HFMA response
January 2024

Response to the consultation on the 2024/25 NHS payment system amendments

General feedback

The Healthcare Financial Management Association (HFMA) is pleased to have the opportunity to respond to this consultation[1] and is broadly supportive of the amendments to the NHS payment scheme (NHSPS).

The current consultation relates specifically to the second year of the payment system two-year period 2023/24 to 2024/25. As a result we recognise that the changes being proposed for 2024/25 are minimal and not intended to fundamentally change the structure of the payment scheme. Therefore, the response to the 2024/25 consultation should be read in conjunction with our January 2023 consultation response[2].

In previous years payment system consultations have been aligned with publication of the priorities and operational planning guidance. Delays in this publication for 2024/25 mean it has not been possible to confirm if the proposed changes to the payment scheme in 2024/25 are indeed aligned with planning guidance.

The proposals have been discussed with members of the HFMA's Payment Systems and Specialised Services Group. Their feedback has been considered in our overall response. We recognise that individual organisations will have specific queries and concerns but have endeavoured to submit a balanced response that reflects the national priorities.

We submitted a formal response via the *NHS England consultation hub* on 25 January 2024 which reflects comments received from the group and wider HFMA membership. This report provides details of our response.

Please note that further details of all proposals are set out in the consultation notice[1] and therefore not repeated in our response.

---

[1] NHS, *2024/25 NHS payment scheme consultation*, December 2023
[2] HFMA, *Response to the consultation on the 2023/25 NHS payment scheme*, January 2023

Proposed amendments to support delegated services

Minimum level of elective top-up payment

To what extent do you support the proposal to guarantee each specialist provider a minimum level of elective top-up payment?

Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

The intent behind these changes appears reasonable, but without further supporting detail on the figures presented it is not possible to assess the full impact of this recommendation. Some members are reporting significantly lower values than were anticipated and have additional questions about the process of calculating the top-up by ICB and by region. There is also currently no detailed guidance on how the payment process will operate.

Radiotherapy new unit prices

To what extent do you support the proposal to create new unit prices for radiotherapy services?

Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

The newer treatments updated here are recognised to be missing from the current clinical codes and the HRG structure, so the proposal enables a more accurate suite of service provision information. We acknowledge a consistent and full set of prices is necessary for delegation of specialist services to be undertaken on an equitable basis. However, there is no detail provided on how the currencies will be identified in the activity data, so it is difficult to comment on the success of the new codes.

No prices for the new currencies or the existing radiotherapy currencies have yet been released, so it is currently not possible for individual organisations to assess the impact of this proposal. We understand this testing will be performed with volunteers separately to the consultation.

Renal transplant new unit prices

To what extent do you support the proposal to convert renal transplant guide prices to unit prices?

Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

We acknowledge a consistent and full set of mandated unit prices is necessary for delegation of specialist services to be undertaken on an equitable basis.

Similar to radiotherapy, details on the proposed unit prices would be useful for providers to assess the impact of this proposal.

Haematopoietic stem cell transplantation

To what extent do you support the proposal to introduce guide prices for haematopoietic stem cell transplantation (HSCT)?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer
We welcome guide prices in 2024/25 prior to any unit price mandation.

Do you have any other comments on the proposed amendments that support delegation of specialised services?

Comments
We welcome the move to delegation of specialised services where this aligns with the intent that integrated care boards (ICBs) have the agency to make commissioning decisions based on local population need. However, we recognise that there needs to be a consistent approach to commissioning these services and welcome efforts to ensure that coding and pricing structures facilitate this. We recommend that services are not delegated until the requisite building blocks are in place and acknowledge that significant work is underway to ensure an appropriate rate of transfer.

Other proposed amendments

Cataract HRGs

To what extent do you support the proposed reduction to two unit prices for cataract HRGs?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer
We acknowledge that NHS England has discussed the reduction in cost differential with clinicians and the proposed changes are supported clinically. However, members noted that choosing to amend just specific cataract prices without amending other prices has previously been described as 'cherry picking'. They commented that changing prices for these HRGs alone, in the second year of a two-year payment scheme, appears to move away from previously established principles of price setting with it intended to be relational and remain within an overall cost quantum.

