

NHSI  
Wellington House,  
133-155 Waterloo Road,  
London,  
SE1 8UG

Health and Social Care Information Centre  
1 Trevelyan Square  
Boar Lane  
Leeds  
West Yorkshire  
LS1 6AE

6<sup>th</sup> July 2016

Dear Andy Williams

### **NHSI's Mandatory Request to the Health and Social Care Information Centre**

I am writing to the Health and Social Care Information Centre (HSCIC) on behalf of Monitor (referred to in the rest of this letter as "NHS Improvement") to make a mandatory request under section 255 and section 256(2)(a) of the Health and Social Care Act 2012 (HSCA) to establish and operate a system for the collection and analysis of Patient level Costing Information Systems data ("PLICS"). I've set out below full details of the relevant functions of NHS Improvement and the data collection required.

#### **NHS Improvement's functions**

Under Chapter 4, Part 3 of the HSCA, NHS Improvement, working with NHS England, is responsible for developing, publicising and enforcing the national tariff, which sets out the price payable by commissioners for NHS services.

NHS Improvement is also responsible for licensing providers of NHS services under Chapter 3, Part 3 of the HSCA. The licence includes a set of standard licence conditions, including:

- conditions applicable to foundation trusts relating to governance arrangements (e.g. there is a requirement for licensees to establish and implement systems and/or processes to ensure compliance with licensee's duty to operate efficiently, economically and effectively); and
- conditions that enable us to fulfil our duties in partnership with NHS England to set prices for NHS care by requiring providers to collect costing information.

Three licence conditions relate to costing:

**Pricing condition 1: Recording of information.** Under this licence condition, we can require licence holders to record information, including cost information, in line with our published guidance. Such information must be recorded using our 'approved reporting currencies' and in accordance with our *Approved costing guidance*.

**Pricing condition 2: Provision of information.** Having recorded the information in line with pricing condition 1, licence holders can be required to submit this information to us, as well as other information and reports we may require for our pricing functions.

**Pricing condition 3: Assurance report on submissions to NHS Improvement.** It is important for price setting that the information submitted is accurate. This condition allows us to require licence holders to submit an assurance report confirming that the information they have provided is accurate.

Although NHS trusts do not have to hold a provider licence, they too must comply with the requirements of these licence conditions under the NHS Trust Development Authority's regime for NHS trusts.

NHS Improvement has a general power under paragraph 15 of Schedule 8 to the HSCA to do anything which appears to it to be necessary or expedient for the purposes of, or in connection with, the exercise of our function.

## **Costing Transformation Programme**

Understanding how providers spend money is essential in tackling short-term deficits; supporting the development of new models of care and reducing the variation in resource utilisation.

Benchmarking using current Reference Cost data cannot identify precisely where there is potential for efficiency gains. Such data is limited in its ability to reflect the complexity of patient care and identifying cost variation between individual patients. By introducing a standardised method of reporting cost information at patient level this can be rectified. This is known as Patient Level Costing Information Systems (PLICS).

NHS Improvement's Costing Transformation Programme (CTP), was established to implement PLICS across Acute, Mental Health, Ambulance and Community providers. The programme entails:

- Introducing and implementing new standards for patient level costing;
- Developing and implementing one single national cost collection to replace current multiple collections;
- Establishing the minimum required standards for costing software and promoting its adoption; and

- Driving and encouraging sector support to adopt Patient Level Costing methodology and technology.

The information gathered from this programme will be used to enable NHS Improvement to perform its pricing and licensing functions under the HSCA more effectively. It will:

- inform new methods of pricing NHS services;
- inform new approaches and other changes to the design of the currencies used to price NHS services;
- inform the relationship between provider characteristics and cost;
- help trusts to maximise use of their resources and improve efficiencies, as required by the provider licence;
- identify the relationship between patient characteristics and cost; and
- support an approach to benchmarking for regulatory purposes.

### **Mandatory request**

Under section 255 of the HSCA, we hereby request that the HSCIC establishes and operates a system for the collection and analysis of PLICS data.

The system to be implemented will need to have the following functionality:

- Data collection- ability for providers to submit PLICS data direct to HSCIC;
- Data linkage – ability to link PLICS data with Hospital Episode Statics (HES) data (NIC-15814 -C6W9R);
- Data Quality and validation; and
- Data Supply - provide pseudonymised PLICS data to NHS Improvement for onward processing and analysis.

There are three 'levels' of data requiring collection by HSCIC as part of the Costing Transformation programme, collectively these will form the data extract being sought by NHS Improvement.

The three levels referred to above are:

- Message Header Information
- Activity Records; and
- Activity Costs Records

Detailed data levels can be found at Annex A.

To facilitate the development of a successful PLICS data collection system in the first instance, NHS Improvement has a number of volunteer providers (see below) who have agreed to participate in a pilot collection between June and September 2016.

- Buckinghamshire Healthcare NHS Trust
- Guy's and St Thomas' NHS Foundation Trust
- The Royal Free London NHS Foundation Trust
- The Royal Marsden NHS Foundation Trust
- The Royal Orthopaedic Hospital NHS Foundation Trust
- University Hospitals Birmingham NHS Foundation Trust
- Chelsea and Westminster NHS Foundation Trust

Information gathered during this pilot collection will be used to test the ability of the system to successfully collect, collate, link, pseudonymise and validate data. Furthermore the pilot will look to establish clear mechanisms for safely transferring data to NHS Improvement.

