in association with

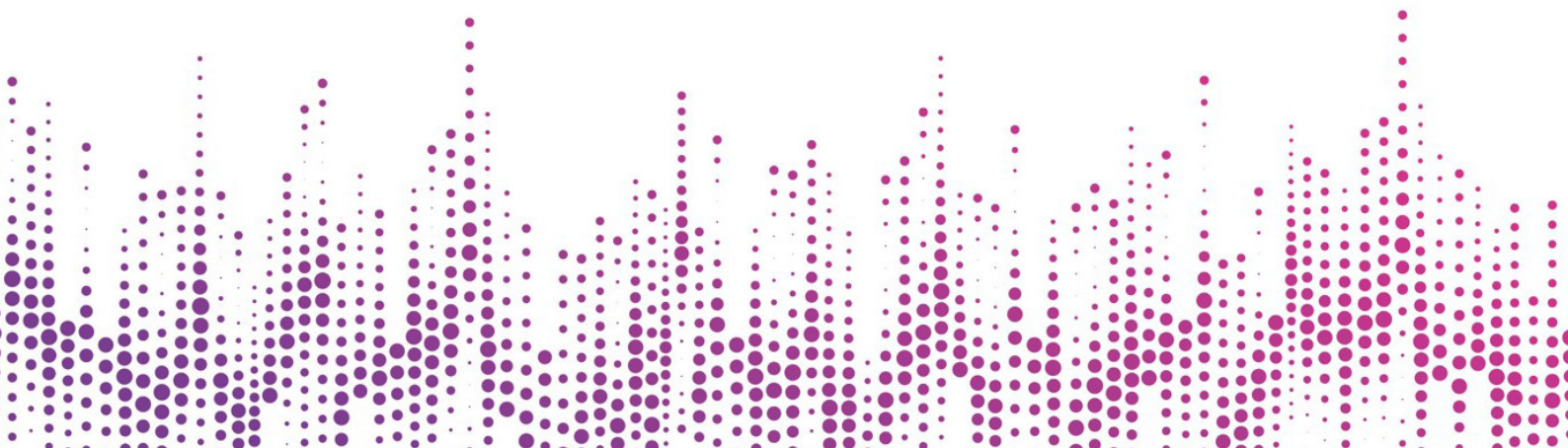
Grant Thornton

hfma Healthcare Costing for Value Institute

Costing and data quality

Improving the quality of non-financial data required for costing

Briefing
February 2021



Contents

Robust cost data is crucial to delivering better care in the right setting

Good-quality data is fundamental to providing the right care to the right patient in the right place. Patient-level costing information is integral to the decisions that need to be made across multiple services, pathways and organisations in order to manage current services and determine the future models of care. It will also be key in understanding the underlying financial positions of systems and supporting the NHS when financial baselines are reset following the pandemic.

This joint HFMA and Grant Thornton UK LLP briefing focuses on why NHS boards and system leaders need to ensure that the quality of non-financial data used in costing is of a high quality. The HFMA and Grant Thornton have been strong advocates for robust patient-level cost data for a number of years. Senior leadership at NHS England and NHS Improvement recognise the importance of this data and are looking at how it can be provided in a more timely manner to support local and national decision-making.

Health systems are the future

The NHS is moving to a more collaborative, integrated approach to designing, planning and delivering health services across local systems. Increased collaboration between providers will create more joined up patient pathways, supported by digital technology.

Understanding the patient pathway is key

Cost information needs to describe the whole pathway, not just each organisation's view, which means the data and methodologies for costing must be consistent and comparable across the settings. The reliability of data in non-acute settings such as community services is just as important as inpatient data in this new world.

Funding flows are changing

Future payment systems will support the activities that create patient value and focus on system costs rather than price.

Accurate cost data is critical to delivering value

The shift in focus from income to cost will continue apace, and costing has a major role to play in supporting the delivery of high-quality sustainable services across the NHS, providing the evidence on how resources are used, and supporting the reduction in unwarranted clinical variation.

