Preparing for the Costing Transformation Programme

Richard Ford – Costing Improvement Director
Ahmad Saleem Ullah – Costing Improvement Manager

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Overview

- Transforming costing
- Developing mental health costing standards
  - The journey so far
  - Three pillars of costing
  - Overview of costing standards
  - Tools to support
- Preparing for implementation
Transforming costing

Delivering efficient patient care

- Improve Reporting
- Benchmarking
- Better Decision Making
Costing transformation programme (CTP)

CTP is a 5 year plan to improve the quality of health cost information in the NHS, through:

1. Universally applied **Costing Standards** for patient-level costing across health sectors

2. A single national **Cost Collection**

3. **Engagement** with the sector to support adoption of patient-level costing.

To: understand costs across the all care settings
The journey so far

Identifying roadmap partners

Setting up working papers and circulating them amongst roadmap partners and contributors for their inputs

Producing draft costing standards

Consultation & governance

Development version 1 of costing standards released
At what level are we costing?

- Resources
- Activities
- Allocation methods

Consultant

Ward rounds
Non face to face contacts
The pillars of costing

The costing process is built on three pillars:

- **Detailed and accurate data**
- **Clearly identifiable costs**
- **Appropriate cost allocation methodologies**
Detailed and accurate data

- Good costing starts with good source information
- Collaboration with informatics and operational teams
- Consistent, complete patient-level information feeds
- Information Requirement standards
- Information feeds required:
  - Admitted patient care (APC)
  - Non-admitted patient care (NAPC)
  - Pharmacy feed
Clearly identifiable costs

- Ensure costs are in the correct starting position for costing
- Collaborate with finance colleagues to:
  - Understand how costs are reported in general ledger (GL)
  - Know what the material items are
- Map the GL to the standardised cost ledger (CL)
  - Template on website
  - Mapping within costing system
Standards classify costs as:

**Patient facing costs**
- relate directly to delivering patient care
- driven by patient activity
- have a clear activity-based allocation method
- both pay and non-pay

**Support costs**
- do not directly relate to delivering patient care
- may relate to running the organisation (e.g. board costs, HR, finance, estates), need to apportion to patient activity using
- may be service-level support costs (e.g. ward clerks, sterile services department)
Appropriate cost allocation methodologies

- Ensure correct quantum of costs is allocated to each activity using the specified costing methodology
- Identify activities your organisation performs
- Methodologies will be:
  - Actual time or costs from the information feed
  - Based on relative-weight value units (RVU)
Standards – Information Requirements

IR1: Collecting information for costing purposes

- Master data feeds:
  - Admitted Patient Care (APC)
  - Non Admitted Patient Care (NAPC)

- Auxiliary data feed:
  - Pharmacy feed

IR2: Management of information for costing
Costing Processes

CP1: Role of the general ledger in costing
CP2: Clearly identifiable costs
CP3: Appropriate cost allocation methods
CP4: Matching costed activities to patients
CP5: Reconciliation
Costing methodologies

CM1: Admitted patient care
CM2: Additional staff activities
CM3: Group activities
CM4: The income ledger

Criteria for selecting Costing methodologies
• High cost high volume
• Variation in costing practices nationally
• Challenging to cost
Tools to help you with implementation

- Information gap analysis template
- Standards gap analysis template
- Costing manual template
- Evidence pro forma
Preparing for Implementation

We intend to mandate patient-level costing collection across all sectors by 2021

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Preparing for Implementation

• Following RMP implementation this year we will revise the standards and agree the resources and activities

• We will issue standards version 2 in Jan 18

• We should have a mandation in place

• We want everyone to volunteer to be early implementers

• The programme will start in Jan 18 and last for 6 months
Develop Standards version 2 following RMP implementation

Approved Costing Guidance (ACG)

