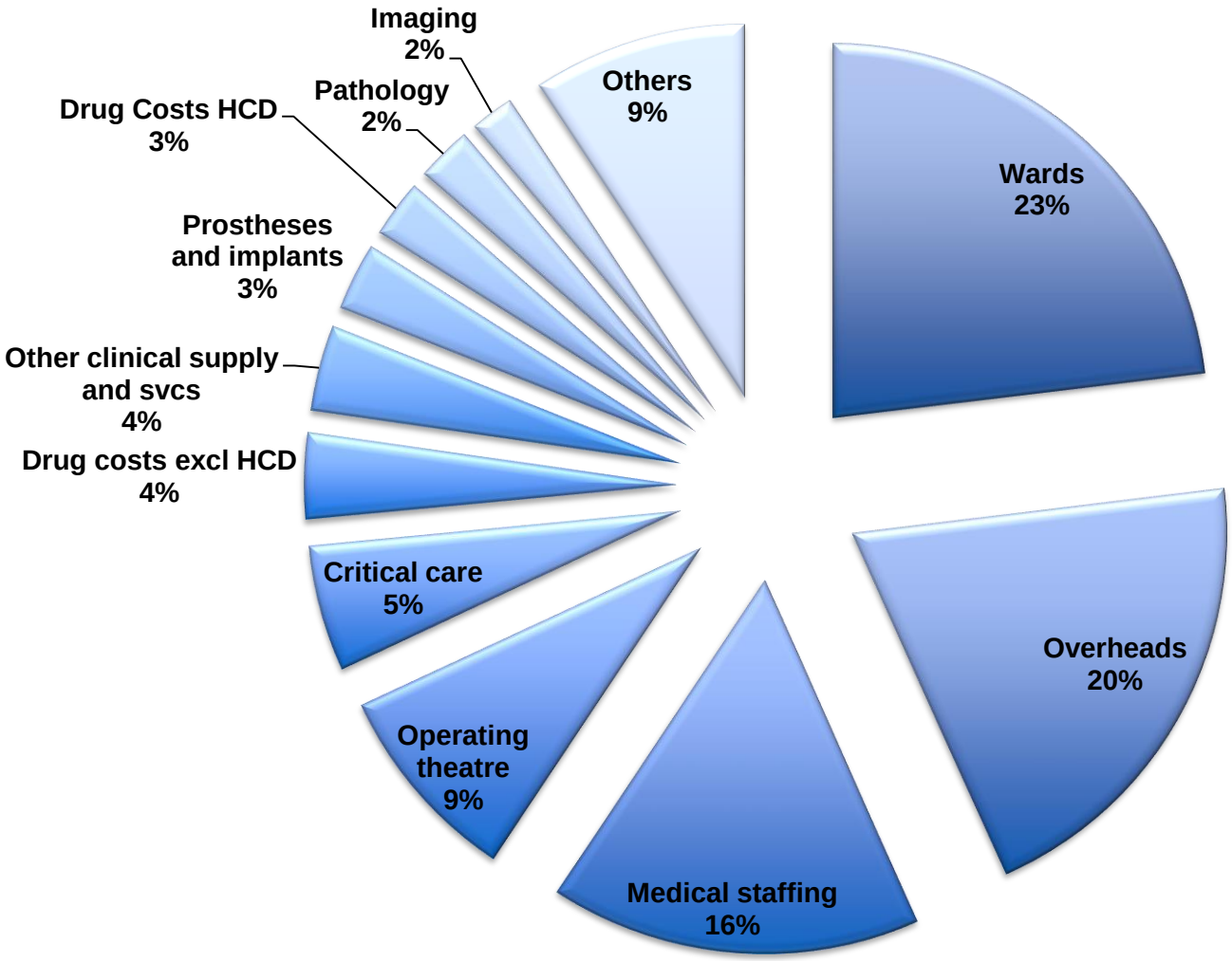
The cost quantum reported this year is £14.6bn. The cost pool breakdown has remained largely the same.



