REPORT OF THE CHILDREN AND YOUNG PEOPLE'S HEALTH OUTCOMES FORUM 2014/15 – Financial Incentives Theme Group

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FINANCIAL INCENTIVES

Summary

The Forum's view is that the needs of children and young people are not currently being met by the financial incentives systems being used across the health and social care system.

The goal is to ensure that financial incentives for the health and social care system enable the delivery of the type of services that meet the needs and wishes of children and young people –

- Early and appropriate intervention;
- Care close to home;
- Integrated care with the child and family at the centre;
- Driving wellbeing, not only specific health outcomes;
- Highly specialised care when required;
- Being designed specifically for children and young people and with their active involvement;
- Improving the evidence base and evaluation of incentives systems as they relate to children and young people; and
- Being sustainable.

We are pleased that some progress has been made in recent years in developing both outcome based tariffs and process tariffs based on evidence but little has been achieved to incentivise good primary care and we believe that much more needs to be done to develop and refine all the methodologies used in order to promote rather than stifle innovative practice. The system needs to learn from and respond to such concerns.

The Forum wants to work with clinicians, commissioners and financial regulatory bodies to develop more appropriate methodologies and this will form a key part of the Forum's future workplan.

The Better Care Fund has driven integration and new models of care for older people – we need a similar approach to build financially aligned systems around children and young people to ensure fully integrated care.

Background

The Forum's initial report, published in July 2012, included a chapter on incentives for service improvement and made the following recommendations:

- DH, in it system oversight role, should maintain a focus on the pattern of funding flows across the NHS, local authorities, public health and, where relevant, wider care or wellbeing, to ensure that perverse incentives are not adversely affecting patient care or service provison.

- NHS England and Monitor should prioritise and promote the issue of integrated care provision in their funding, regulatory and performance roles within the NHS, and DH should address this issue across government for those services that fall within the remit of local authorities, education, or other government departments.
- NHS England should prioritise the development of an appropriate range of incentives within the Quality and Outcomes Framework (QOF) for general practice to provide high quality care reflecting the needs of children and young people.
- Monitor and NHS England should ensure that they continue with the outcome-orientated development of Payment by Results (PbR) currencies and tariffs on child health related areas (including engaging with the Expert PbR Advisory Group on Children).
- NHS England and CCGs should be mindful of potential consequences to providers of general and specialist services and consider how they will adopt a risk sharing approach between different provider organisations in developing their commissioning plans for delivering care closer to home.
- Monitor should ensure that evolving PbR mechanisms have sufficient flexibility to reflect these tensions and cost changes in a timely fashion.
- NHS England and local commissioners should develop Commissioning for Quality and Innovation (CQuIN) schemes to drive improvement in the areas prioritised in the Forum's report.
- PHE should develop an incentive scheme to address improvements in the public health outcomes prioritised.
- NHS England should include children and young people's healthcare outcomes in the next phase of Quality, Innovation, Productivity and Prevention (QIPP).

Whilst there has been some response to these initial recommendations, these have been limited and the pace inadequate.

The Forum's first Annual Report, published April 2014, included a chapter on incentives for driving service improvement. Whilst supporting the intentions behind Payment by Results (PbR) we expressed concern that in many areas funding flows may still be drawing resources away from community services, precisely the opposite of the desired policy direction. We acknowledged that this is a complex area that the Forum needed to better understand in order to influence change.

Theme Group work

The Financial Incentives Theme Group has built on this work. We've improved our understanding of the different types of financial incentives used in the health and social care system and gathered examples of where it works well and where it causes problems.

We note that some of the Forum's recommendations have been acted upon and that some improvements to the financial incentives system as it relates to children and

young people have resulted but that in many areas the current system results in perverse and unintended consequences due to:

- inadequate measurement (disproportionate focus on the area being measured, poor data collection, inappropriate risk adjustment e.g. Hospital Standardised Mortality Ratios (HSMR) does not apply to children and young people, very little routinely collected data on children and young people);

- inappropriate incentives and sanctions (e.g. hitting the target but missing the point, focus on individual provider performance and not on performance across the wider health and care system);

- lack of attention (e.g. the appalling lack of relevant incentives in primary care/general practice); and the

- focus on extrinsic motivators, rather than the inherent high internal motivation of many NHS staff.

Some of the welcome improvements in incentives for children and young people include:

- the introduction of outcome / process derived PbR methodologies for diabetes and epilepsy; two of the commonest long-term conditions of childhood. These are broadly welcomed and appear to already be resulting in some evidence of better service provision and improved outcomes although it is clear that they will both require further refinement.

- Commissioning for Quality and Innovation (CQuINS) payments for a number of specialist areas in child health including the neonatal CQuIN which were updated for 2015-16. There is however a need to invest further in developing this methodology in order to deliver national standards of care.

- We also applaud the development of the CQuIN scheme on transition but additionally recommend that this mechanism should be expanded so that every provider of children and young people's services should have at least one local CQuIN relevant to children applied to them (for example the Paediatric Safety Thermometer).

In the short term, Monitor have agreed to extend working relationships with the Forum in order to develop the relevance of their work to child and young people's health, seeking to reduce any unintended disadvantage from adult-focused work. In the long term, there is an urgent need for better evidence and evaluation of the impact of new models of care for children and young people.

We recognise that the current financial incentive and payment systems are likely to change and our hope and recommendation is that there is significant shift towards both a preventative health and integrated service agenda.The Better Care Fund is working to this agenda for older people and we think it important that similar approaches are taken for children and young people's care, particularly those with complex or long term conditions.

However in addition to this in our view it is imperative that other areas are not overlooked:

- NHS England should prioritise the development of an appropriate range of incentives for general practice to provide high quality care reflecting the needs of children and young people.

  This is currently the Quality and Outcomes Framework (QOF) where only 3% of the QOF relates to children whilst 30% of the work is in this group. The argument has always been that children's incentives are difficult but since the Forum's initial report, indicators have been proposed by the University of Oxford here that are relevant to primary care prevention, acute illness and long term conditions in children and young people.

- Monitor and NHS England should ensure that they continue with the outcome-orientated development of Payment by Results (PbR) currencies and tariffs on child health related areas (including engaging with the Expert PbR Advisory Group on Children).

We believe that the tariff must develop to incentivise new models of care, integrated services and parity of esteem for mental health. As a first step, we recommend that incentives for Child and Adolescent Mental Health Services (CAMHS) should be tested to encourage the development of tier 3.5 services to prevent admissions and support young people in their own homes, as set out in the recent Health Select Committee report. Tariff structres should be flexible to account for innovation in services.

Conclusion

We've laid the groundwork for working with financial regulatory bodies on pressing for financial incentives that enable the delivery of the type of services that meet the needs and wishes of children and young people.

Financial incentives are an immensely important issue, as it drives the configuration of services that are commissioned and provided, and thus needs to be high on the Forum's future agenda.