

NOTICE OF DECISION ON LOCAL MODIFICATION APPLICATION(S)

Date: 22nd July 2015

Name of the Provider which made the application(s):

University Hospitals Morecambe Bay NHS Foundation Trust (“the Provider”)
Trust Headquarters
Westmorland General Hospital
Burton Road
Kendal
Cumbria
LA9 7RG

Application(s) made on:

23rd February 2015

Commissioner(s) affected by the local modification:

Cumbria clinical commissioning group
North Lancashire clinical commissioning group
NHS England
Any other clinical commissioning group whose patients are treated at the Trust

DECISION:

On application by the Provider and having applied the method for determining an application set out in section 7.3 of the 2014/15 National Tariff Payment System (“the National Tariff”), Monitor has decided that the prices payable to the Provider for the provision of services specified below are to be the prices determined in accordance with the national tariff (“the nationally determined prices”) as modified in the way specified below.

1. THE LOCAL MODIFICATION(S)

- 1.1. The nationally determined price for each service specified in the Annex to this notice is modified so that the price payable for that service is the “2015-16 Local modification revised price” specified in the Annex in relation to that service, subject to any applicable national variations.

1.2. As per the Trust's application the modified prices will apply to 2014/15 activity levels. Any activity undertaken above these levels in 2015/16 to be reimbursed at nationally determined prices (subject to any applicable local variation).

1.3. The local modifications take effect on 1st April 2015 and apply until 31st March 2016.

2. GROUNDS FOR GRANTING THE APPLICATION

2.1. Having applied the method for determining whether services are uneconomic, as set out in section 7.3.2 of the National Tariff, Monitor is satisfied that, in relation to each service, without a modification to the nationally determined price, the provision of that service would be uneconomic.

2.2. In particular, Monitor is satisfied that –

2.2.1. the Provider's average costs of providing each service are higher than the nationally determined price for that service as a result of structural issues (summarised below) that are specific, identifiable, non-controllable and not reasonably reflected elsewhere; and

2.2.2. the Provider is reasonably efficient when measured against an appropriately defined group of providers.

2.3. The structural issues faced by the Provider relate to the sub-optimal scale across its three hospital sites: Furness General Hospital in Barrow, Royal Lancaster Infirmary in Lancaster and Westmorland General Hospital in Kendal. The Provider must continue to provide commissioner requested services (CRS) to a low density population from these three hospital sites that are dispersed across a large geographical area covering Cumbria and Lancashire.

2.4. The Provider has met the other conditions for a local modification application, as specified in section 7.3.4 of the National Tariff.

2.5. Monitor is satisfied that the modifications reflect a reasonably efficient cost of providing the services given the structural issues faced by the provider.

3. REFUSAL OF APPLICATION

3.1. Monitor has refused to grant the application for modification of the prices for those services where it is not satisfied that, without a modification to the price determined in accordance with the national tariff for that service, it would be uneconomic for the provider to provide the service for the purposes of the NHS.

MONITOR

Dated: 22nd July 2015

Signed:

Toby Lambert
Director of Pricing