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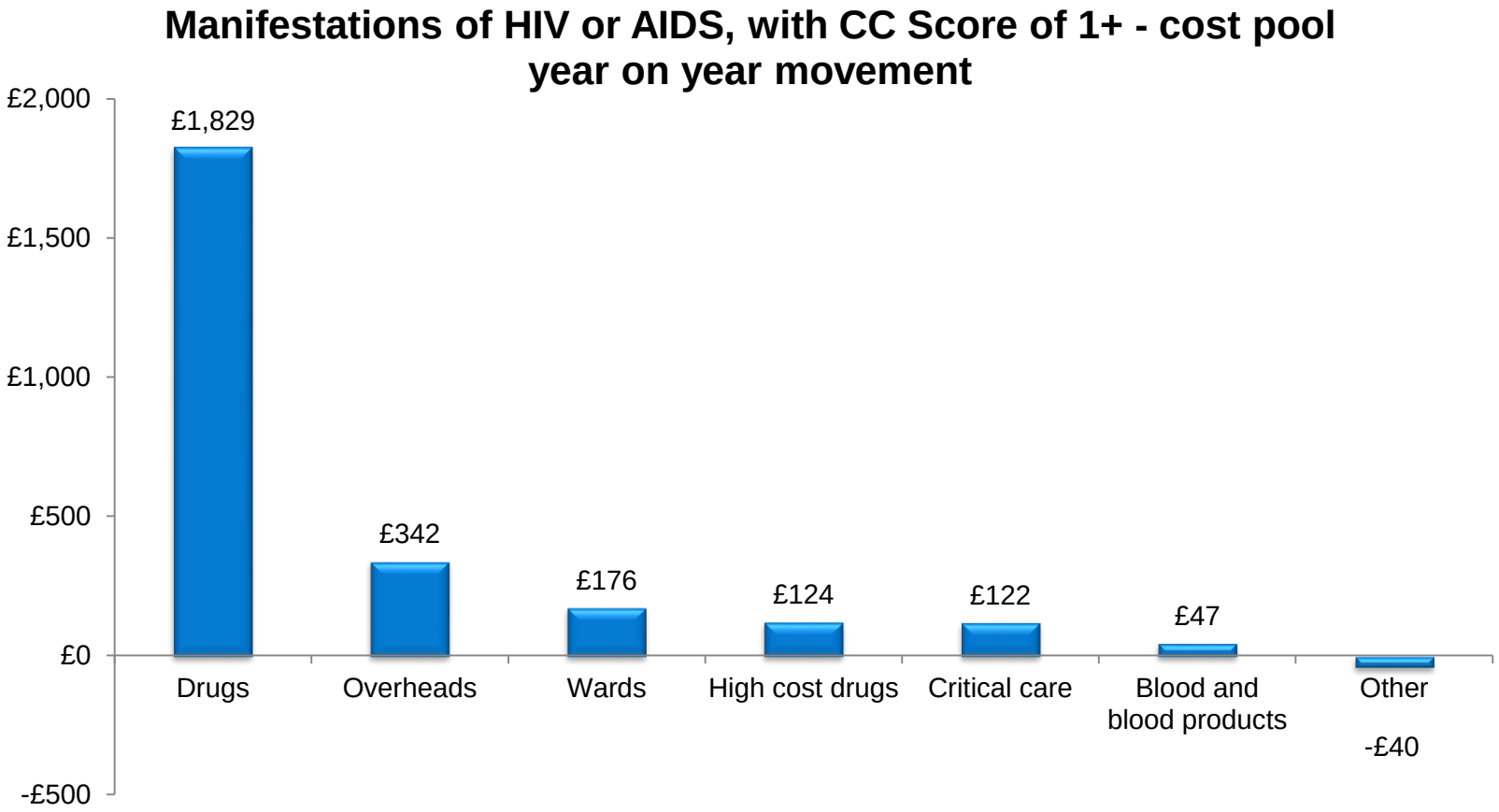
Having 2 years worth of data is enabling us to explore cost volatility.

HRG Code	HRG Description	unit cost 2013-14	unit cost 2012-13	activity 2013/14	activity 2012/13	Percentage movement
JC47A	Phototherapy, 13 years and over	139	74	2,463	4,497	88.55%
AA33C	Conventional EEG, EMG or Nerve Conduction Studies, 19 years and over	2,804	1,617	1,377	1,160	73.41%
WA21Z	Other Procedures or Health Care Problems	813	1,586	4,129	1,899	48.70%
WA01W	**Manifestations of HIV or AIDS, with CC Score of 1+**	**8,537**	**5,937**	**1,663**	**1,694**	**43.80%**
DZ37A	Non-Invasive Ventilation Support Assessment, 19 years and over	4,517	3,347	5,897	4,952	34.98%
HB21C	Major Knee Procedures for Non-Trauma, Category 2, without CC	6,000	6,093	15,957	16,039	1.52%

The cost pool breakdown helps us to further investigate the cause of movements in unit cost. The £2,600 increase for WA01W has been elaborated below.



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This year we introduced a real time data validation system which enabled us to quickly provide trusts with reports.

Real time validation

reports emailed to providers

Multiple submissions

during the collection window

Last 5 PLICS submissions:

Internal File ID	Validation Date	Total Records	Warning	Record Fail	Submission Fail
5391	10/10/2014	86586	54651	191	
5390	10/10/2014	86586	54730	191	
5389	10/10/2014	86586	54730	191	
5388	10/10/2014	86597	54730	191	11
5387	10/10/2014	86597	54730	191	11

Validation rule warnings and errors with 100 examples of the template value for the respective fields, for latest file submission: 5387

Rule Name	Field Name	Status	Template Sheet	Template Row ID	Template Column Value	Number of Warnings/Errors
Invalid value(s) entered in commissioner column.	Commissioner	Warning				16
Admission Date does not match the first episode's start	Admission	Record Fail				81
Discharge Date does not match the last episode's end	Discharge	Record Fail				144
Invalid value(s) entered in OPCS 1 column.	OPCS 1	Warning				1
Invalid value(s) entered in OPCS 2 column.	OPCS 2	Warning				23
ICD10 1 column value is blank.	ICD10 1	Warning				230
Invalid value(s) entered in ICD10 2 column.	ICD10 2	Warning				6
Invalid value(s) entered in ICD10 3 column.	ICD10 3	Warning				19
Invalid value(s) entered in ICD10 4 column.	ICD10 4	Warning				39
Invalid value(s) entered in ICD10 5 column.	ICD10 5	Warning				70

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The new validation process gave us a significant improvement in the quality of the final collected data as we can see from the improvement shown from a trust submitting 10 times.