Covid-19 has fundamentally changed the NHS

It has accelerated digital transformation, overhauling urgent care-pathways, and necessitating the introduction of Covid and non-Covid spaces in hospitals. The quality and depth of costing data will be critical in supporting the NHS as it restores services, resets system financial baselines and responds to future challenges.

The data used in costing is also used in key performance, operational and quality metrics

Improving the quality of non-financial data not only supports better costing. The same data is used in Getting it Right First Time and the Model Hospital, and underpins service redesign and the monitoring of clinical quality.

NHS costing in England is going through a significant transformation, moving from costing based on averages to costing the actual care individual patients receive. Patient-level information and costing systems (PLICS) bring together healthcare activity information with financial information in one place. They provide detailed information about how resources are used at patient level – for example, staff, drugs, and diagnostic tests.

The quality of the activity data needed for costing is poor in key areas

To generate reliable and robust cost information, costing accountants need access to high-quality data that describes the needs of the patients and the treatments received. Even with the best costing processes in place, if the data from the clinical and operational feed systems is of poor quality, this will lead to inaccurate cost data.

Our survey of costing practitioners (see box below for survey details) shows that there are some significant problems with the quality of the data building blocks required for costing (figure 1).

This same data is used in every output that describes and measures how care is or should be delivered. How can boards and system leaders effectively manage services with poor-quality data?

Figure 1: The data building blocks that define cost information

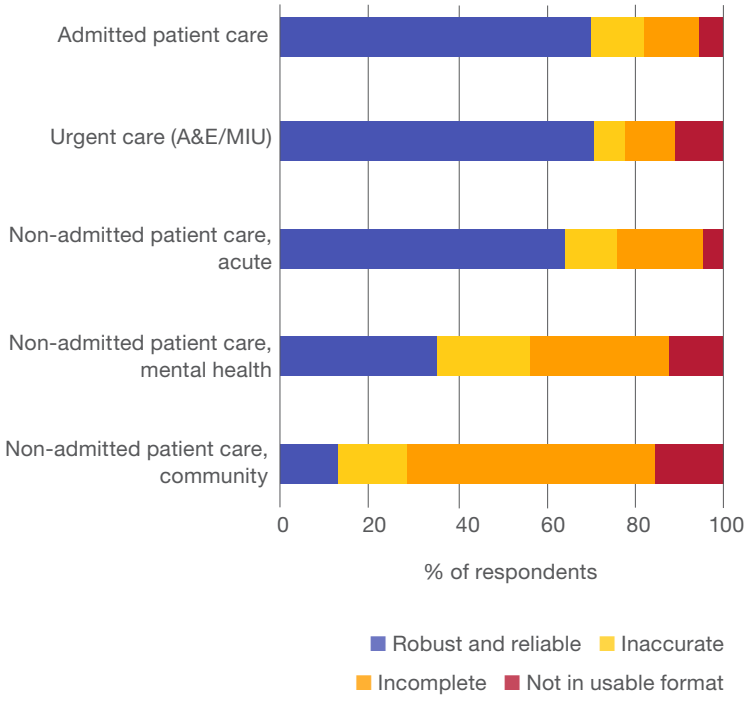
Data type	Examples
Patient data from the main clinical system	• Inpatients • Urgent care • Outpatients • Community contacts
Patient data from auxiliary clinical systems	• Psychological therapies • Wheelchairs • Audiology
Patient data from supporting clinical services	• Theatres • Pathology • Medicines
Workforce and infrastructure data	• Head count • Job plans • Floor plans

‘How can boards and system leaders effectively manage services with poor-quality data?’

To gain a better understanding of the current practical challenges in obtaining good-quality data for use in costing, the HFMA’s Healthcare Costing for Value Institute surveyed its members in July and August 2020. Responses were received from costing staff from 55 NHS trusts, representing a mix of acute, mental health and community trusts as well as a selection of combined trusts and a Welsh Health Board.