CQUIN scheme pause

To what extent do you support the proposal to pause the nationally mandated CQUIN incentive scheme?

Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

We support this proposal as it supports stability of funding for commissioners and providers at a time when activity regrowth is a priority. However, there is a risk that it leads to behaviours that prioritise activity growth at the expense of quality. See also our comments regarding the impact on addressing health inequalities.

Some members note that best practice tariffs are more effective than CQUIN to incentivise efficiency, as they are easier to build into contracts in terms of project specific data flows, so proposals and monitoring can be more successful.

Members also noted that it is important to understand the next steps for CQUIN or incentive based payments as soon as possible otherwise it may be difficult to avoid the additional impact of reintroduction. However, it may be difficult to do this locally where there is no direct financial incentive.

Evidence-based interventions (EBI) programme

To what extent do you support the proposal to ensure payment for some activity covered by the Evidence-Based Interventions programme requires an approved IFR?

Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

We support the principles of the EBI programme but note that monitoring this scheme will increase administrative tasks within both providers and commissioners.

Clinical coding does not always distinguish activity that is within (or outside of) EBI policies, so it is difficult to know whether a patient episode should require an individual funding request (IFR) or not. Members are concerned that this may increase administrative burden as it will require manual information gathering to be established.

Members have expressed concerns that zero pricing the activity puts the onus on providers to 'prove' compliance, as opposed to giving the ability for commissioners to reduce payment if there are concerns at ICB level. There are also concerns about the interaction with elective recovery fund (ERF) payment if the ERF baselines are left unchanged, but this activity is zero priced in SUS.

An example was given by one member that dilation and curettage operations are done for both heavy menstrual bleeding (needing an IFR) and cancer investigations (outside of the IFR requirement). The clinical coding cannot pick up the reason for the procedure if cancer is not found, which would result in a tariff of £0, when it was a valid procedure.

High cost drugs and devices exclusions

To what extent do you support the proposal to update the high cost drugs and devices exclusion lists?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

We support this as updating the list is a positive development to ensure new items are included and old ones removed as they become part of business as usual.

Market forces factor (MFF) values to reflect merger of NHS trusts

To what extent do you support the proposal to set MFF values to reflect merger of NHS trusts?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

We agree that updating the MFF for merged organisations is a logical step.

Low volume activity (LVA) values

To what extent do you support the proposal to update LVA values to include delegated services?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

Updating the LVA values for delegated specialised services is a logical step. The proposal to maintain the LVA eligibility based on the pre-delegation values is supported, as this will add stability to commissioner/provider relationships and prevent additional administrative burden.

Members have indicated that they would want to have access to the LVA values split by core, dental and specialised services, in order to add transparency to commissioner and provider discussions.

On a technical note: Appendix A of the consultation appears to contradict the proposal in the main narrative, stating that '*We propose the following ICB-trust relationships move from their current designation as an LVA relationship to requiring a contractual agreement applying the API rules*.' Clarity is requested on this contradiction in the final publication.

Weighting of the pay element of the cost uplift factor

To what extent do you support the proposal to change the weighting of the pay element of the cost uplift factor?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

We support consistency between methodologies used for both payment system pricing and education and training tariff. We note the NHS England assessment that the expected impact is minimal and have not received information from our members to contradict this.

GIRFT Right Procedure Right Place programme

To what extent do you support the proposal to update the payment principles to support the GIRFT Right Procedure Right Place programme?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

This is recognised as necessary to support the work of GIRFT and the move of procedures to the most appropriate setting. There are some concerns from members about how this would be recognised in ERF monitoring, if no baseline changes are allowed.