Date	Warnings	Record Fails	Submission Fails
08 August 2014	45,143	37,740	41,390
11 August 2014	45,143	37,740	41,390
19 August 2014	6,686	299	70
04 September 2014	6,686	299	0
04 September 2014	6,678	160	0
04 September 2014	6,678	160	0
04 September 2014	6,678	46	0
05 September 2014	6,678	2	0
05 September 2014	6,678	0	0

The challenge now is to use the data we have to identify areas where improvements in quality of cost information can be made.

- To strengthen the validation process by introducing advanced data validation based on cost quality, in addition to the existing data quality checks

- Devise a work stream to actively engage with trusts on a process of identifying and improving cost issues

- Initial work on this has involved exploring the relationship between procedure coding and reported cost pools

We have developed a methodology to flag episodes where the coding and the costs pools appear inconsistent

Step 1

- Link procedure codes to cost pools e.g.
  - U051 – Computed tomography of head **(imaging)**
  - K605 – Implantation of intravenous single chamber cardiac pace maker system **(implants)**

Step 2

- Identify episodes where the relevant procedure codes have been recorded
  - Use all procedures in any position (not just primary)

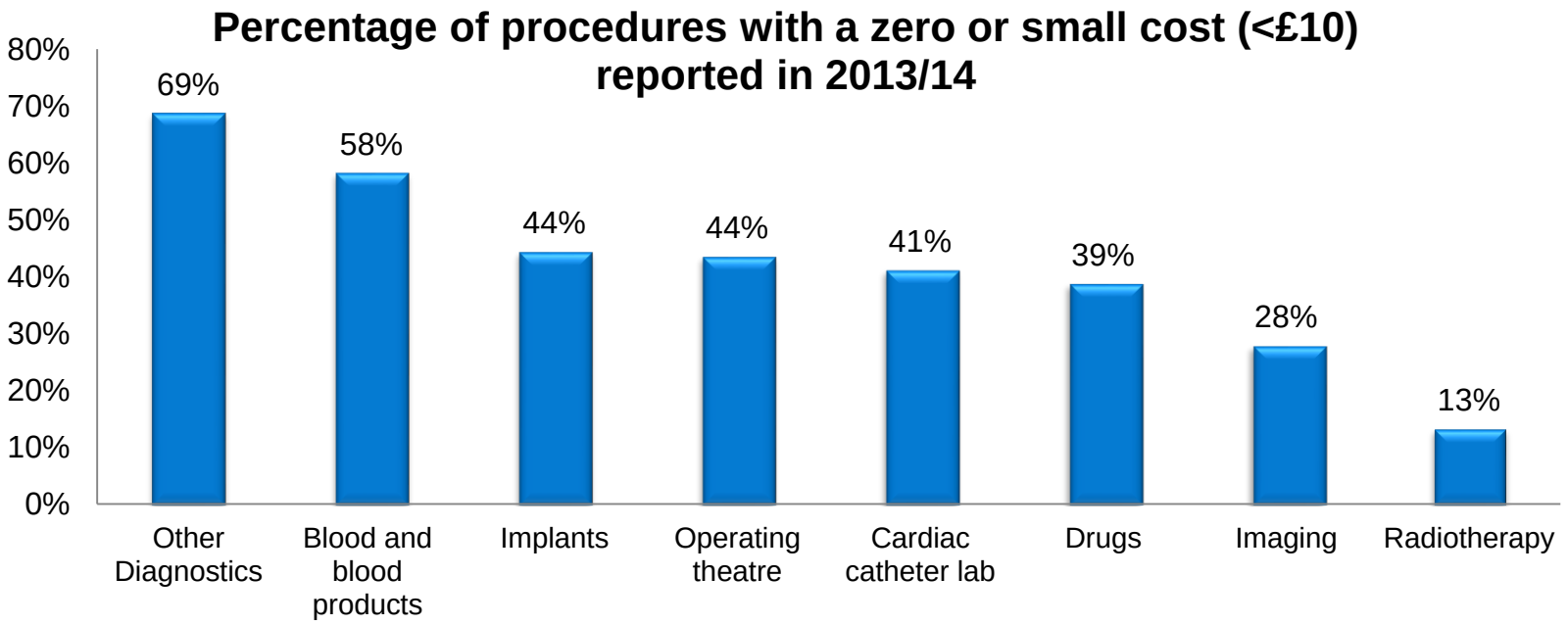
Step 3

- Establish an indicative expected cost pool range for each procedure code
  - Use 2012/13 and 2014/15 data
  - Eliminate small and zero costs
  - Use Averages and standard deviation

Step 4

- Assess each episode against the expected cost pool range

Our initial findings show a significant number of episodes with zero or small cost pool cost despite the presence of one or more of the relevant procedure codes.



The resulting data analyses 3.7m occurrences of procedure codes linked to 8 cost pools.