Although 70% of respondents to our survey stated that the patient data from the main clinical system was robust and reliable for inpatients, confidence in the quality of the data diminished for those services which are not inpatients (figure 2). The lack of robust activity data for community and mental health services means that healthcare systems will struggle to understand the use of resources across patient pathways.

Figure 2: Quality of patient data from main clinical system



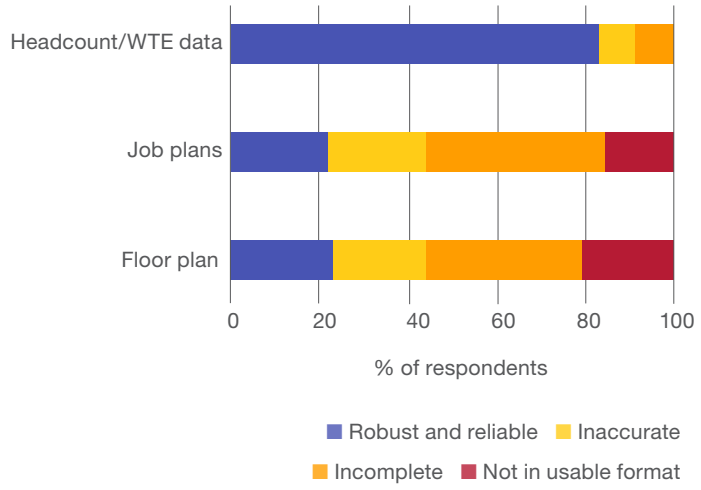
‘The lack of robust activity data for community and mental health services means that healthcare systems will struggle to understand the use of resources across patient pathways’

There are also concerns about the quality of the data for auxiliary clinical systems. While confidence in the data for critical care and wards is high, the same is not true for other significant elements of patient care – for example, theatres, pathology and medicines. Poor data for key activities such as theatres and pathology makes it hard to plan future models of care.

‘Poor data for key activities such as theatres and pathology makes it hard to plan future models of care’

We asked members' views on the quality of workforce and infrastructure data, which play a key role in the costing process. Respondents reported significant concerns about the quality of data in medical staff job plans and floor plans (figure 3). The lack of information about medical staff activity makes it hard for services to explore new ways of working.

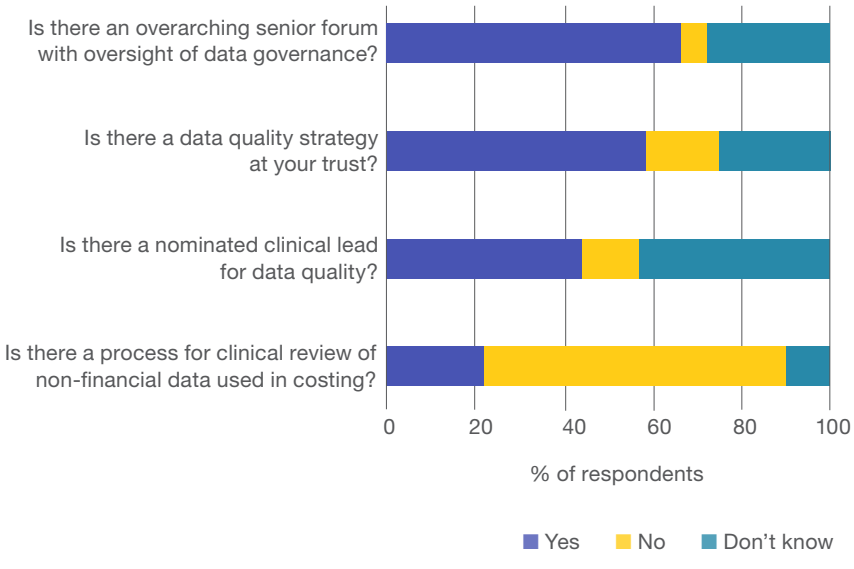
Figure 3: Workforce and infrastructure data



'The lack of information about medical staff activity makes it hard for services to explore new ways of working'

The majority of respondents in our survey reported that there were data governance structures in place in their organisation, but many of these were in the early stages of being established. Data quality strategies were in place in over half of the trusts, but they varied in maturity and focus (figure 4).