Mental Health Early implementers

PLICS collection
Analysis
Reporting & Benchmarking

Audit

Combined costs collection
Analysis

Revise acute, MH and ambulance standards
## Work Commitment

<table>
<thead>
<tr>
<th>Task no</th>
<th>Task</th>
<th>Lower estimate of person hours required</th>
<th>Upper estimate of person hours required</th>
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<tbody>
<tr>
<td>1.1</td>
<td>Complete information gap analysis template</td>
<td>3.5</td>
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<tr>
<td>1.11</td>
<td>Complete standards gap analysis template</td>
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<tr>
<td>1.12</td>
<td>Complete the implementation reading list (published IR standards, published CP standards, published guide to the standards, published webinar recordings)</td>
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<td>Total</td>
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<tr>
<td>1.2</td>
<td>Create a project plan including milestones and factoring in staffing requirements</td>
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<td>1.3</td>
<td>Communicate with software supplier to inform them of your needs and plan any support in advance</td>
<td>3.5</td>
<td>7.0</td>
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<tr>
<td>1.4</td>
<td>Review your server capacity with your IT department and your software supplier</td>
<td>1.8</td>
<td>1.8</td>
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<td>1.5</td>
<td>Collect contact details of implementation stakeholders and share with NHS Improvement</td>
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<td>3.5</td>
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<td>M1</td>
<td>Attend the first regional meeting w/c 16th January</td>
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<td>General ledger to cost ledger mapping part 1 (Key cost centres listed in workbook)</td>
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<td>2.2</td>
<td>Identify activities your trust undertakes &amp; map them to the required activity information or identify the information needed (eg patient-level feed, relative weight value unit (RVU), statistic allocation tables)</td>
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<td>21.0</td>
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<td>Read the cost collection guidance document and raise any queries with NHS Improvement (when published)</td>
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<td>M2</td>
<td>Attend the second regional meeting w/c 20th February</td>
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<td></td>
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<td>49.0</td>
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<tr>
<td>3.1</td>
<td>Set up your costing manual</td>
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<td>7.0</td>
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<tr>
<td>3.2</td>
<td>General ledger to cost ledger mapping part 2 (Further cost centres listed in workbook)</td>
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<tr>
<td>3.3</td>
<td>Develop weightings to allocate support costs using reciprocal method &amp; to patient-facing cost centres</td>
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<td>28.0</td>
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<tr>
<td>3.4</td>
<td>Check allocation methods against standards and update them to match where necessary</td>
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<tr>
<td>3.5</td>
<td>Set up SEFT/MESF and send a test file to NHS Digital</td>
<td>1.8</td>
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<tr>
<td>3.6</td>
<td>Contact Information Governance Manager to outline what information will be shared with whom</td>
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<td>3.7</td>
<td>Review the cost collection data validation requirements</td>
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<td>M3</td>
<td>Attend the third regional meeting w/c 20th March</td>
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<td>4.1</td>
<td>Create relative weight value units or set up existing ones to use in the system (refer to needs ID'd in 2.3)</td>
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<td>28.0</td>
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<tr>
<td>4.2</td>
<td>Create allocation statistic tables to use in your costing system (refer to needs ID’d in 2.3)</td>
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<td>28.0</td>
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<tr>
<td>4.3</td>
<td>Set up standards compliant matching rules in your system</td>
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<td>M4</td>
<td>Attend the fourth regional meeting w/c 17th April</td>
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<td></td>
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<td>5.1</td>
<td>Implement theatres standard</td>
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<tr>
<td>5.2</td>
<td>Implement non-admitted patient care standard</td>
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<tr>
<td>5.3</td>
<td>Implement critical care standard</td>
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<tr>
<td>5.4</td>
<td>Run internal data validation checks for collections</td>
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<td>5.5</td>
<td>Send data provision notice (DPN) to IG manager for review or approval and confirm your trust is able to submit data in accordance with this</td>
<td>1.8</td>
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<tr>
<td>5.6</td>
<td>Confirm your allocated dates for submission to NHS Digital</td>
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<td>M5</td>
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<td>Implement Accident &amp; Emergency attendances standard</td>
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<tr>
<td>6.2</td>
<td>Generate costing system outputs and perform sense and quality checks</td>
<td>28.0</td>
<td>42.0</td>
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<tr>
<td>6.3</td>
<td>Perform reconciliation of PLICS output to activity and financial reports</td>
<td>7.0</td>
<td>14.0</td>
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<tr>
<td>6.4</td>
<td>Test collection data validation checks and report issues to NHS Digital and NHS Improvement</td>
<td>3.5</td>
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<tr>
<td>6.5</td>
<td>Submit test collection to NHS Digital</td>
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<td>M6</td>
<td>Attend the sixth regional meeting w/c 19th June</td>
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<td>7.1</td>
<td>Final submission to NHS Digital</td>
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<td>7.2</td>
<td>Submit reconciliation reports</td>
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<td>M7</td>
<td>Attend the seventh regional meeting w/c 17th July</td>
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What will the outcome look like?

- Cost analysis and comparison
  - National PLICS portal under development (Tableau)
  - Anonymised cost of every patient across the NHS (England)
  - User friendly, data can be cut and reported in many ways.
Preparing for implementation

- Read the standards
- Do a gap analysis against your current costing process
- Speak with your software supplier
- Review the IR standards with Informatics and do an Information gap analysis

- Meet with your software supplier to discuss implementing the standards in your system
- Set up your costing manual
- Map your GL to the standardised cost ledger
- Identify the activities your trust performs against the prescribed list of activities
Get involved

Work collaboratively

- Secure senior support across *informatics*, *finance & clinical* departments

Understand the standards

- Read *standards documents* published in January
- Work through *guidance & webinars*

Stay in touch

- Let us have your *feedback*
- Sign up for the *costing newsletter*
Further information

• Transforming costing website:
  https://improvement.nhs.uk/resources/transforming-patient-level-costing/

• Queries, comments and to receive the newsletter
  NHSI.costing@nhs.net
Questions