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The tables below show how trusts vary with reported costs associated with implants and prostheses procedure codes

Anonymised Trust Code	FCE Count	Zero Or Small Percent	Below Range Percent	In Range Percent	Above Range Percent	Minimum Cost Range	Maximum Cost Range	Avg Reported Cost Pool
T66	1,824	**0.55%**	18.72%	68.17%	12.55%	£1,435	£2,233	£1,740
T57	5,059	**2.89%**	80.60%	14.56%	1.96%	£511	£988	£515
T29	2,369	**2.95%**	21.63%	64.73%	10.68%	£1,432	£2,221	£1,796
T67	2,535	**3.71%**	17.58%	41.35%	37.36%	£828	£1,517	£1,351
T16	3,339	**5.15%**	69.98%	23.29%	1.59%	£582	£1,180	£542

Anonymised Trust Code	FCE Count	Zero Or Small Percent	Below Range Percent	In Range Percent	Above Range Percent	Minimum Cost Range	Maximum Cost Range	Avg Reported Cost Pool
T42	4,496	**100.00%**	0.00%	0.00%	0.00%	£1,018	£2,097	£0
T19	2,991	**100.00%**	0.00%	0.00%	0.00%	£487	£921	£0
T72	7,966	**94.69%**	2.44%	0.82%	2.05%	£509	£1,064	£493
T12	2,975	**86.35%**	2.62%	4.34%	6.69%	£323	£560	£298
T81	3,357	**86.21%**	0.29%	11.10%	2.40%	£620	£1,260	£481

In terms of next steps…

- We have discussed the methodology and shared our analysis with the Costing Policy Advisory Group (CPAG) on 1st December.

- The clinical representation on the group have agreed to work with us to further develop the methodology

- CPAG will advise on the best way to actively use the analysis to assist trusts

- We aim to report back to providers once we have an agreed approach

62 trusts submitted their MAQS templates this year. The average MAQS score is 60.70%

MAQS Standard	Number of Trusts
Gold - 75% and above	4
Silver - 60% - 74.9%	36
Bronze - 45% -59.9%	20
Baseline- 44.9% and below	2

- Across the two years different cost bases have been used to submit data by trusts
- We recommend caution while interpreting MAQS score
- We believe that MAQS information provided is best used to identify best practice in trusts and to identify weak and strong areas.

PLICS and MAQS Benchmarking Tool (PMBT)

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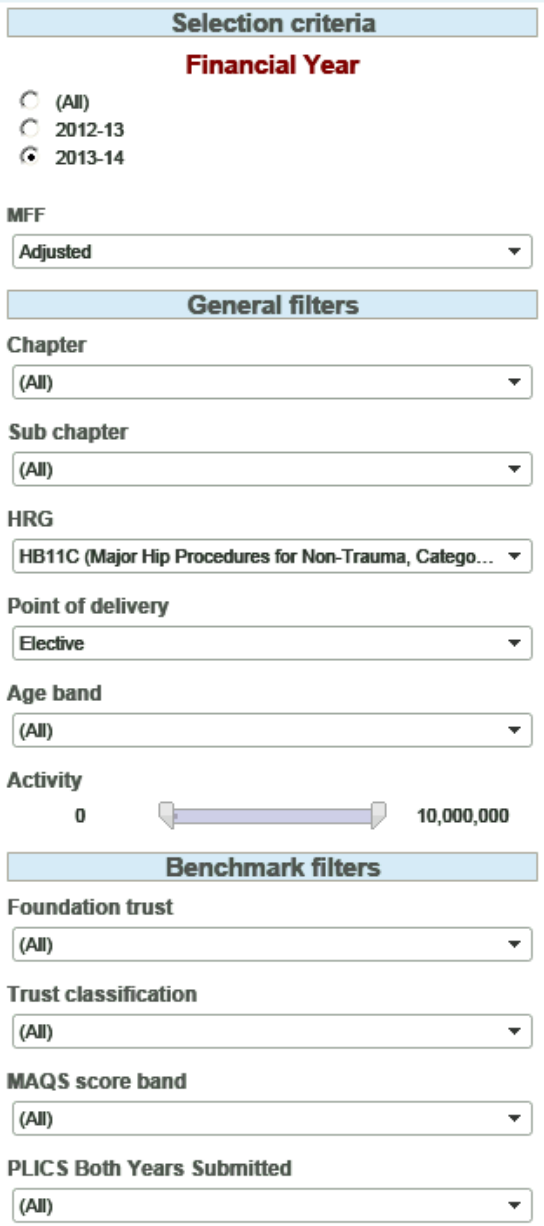
This is the second year that we have released PLICS and MAQS Benchmarking Tool (PMBT)

- The tool provides costing practitioners with the ability to review PLICS data using tabular and visual representation
- Provides an opportunity to compare their cost and activity data against other participating trusts
- We have refreshed the tool and also added a number of new developments:
  - Year on Year Comparisons
  - New Reports added this year
    - Key Cost Metrics
    - Top 10 variances
    - Cost Pool Analysis table
    - Unit Cost Activity and Cost Scatter

