

Making payment work better to support new models of urgent and emergency care: an introduction

Audience

This document is for all organisations involved in the commissioning or delivery of urgent and emergency care (UEC) services, including NHS 111, community pharmacy, community care urgent response and social care urgent response services, in-hours urgent primary care, GP out-of-hours, 999, ambulance, walk-in centres, urgent care centres, emergency department attendances and emergency admissions.

It is intended for chief executives, clinicians and others who require a broad understanding of a potential new payment approach being developed by Monitor and NHS England to support the service reform, but who do not need to access detailed guidance on payment design and implementation.

Separately, we are publishing a more detailed document, *Urgent and emergency care: a potential new payment model*, which provides guidance for finance, contracting and commissioning staff on how to approach developing and implementing the potential new payment approach locally.

Why payment reform is needed

The *Five Year Forward View*¹ and *Urgent and emergency care review*² propose a fundamental shift in the way UEC services are provided, improving out-of-hospital services so that we deliver more care closer to home and reduce hospital attendances and admissions.

The new model of care for UEC services will change the way patients access and move within the urgent care system. It will require the development of UEC networks

¹ Available from: <http://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf>

² <http://www.nhs.uk/NHSEngland/keogh-review/Pages/urgent-and-emergency-care-review.aspx>

providing care co-ordinated across multiple settings. To deliver these models of care, a new payment approach that supports joint working and delivery of high quality care and outcomes across these networks will be required.

Current models of payment are built around specific services and do not support large-scale change to patient flows without adverse consequences for those services. Current measures of performance in the different services are also not well connected and may even conflict, so work is needed to establish performance metrics that reflect whole-system performance.

This has inhibited joined-up working between UEC providers. For example, payments to ambulance providers and other out-of-hospital providers do not reflect the saving to the system from their extra effort or activity to keep people out of hospitals. Conversely, these providers may have a financial incentive to shift costs of crises towards acute hospitals (eg by reducing out-of-hours cover).

A potential new payment approach

Payment is an important enabler of service reform, and new payment models are needed to support the successful implementation of the new care models and the adoption of the network approach to organising care provision. The way each service in the network is paid for needs to be aligned with co-ordinated care planning and delivery. It is with this in mind that Monitor and NHS England are developing a potential new three-part payment approach (Figure 1) designed to:

- align incentives across the network
- reflect the ‘always-on’ nature of UEC services.

Figure 1: New three-part payment structure



Each of the three parts of the potential payment design can be used to support co-ordination and collaboration across the system. All funding would be on the basis of minimum access and safety standards being met.

- **Core payment** concentrates providers' and commissioners' attention on planning capacity across the system to meet agreed access and quality standards. This planning should reflect how capacity at each provider is expected to change as the new care model and changes in patient flows take effect. This can enable investment into necessary services by reducing uncertainty as well as reassuring small or rural providers that the fixed costs for providing agreed capacity will be paid regardless of the actual activity that takes place.
- **Volume-based payment** ensures that part of the payment continues to reflect the complexity and volume of patient needs that are actually met. For providers outside the acute sector that are currently on fully fixed contracts, it can provide a direct financial incentive to collaborate with the network to shift care out of hospital where appropriate. It can also provide a basis for a gain/loss sharing arrangement, through which individual providers are able to share the impact generated for the network as a whole.
- **Payment linked to outcomes and performance** can be used to directly reward better co-ordination within the network, helping to drive the service changes that will deliver improvements in patient experience and outcomes. Use of system-level metrics, alongside organisation-level metrics, can have a significant impact on driving behaviour, particularly where they are transparent and shared across all providers in the network.

Next steps

Following the work that has come out of the UEC review, Simon Stevens, NHS England Chief Executive, announced that UEC will be “completely redesigned” within three years. A vanguard approach for unplanned care has also been launched at a number of pilot sites across the country.

Monitor and NHS England will work with the UEC vanguards and potentially other sites to test the new payment approaches during 2015/16. This, together with further engagement on the detail of the proposed options, will inform the continued development of the payment design for UEC services.