In concluding the pilot collection, NHS Improvement request the HSCIC to continue to establish and operate a system collecting PLICS data from other trusts providing acute care throughout 16/17 unless it is deemed by the NHSI Costing Director that the 'pilot' system for collection and analysis was deemed unsuccessful. In the event of a decision being taken whereby the continued collection of data under this request is deemed unsuccessful, NHSI shall request in writing the cessation of this request.

We have set out above how the collection of PLICS data is relevant to our pricing functions. We consider that the information which could be obtained by complying with the request is information which it is necessary or expedient for NHS Improvement to have in relation to its discharge of its duties:

- (a) in relation to the pricing of health care services provided for the purposes of the NHS; in particular, its duty to prepare and publish the national tariff (section 116 and 118 of the HSCA);
- (b) in relation to the licensing of providers of NHS services; in particular, its duty to oversee and enforce the licence (see Part 3 of Chapter 3 of the HSCA); and
- (c) generally in relation to the exercise of its functions, in particular its duty under section 62(1) of HSCA in exercising its functions to protect and promote the interests of people who use health care services by promoting provision of health care services which is economic, efficient and effective, and maintains or improves the quality of the services.

"Monitor" is listed as a "principal body" under section 255(9) of the HSCA. This request therefore meets the requirements for a mandatory request. Prior to making this request, NHS Improvement has liaised and worked with the HSCIC as required by 257(4) of the HSCA 2012 and recognises this request must go through an established system of approvals within the HSCIC.

In making this Mandatory Request under section 255 of the HSCA, Monitor wishes to use section 262 (2) (a) of the HSCA to request that the Information Centre (HSCIC) not exercise the power conferred by section 261(4) in relation to information which it obtains by complying with this request.

NHS Improvement is the operational name for the organisation that brings together Monitor, NHS Trust Development Authority, Patient Safety, the National Reporting and Learning System, the Advancing Change team and the Intensive Support Teams.

NHSI hereby acknowledges that data provided by HSCIC in response to this request is subject to the obligations placed upon it in respect of the Direction from Secretary of State for Health to process Type 2 objections.

NHSI hereby recognises that in submitting this request under section 255 of the HSCA, the HSCIC is entitled to charge a reasonable fee pursuant to section 257 (3) in respect of the cost of establishing a system to collect and analyse data on behalf of NHSI.

Yours sincerely



Richard Ford  
Costing Director, Pricing  
NHS Improvement

## Annex A

### Costing Transformation Programme collection requirements

The HSCIC are being asked to collect information on three levels, that collectively form the extract being sought by NHS Improvement.

- The message header
- The activity records
- The activity cost records

#### Message Header information

The message header is used to describe the contents of the extract

Field Name	Description
Organisation Code (code of submitting organisation)	The organisation code of the health care provider, acting as the physical sender of the data extract
Reporting Period Start	The start of the reporting period the extract covers
Reporting Period End	The end of the reporting period the extract covers
Extract Creation Date Time	The date and time the extract was created
Feed Type	The data set the extract covers
Number of Activity Records	The total number of activity records included in the extract
Number of Cost Records	The total number of cost records included in the extract

#### Activity Records

The activity records detail the characteristics of each patient episode and attendance.

Field Name	Description
Organisation Code (Code of Provider)	The organisation code of the health care provider, providing the service
CDS Unique Identifier *	A Commissioning Data Set data element providing a unique identity for the life-time of an episode carried in a Commissioning Data Set message
Activity Identifier *	A unique number or set of characters that is applicable to only one activity for a patient within an organisation
Hospital Provider Spell Number *	A unique identifier for each hospital provider spell. The identifier is present across all inpatient episodes
Episode Number	Field used to uniquely identify episodes, and is the sequence number for each consultant episode within a Hospital Provider Spell

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NHS Number *	The primary identifier of a patient
Contracted out Indicator	Flag to indicate whether patient activity was contracted out. For patients where activity WAS contracted out use the code '1', otherwise use '0'
Activity HRG code	Episodic Reference Cost HRG code generated from local use of the 2015/16 reference cost grouper
Spell HRG code	Spell Reference Cost HRG code generated from local use of the 2015/16 reference cost grouper
Episode Type	A field to indicate whether the inpatient consultant episode completed within the financial year
Activity Start Date and Time	The date and time the activity started
Activity End Date and Time	The date and time the activity ended
Age	Patients age on admission or attendance
Person Stated Gender Code	The stated gender of a person
Patient Classification	Only applicable for APC records. The field is derived from the Admission Method, Intended Management and the duration of stay within the provider
Admission Method	Only applicable for inpatient activity, the method of admission to a hospital provider spell
Attended or Did Not Attend	Only applicable for OPD records. The field indicates whether an appointment took place or not
Treatment Function Code	The code that is used to report the specialised service within which a patient is treated
Patient Pathway Identifier *	The field together with the organisation code of the issuer, uniquely identifies a patient pathway

\* The values in these fields will not be received by NHS Improvement in identifiable format. These values will be provided by the HSCIC already pseudonymised.

### Activity Cost Records

Each activity record will have one or more costs associated with it, which may be indirect or direct.

Field Name	Description
Resource ID	Unique identifier to report resources
Activity ID	Unique identifier to report activities
Resource Group ID	An aggregation of resource IDs into logical groupings, to report resources at an aggregated level
Activity Group ID	An aggregation of activity IDs into logical groupings, to

	report activities at an aggregated level
Activity Count	Sum of the number of activities performed
Cost	The financial value of the resources consumed by the activities carried out