PLICS and MAQS Benchmarking Tool



- Adjustment for market forces factor
- Filters
  - Year, Chapter, sub chapter, HRG, Point of Delivery
  - Patient age range
  - Minimum activity filter
- Benchmarks Filters
  - Anonymous
  - Foundation Trust / NHS Trust / All
  - Acute Large / Medium / Small / Specialist / Teaching
  - MAQS score band – proxy for quality of costing approach
  - Trusts which have participated both years

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PLICS and MAQS Benchmarking Tool – Unit Cost & Activity Matrix

Average unit cost

HRG_POD	Unit cost - YT	Unit cost - BT	Unit cost variance (YT-BT)
JB32A - Minor Burn (TBSA of less than 20%) with Skin Graft (NE : Non-elective)	22,214	14,193	8,022
XC05Z - Adult Critical Care, 2 Organs Supported (NE : Non-elective)	4,129	11,218	7,089
HB11C - Major Hip Procedures for Non-Trauma, Category 2, without CC (EL : Elective)	13,445	6,411	7,034
JB32A - Minor Burn (TBSA of less than 20%) with Skin Graft (EL : Elective)	10,005	3,850	6,154
HB12C - Major Hip Procedures for Non-Trauma, Category 1, without CC (EL : Elective)	11,862	6,212	5,650
HB21C - Major Knee Procedures for Non-Trauma, Category 2, without CC (EL : Elective)	10,918	5,993	4,925
FZ84Z - Stomach Bypass Procedures for Obesity (EL : Elective)	10,008	5,515	4,494
UZ01Z - Data Invalid for Grouping (NE : Non-elective)	5,078	1,619	3,459
WA01W - Manifestations of HIV or AIDS, with CC Score of 1+ (NE : Non-elective)	6,580	9,971	3,391
JB32B - Minor Burn (TBSA of less than 20%) with Other Skin Procedure (EL : Elective)	5,028	1,658	3,369

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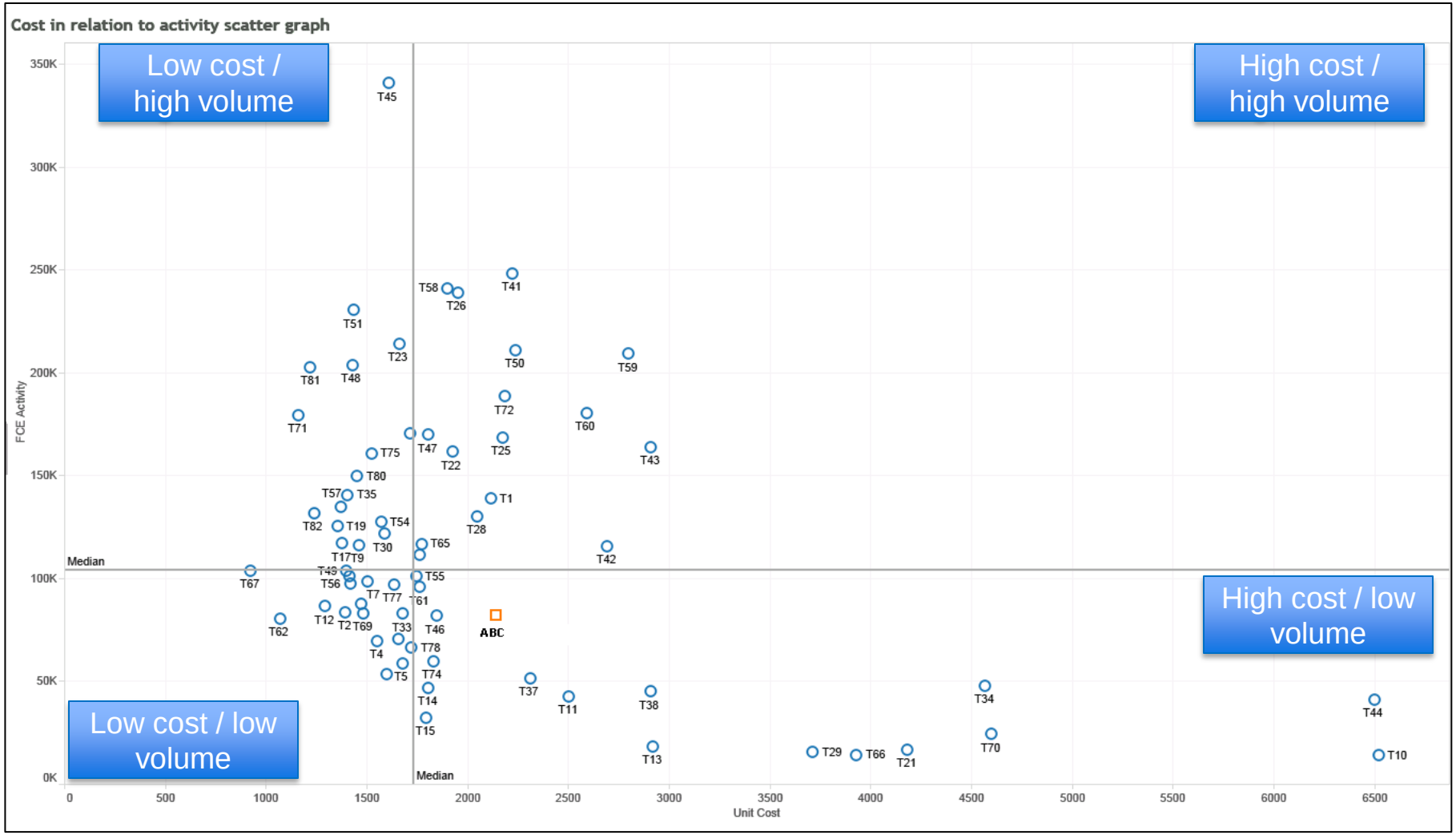
PLICS and MAQS Benchmarking Tool – Unit cost and activity scatter



