

To: The Board

For meeting on: 17 December 2014

Agenda item: 5

Report by: Ric Marshall, Director of Pricing

Report on: Pricing Update

Introduction:

1. The Pricing team would like Board to note the following items:
 - 'Improving the costing of NHS services - proposals for 2015-2021' and 'Reforming the payment system for NHS Services: supporting the Five Year Forward View' have both been published.
2. Otherwise, work within the Pricing Team continues as previously reported.

Pricing Delivery

Improving the costing of NHS Services: proposals for 2015-2021 (formerly known as the Costing Roadmap)

3. This document was published on 1 December 2014. A webinar launched the engagement with the sector which will run until mid-January 2015.
4. A short response document will then be published in March 2015, summarising the feedback received as well as any adjustments made to the plan for implementation of the costing roadmap.

Work to progress the 2016/17 National Tariff Delivery

5. A plan for the 2016/17 National Tariff Payment System is being developed. Meanwhile, some work has commenced such as the work to address some of the issues related to the 2015/16 cost base.

Pricing Development:

Publication of a user guide on locally linking patient level data

6. Monitor has developed a user guide that sets out practical steps that can be implemented by local care economies to make progress towards person-level linked data sets, which is a key step towards designing new integrated care models and locally determining appropriate payments. It is built on research and investigation of NHS case studies to establish a consistent, good practice method for linking cost and activity data across providers.
7. On 3 December 2014, the Pricing Executive approved the publication of the user guide, subject to confirmed completion of the review and sign-off process to manage any risks. The user guide is currently going through the agreed sign-off process with the publication planned for January 2015.

Local Payment Example (LPE)

8. In December Monitor will publish one local payment example covering payment for mental health care. This is a local payment case study that draws on examples of accountable provider models that link payment to outcomes in Oxfordshire and Cheshire and the Wirral.

Pricing Enforcement and Case Management:

9. The workshop requested by the Board on the background and development of Monitor's Pricing Enforcement function is scheduled for early February 2015.

Audits

10. Between 28 October and 17 December 2014 30 case mix and costing audit visits have either been completed or are in process. This comprises 19 coding audits and 11 costing audits.

Local Pricing

11. **Local Modifications (LM)** - an NHS Trust and Clinical Commissioning Group (CCG) have been asked to provide additional information and evidence in support of their LM agreement following their comments on our initial conclusions.
12. In addition, the team is currently reviewing seven LM applications from one provider.
13. **Local Variations (LV)** – between 1 April and 10 December 2014 Monitor has received 258 LVs, of which 223 have been assessed and published and 35 are still being reviewed. Based on the evidence presented 39 submissions appear to have been wrongly described as LVs and may be LMs. Further work is being undertaken with commissioners and providers to understand each case in more detail, before Monitor considers what, if any, regulatory action to take (in particular, whether to institute a formal investigation).

14. **Local Pricing (LP)** – between 1 April and 10 December 2014 Monitor received 145 local pricing submissions for services with a national currency.
15. **Capacity building** – Monitor intends to launch an education programme for commissioners and contract managers between January and March in order to improve the quality and coverage of local pricing submissions. The focus will be on the local pricing rules in the 2015/16 National Tariff Payment System.
16. **Marginal Rate Emergency Tariff (MRET)** – the team intends to collect outstanding information for 2014/15 from commissioners and providers. Formal enforcement action will be considered where non-compliance remains an issue.

Pricing Enquiries

17. Between 1 April 2014 and 10 December 2014 Monitor received 706 pricing enquiries. This includes 85 enquiries which relate to the section 118 consultation. Overall 667 enquiries were responded to within Monitor's 10 working day deadline. 13 enquiries took longer than 10 working days due to delays obtaining information and clarification before a response was ready to be sent. The remaining 26 enquiries are currently being processed. In addition, Monitor has received 14 requests under the Freedom of Information Act and responded to the first 13 within the required timescale. The latest request is still on going.

Ric Marshall
Director of Pricing

Public Sector Equality Duty:

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. The Act protects against discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation. We have thought about how the issues dealt with in this paper might affect protected groups.

We believe the paper will not have any adverse impact upon these groups and that Monitor has fulfilled its duty under the Act.

Exempt information:

None of this report is exempt from publication under the Freedom of Information Act 2000.