Fragility hip and femur fracture best practice tariff (BPT)

To what extent do you support the proposal to update the criteria for the fragility hip and femur fracture BPT?					
Strongly support	Tend to support	Neither support or oppose	Tend to oppose	Strongly oppose	Don't know

Please explain the reasons for your answer

This change is designed to ensure that the BPT is consistent with the current best practice for clinical care and members have received feedback from their clinical colleagues that it is expected to have only a marginal impact on operational tasks. However, as the change will not be reflected in the clinical coding, evidence of BPT compliance will require additional information flows within providers which will add administrative burden. Similar to our comments on cataracts it does feel like this is slightly 'cherry picking' one aspect while leaving the majority of the payment system on a roll-over basis which in itself means that underlying prices and HRG casemix are one year further out of date.

Do you have any additional comments on the other proposed amendments?

Comments
We have no additional comments to make.

Health inequalities and any other comments

Health inequalities

If they were implemented, what impact do you feel the policies outlined are likely to have on equality and addressing health inequalities?					
Strong positive impact	Positive impact	Neither positive or negative impact	Negative impact	Strong negative impact	Don't know

Please explain the reasons for your answer

The HFMA has published a briefing on using financial incentives to tackle health inequalities[3]. This briefing notes that elements of the CQUIN are relevant to health inequalities, specifically the indicators relating to mental health, cancer diagnosis and hepatitis C. There is therefore some risk that pausing the CQUIN incentive will have a negative effect on health inequalities.

In respect of other changes being consulted on for 2024/25 it appears that there is neither favourable nor adverse impact on health inequalities.

However, as noted in the HFMA's January 2023 response to the two-year payment scheme consultation, the payment scheme should support areas to locally determine what services are needed and where, in order to address local health inequalities. There is a risk that the fixed element is not detailed enough to ensure that resources are allocated appropriately to these areas.

Do you have any other comments on the proposed amendments to the 2023/25 NHS payment scheme?

Comments

The elective recovery fund (ERF) has yet to be formally updated alongside the 2024/25 NHS payment system. In general, members have said that they do not want changes to the ERF in 2024/25 as it has only just been understood and adopted in full. However, they wished to raise that the current structure and poses a number of issues for members:

- The baseline is now significantly different to actual trust positions. There is concern that future years will suffer from the current year stability. The baseline not being updated will require additional conversations with commissioners.
- Cross ICB analysis is difficult with the current ERF calculations.
- Same day emergency care (SDEC) has had recent changes to the data recorded, and these are not shown in the ERF baseline, so this area will have material difficulties.

How could we improve the information you are given for this consultation?

Comments

We have no additional comments to make.

How could we improve how we engage with you?

Comments

It would be useful to have a word version of the consultation survey to collate individual responses from our members. The standard contract consultation supplies this and it makes it easier to collate such a response. (The response is still put into the online survey for submission, this is just a working file.)

[3] HFMA, *Using financial incentives to tackle health inequalities*, January 2024

Longer-term payment development

For 2025/26, we expect to recalculate prices using 2022/23 cost and activity data. Do you have any concerns about prices ahead of this recalculation?

Comments
We welcome the proposal to recalculate prices for 2025/26. When a two-year payment system was proposed in the 2023/24 consultation, our members expressed concern about continuing to use the 2018/19 cost base to set the published unit and guide prices in 2023/24, even when updated for inflation and efficiency factors, noting that the 2018/19 cost base does not take into account the impact of Covid-19 on the costs of delivering services. The 2022/23 cost and activity data will reflect the post pandemic models of care, and so should be a positive step in bringing prices up to date with a more stable set of data. The use of telephone and other virtual models of contact, virtual wards and remote monitoring systems has increased, but these may not be easily identifiable in the 2022/23 data, as steps to separately record the activity may not have been completed at the point of cost submission. Therefore, there may need to be a wider set of factors considered for inclusion in price setting for these areas, and the corresponding areas where the activity is reasonably expected to have fallen as a direct result.