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PLICS and MAQS Benchmarking Tool – Cost Pool Analysis

Cost pool summary

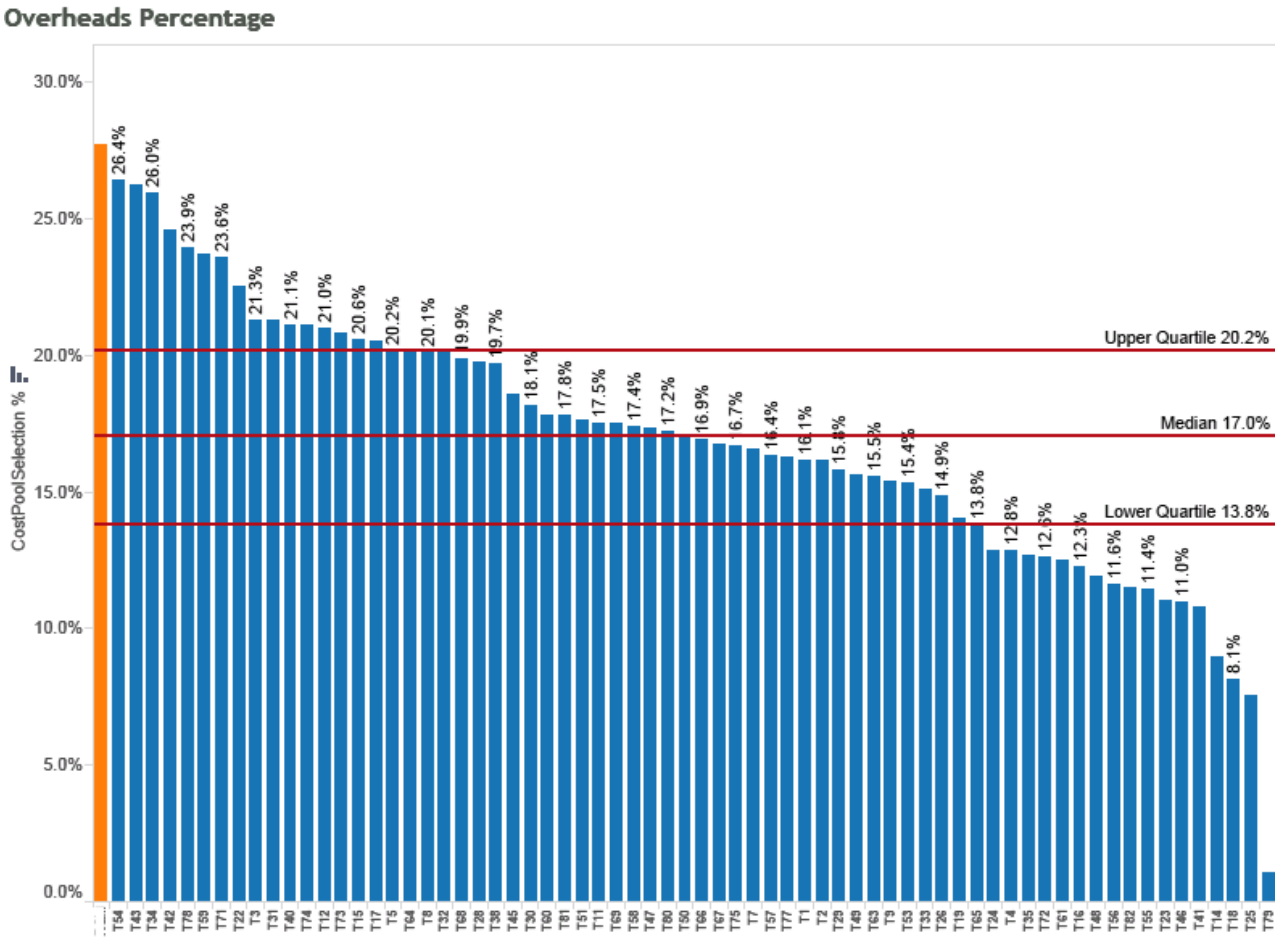
	2013-14	
	Your trust	Benchmark trusts
Number of Episodes	72	3,805
Cost	968,011	24,393,756
Total Average Cost	13,445	6,411

