Publications Gateway Reference Number 00085

Emergency admissions marginal rate review

Call for evidence

Background

From 2014/15, NHS England and Monitor will have joint responsibility for the payment system for NHS funded care, as set out in the Health and Social Care Act 2012. Within our partnership, we have different responsibilities. As the body charged with overseeing the commissioning of health care services, NHS England will specify the units of purchase (currencies) for the services commissioners buy on behalf of patients. Monitor is responsible for designing the payment rules and pricing methodologies which will govern the flow of funding from commissioners to providers of NHS care.

Monitor and NHS England are currently working to produce the 2014/15 National Tariff and a long-term strategy for the payment system. As part of the work in developing the 2014/15 National Tariff we are considering the 30% marginal rate rule for emergency admissions. This rule was introduced in 2010/11 following concerns over the growth in emergency admissions. It was intended as a way of sharing the risk of volume growth for emergency admissions and to support joint effort between providers and commissioners to invest in demand management strategies. The marginal rate operates in concert with other wider tariff arrangements such as ambulatory emergency tariffs and other related best practice tariff payments.

The rule requires that a provider receives payment at 30% of the tariff income once they have exceeded the baseline tariff income value[1] for emergency admissions. Commissioners are expected to invest the remaining 70% of the tariff income into demand management schemes which prevent inappropriate hospital admissions by improving patient care outside of hospital.

The 2013/14 PbR Guidance retains the same marginal rate rule and the same baseline year, but includes changes to increase the transparency around how the savings are used. Specifically, Clinical Commissioning Groups have to agree plans for the use of the savings with providers and NHS England area teams. The NHS support plan[2] says that where areas have not already agreed plans and committed funds, Urgent Care Boards are expected to oversee the use of the funds.

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[1] The baseline tariff income value is calculated by applying the current tariff level to 2008/09 emergency admissions activity.

[2] http://www.england.nhs.uk/2013/05/09/sup-plan/

Context
Monitor and NHS England are aware that significant challenges face emergency care in local health economies. The information gathered as part of this call for evidence will be used to inform our long-term strategy and may also inform the 2014/15 National Tariff. However, during this year of transition, Monitor and NHS England are generally planning to limit changes to national prices and rules. We will also be clarifying the rules around permissible local variations to national prices and rules (currently known as “PbR Flexibilities”).

Alongside this review other relevant work is being conducted, such as the NHS England review of urgent and emergency care[3] and 7 day services[4], both of which are led by Sir Bruce Keogh. There is also a Health Select Committee inquiry into emergency services and emergency care[5], and the NAO is undertaking work on managing the demand for emergency admissions to hospitals[6].

Purpose of the review
The purpose of the marginal rate rule review is to:
a) explore what has happened as a result of the introduction of the marginal rate;
b) assess what impact it has had including whether it has helped to control the numbers of avoidable emergency admissions; and
c) identify whether the approach could be improved.

The review will gather evidence from interested and relevant stakeholders. This request for information is a first step. In addition to this evidence and our own analysis, a stakeholder engagement event will be held to consider the issues raised and to explore options.

Governance of the review
Monitor and NHS England will jointly conduct the review and it will be overseen by joint Monitor and NHS England governance.

Call for evidence initial submissions
We are now calling for initial submissions to help us consider the issues set out in the scope of the review. Our intention is to build a solid base of evidence from a range of stakeholders. We are particularly interested in hearing from providers and commissioners on the following issues relating to the 30% rule:

a. what has happened?;
b. has it helped?; and
c. could the approach be improved?

[3] See http://www.england.nhs.uk/2013/01/18/service-review/
[4] See http://www.improvement.nhs.uk/documents/SevenDayWorking.pdf
[5] See http://www.parliament.uk/business/committees/committees-a-z/commons-select/health-committee/news/13-04-17-esec-cfetor/
6 See http://www.nao.org.uk/press-releases/emergency-admissions-to-hospitals-managing-the-demand/

Annex 1 contains suggestions on the type of issues which might be covered by these three over-arching questions. However, responses need not be restricted to answering these; we are interested in hearing all views on this subject.

Please provide submissions to emergencycare@monitor.gov.uk by 5pm on Monday 10 June 2013.

In order to ensure our policy assessment is as grounded as possible, please could you provide evidence and examples to support your perspectives. In addition, where charts, figures, tables or data analysis are provided, we would find it helpful if you could also provide the underlying raw data (in a format that cannot be patient identifiable).

If you are not sure whether something is relevant to the review, please do contact us, as we would be happy to advise you.

We would be grateful if you could also email to let us know whether you intend to submit evidence for the review.

Timetable for the review

- Call for submissions:13 May 2013
- Deadline for submissions:10 June 2013
- Stakeholder engagement event: summer 2013

Contacts

If you need to contact us about this call for evidence, please use one of the contacts below:

- Joshua Smith, Pricing Strategy Adviser – 0207 972 4036; Joshua.Smith@monitor.gov.uk
- Kerry Clayton, Senior Pricing Economist – 0207 972 1028; Kerry.Clayton@monitor.gov.uk
- Susan Devlin, Pricing Transition Manager – 0113 254 5149; Susan.Devlin1@nhs.net

Annex 1

This annex provides suggestions for the types of issues which might be covered by the broad questions raised in this call for evidence for the marginal rate review. Responses need not be restricted to answering these; we are interested in hearing all views on this subject.

A. What has happened?

- What has happened to activity growth for activity affected by the marginal rate rule and why have these effects occurred?

- The application of the rule, including:
    - how the rule has been applied; and
    - the use of existing flexibilities in the application of the marginal rate rule and how well these work (e.g., the option to adjust the baseline year if local circumstances change).

- Information on schemes where commissioners and providers have focused on reducing local demand for emergency care appropriately.

B. Has it helped?

- The financial implications of the rule, including:

    - the marginal relationship between cost and income for admitted emergency care services;
    - do non-elective services deliver a net surplus, or a deficit (requiring cross subsidy from other services);
    - the impact on commissioners and other services they commission; and
    - the extent to which the 30% marginal rate represents a reasonable balance of volume risk between commissioners and providers.

- The impact on partnership working between commissioners and providers:

    - what partnership behaviours in tackling emergency admission growth did providers and commissioners experience prior to the marginal rate being introduced? How has the change affected them since?
    - have the marginal rate arrangements contributed to the delivery of integrated care?
    - has it contributed to demand management, successful or otherwise?

- The impact on quality of care:

    - how, if at all, have trusts changed their approach to quality of care as a result of the introduction of the marginal rate?
    - what impact, if any, has there been on clinical effectiveness, safety, access, patient experience?
    - has there been an impact on quality of care resulting from use of commissioner savings to invest in demand management schemes?

C. Can the approach be improved?

- In the short term, can the use of the marginal rate rule do more to support appropriate emergency admissions demand management?
- Are there ways that the marginal rate rule can be more responsive to the differing needs and circumstances within local health economies?
- In the long term, can the payment system do more to support appropriate emergency admissions demand management?