National support - guidance

Would national support on guidance be helpful in agreeing payment arrangements in the future?				
Very helpful	Helpful	Not very helpful	Unhelpful	Not sure

What would make guidance most useful?
It has not been possible for our members to see the impact of the proposed new radiotherapy currencies without the proposed prices and the identification rules that will be used to separate the activity from other radiotherapy currencies. In general, even where there is only an amendment to a two-year payment scheme, it would be helpful to have the updated price documents for members to be able to test areas which are of concern. This is especially true for areas that have proposed changes, for example, the cataract price change in the current consultation. If all the prices were available, how the lower cataract prices would relate to the other ophthalmology prices could be assessed more fully and members feel that their individual responses to the consultation could be more reflective of expected impact. Webinars or information sessions on the proposed changes early in the consultation period would be very helpful, and for these sessions to include Q&A. For this year's consultation, the only session available to all stakeholders was within the last week of the consultation period, and that did not have a Q&A section. This session did not allow stakeholders to raise any points of clarification, and the timing meant they had little time to digest any newly understood points and consult with their colleagues.

National support - case studies

Would case studies be helpful in agreeing payment arrangements in the future?				
Very helpful	Helpful	Not very helpful	Unhelpful	Not sure

What would make case studies most useful?
We believe that case studies and illustrations are a useful tool to help understanding, so where a complex technical change has been made, a case study or graphic of the steps taken to illustrate the process of calculation would be beneficial.

National support - data

Would national support on data be helpful in agreeing payment arrangements in the future?				
Very helpful	Helpful	Not very helpful	Unhelpful	Not sure

What would make data most useful?
A clear illustration of the steps required to calculate the changed data process would help payment and contracting transparency in discussions between commissioners. When the revised prices are released, they should be supported by a clear guide to the steps used to create them. Our members note that this would help to understand the overall impact on systems more easily.

What other support would you find helpful?

Comments
We have no additional comments to make.

Tools and products

Which tools and products do you expect to use to support your payment arrangements?				
ICB PLICS Benchmarking Tool	Use regularly	Use occasionally	Aware but have not used	Not aware
Enhanced PLICS Analysis	Use regularly	Use occasionally	Aware but have not used	Not aware
Costed Pathways (supported by GIRFT)	Use regularly	Use occasionally	Aware but have not used	Not aware

Do you have any feedback on these tools?

Comments
This and the remaining questions in this section are not applicable to the HFMA response. The HFMA is responding to the general consultation as an external stakeholder on behalf of its members. We expect individual member organisations to respond to this question based on local circumstances.

Tools and products continued

Which tools and products do you expect to use to support your payment arrangements?				
Population and Person Insight (PaPI) platform	Use regularly	Use occasionally	Aware but have not used	Not aware
Model Health System	Use regularly	Use occasionally	Aware but have not used	Not aware
PLICS portals (integrated, mental health and IAPT, ambulance)	Use regularly	Use occasionally	Aware but have not used	Not aware
Planning tools (on NHS Planning FutureNHS)	Use regularly	Use occasionally	Aware but have not used	Not aware
Other NHS England tool	Use regularly	Use occasionally	Aware but have not used	Not aware

If 'other', please give details

Comments

Do you have any feedback on these tools?

Comments
See comment above.

What locally produced tools do you expect to use to support payment?

Comments
See comment above.

Are there any other tools or products NHS England could produce that would help payment arrangements?

Comments
See comment above.

Do you have any other comments on future payment system development?

Comments
As noted in our response to consultation in January 2023, members continue to express concern about the language in the proposed payment scheme document, which focuses on the contractual arrangements between commissioners and providers. While we appreciate that this provides clarity in respect of the funds flow, especially as system relationships continue to evolve, it is not consistent with the new collaborative approach that systems are expected to work to.

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For over 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

HFMA

1 Temple Way, Bristol BS2 0BU

T 0117 929 4789

E info@hfma.org.uk

Healthcare Financial Management Association (HFMA) is a registered charity in England and Wales, no 1114463 and Scotland, no SCO41994.

HFMA is also a limited company registered in England and Wales, no 5787972. Registered office: 110 Rochester Row, Victoria, London SW1P 1JP

www.hfma.org.uk