Average cost analysed by cost pool

	FinancialYear / Your Trust					
	2013-14					
	Your trust			Benchmark trusts		
CostPool	Average cost	Proportion	Coverage	Average cost	Proportion	Coverage
Blood And Blood Products	107.3	0.80%	100.00%	64.4	0.42%	41.45%
CNST	134.1	1.00%	100.00%	102.1	1.48%	93.11%
Critical Care	1,643.1	0.17%	1.39%	790.4	0.75%	6.07%
Drug Costs (Excluding High Cost Drugs)	111.4	0.83%	100.00%	95.2	1.42%	95.74%
Drug Costs (High Cost Drugs)	308.4	0.03%	1.39%	25.9	0.07%	18.34%
Emergency Department		0.00%	0.00%	2.1	0.00%	0.08%
Imaging	25.3	0.19%	98.61%	48.5	0.70%	92.54%
Medical Staffing	1,344.4	10.00%	100.00%	1,118.5	17.42%	99.84%
Operating Theatre	733.9	5.46%	100.00%	1,220.9	18.19%	95.53%
Other Clinical Supply And Services	98.7	0.73%	100.00%	366.4	4.63%	81.05%
Other Diagnostics Tests	52.0	0.01%	1.39%	4.3	0.01%	21.26%
Other Specialist Nursing Staff	14.1	0.10%	100.00%	26.6	0.16%	39.55%
Outpatients		0.00%	0.00%	59.2	0.13%	13.82%
Overheads	3,699.9	27.52%	100.00%	990.1	15.44%	99.97%
Pathology	69.6	0.51%	98.61%	47.8	0.68%	90.75%
Pharmacy	47.4	0.35%	100.00%	45.5	0.61%	85.39%
Prostheses/Implants/Devices	5,062.5	36.09%	95.83%	1,674.6	21.17%	81.05%
Radiotherapy		0.00%	0.00%	-0.1	0.00%	0.03%
Secondary Commissioning Costs		0.00%	0.00%	1,056.4	0.49%	2.97%
Specialist Procedure Suite (EndoscopyUnit)		0.00%	0.00%	0.5	0.00%	3.10%
Specialist Procedure Suite (Excluding Endoscopy Unit)		0.00%	0.00%	9.9	0.03%	18.90%
Therapies	702.0	5.22%	100.00%	166.8	2.29%	87.91%
Wards	1,478.4	11.00%	100.00%	896.4	13.91%	99.45%

PLICS and MAQS Benchmarking Tool – Cost Pool Breakdown

- All participant trusts, ordered by decreasing overheads as a % of total cost



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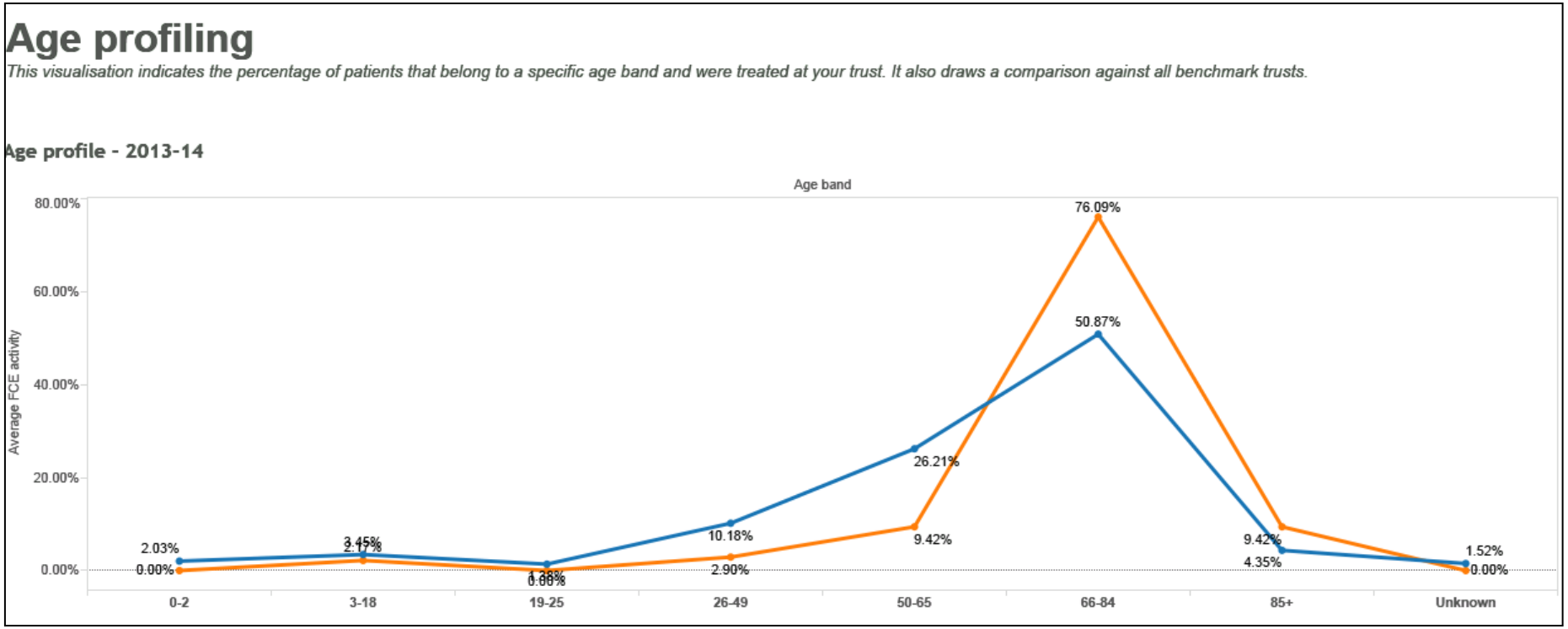
PLICS and MAQS Benchmarking Tool– Patient Age Profile



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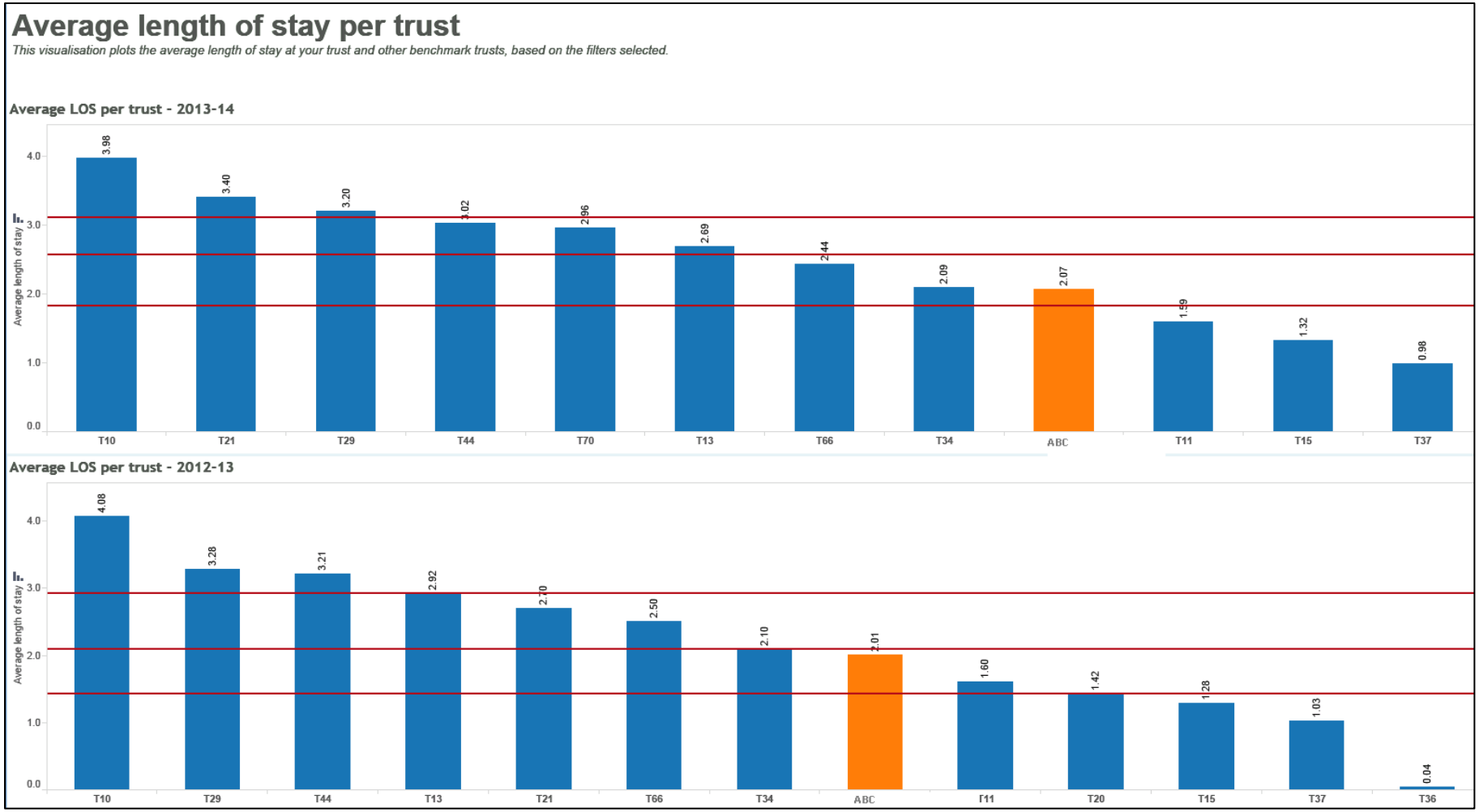
PLICS and MAQS Benchmarking Tool– Average length of stay



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PLICS and MAQS Benchmarking Tool– intended uses and developments

- Intended uses:
  - Visualizing data quality issues
  - Costing process improvement – e.g. analysis of outlier cost pool %s suggests inconsistency of classification
  - Clinical engagement

- Planned developments:
  - Move from passive, flexible reporting to active, criteria-based reporting
  - Review with trusts planned in early 2015

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Next steps for existing PLICS collection

- Publication of the Approved Costing Guidance (End Jan / Start Feb)
- Publication of the detailed findings document for 2013/14 collection (Feb)
- Communication of proposed development collection Jan/Feb
  - Reconciliation of PLICS data to reference costs
  - Mental health
  - A&E and Outpatients
- Review and further development of PMBT (Mar)
- PLICS data collection window opens (Jul – Sep)

Questions

For any queries around existing PLICS data collection please email us at:

PLICS_collection@monitor.gov.uk

For feedback on comments on ‘Improving the Costing of NHS Services: proposals for 2015 to 2021’ please email us at:

costing@monitor.gov.uk

Thank you!

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