Figure 4: Governance arrangements for data quality



'Our work has demonstrated the need for substantial improvements to data to ensure that it is accurate and meaningful'

Our work has demonstrated the need for substantial improvements to data to ensure it is accurate and meaningful, so that it is of real use to NHS staff making decisions on how and where care should be delivered.

NHS systems need to focus on improving data quality to support value-based decision-making

In the past, payment by results led to an increased scrutiny on data that underpinned income, which resulted in improvements in data quality. With the shift in focus from tariff to system costs, system leaders must recognise the continued importance of high-quality cost data to support improvements in value and new funding approaches.

When boards and clinical leaders understand the importance of data quality and their role in data governance, the management information in an organisation improves. This leads to improved decision-making, delivering increased value and benefit for the patients served.

As we work with costing practitioners to identify solutions for the technical challenges identified in this briefing, health leaders should ensure that there are robust data governance processes in place within organisations and across systems to support the provision of accurate information (figure 5).

‘Health leaders should ensure that there are robust data governance processes in place’

Figure 5: Areas where board members, system leaders and clinical staff can support better data

Board member	• Ensure there is an overarching senior forum with oversight of data governance • Review the work programme so that it is focused on improving assurance over key areas of clinical priority or investment • Ensure the information provided to inform decisions is subject to assurance and scrutiny • Support clinical leaders to fulfil their roles as owners and producers of clinical data
System leader	• Look for assurances around consistency in the accuracy of data across organisations • Ensure redesign of pathways across systems is based on a consistent understanding of need and complexity across organisations • Ensure an appropriate understanding of costs and funding are taken into account when developing new pathways and services • Develop an understanding of the combined costs of care within areas of clinical priority across all settings/providers
Clinical leader	• Take ownership of the clinical data of the service they lead: - Data entry, focused on right first time - Interpretation and management, so it continues to reflect clinical intentions as the data is processed - Reporting and outcomes, so the implications of service delivery are described accurately in formal outputs • Take part in validation of costing outputs, ensuring feedback loops are working by tracking changes and improvements • Ensure service planning and system redesign assumptions are based on validated data, including within partner organisations

How clinicians describe their care, how systems and processes capture that care, how systems inter-react to share and process data, and how that data is used to produce management information, all need to function effectively to be an accurate representation of the patients treated and the care delivered. High-quality information is achieved through a partnership across clinical staff, finance staff and IT systems, underpinned by rigorous checks at point of entry, during data management, and then at point of reporting.

Next steps

The results of our survey show that the NHS faces significant challenges in understanding how resources are allocated across services and organisations. Improving the quality of data for costing is essential to systems having the information they need to drive improvements in value.

There are no quick fixes. Moving to digital provides the tools for better, more efficient data capture, but it does not provide an immediate fix for entrenched issues. We will work with a number of trusts to understand how they are improving their data quality for costing to provide practical support for costing practitioners in a second briefing.

The challenges we will discuss will include:

- Mental health services
- Community services
- Medical staff
- Outpatients
- Theatres
- Pathology
- Critical care
- Estates

If you have examples of how you are improving data quality in your organisation or would like to be involved in this work, please contact Catherine Mitchell at catherine.mitchell@hfma.org.uk

About the Healthcare Costing for Value Institute

HFMA's Institute champions the importance of value-based healthcare for supporting the delivery of high-quality financially sustainable healthcare. Through its member network, it supports the NHS to improve costing and make the most of patient-level cost data to drive improvements in patient care and deliver efficiencies. By bringing together senior finance and clinicians to explore what value means, the Institute helps the NHS to turn the theory of value into practice and make value-based healthcare a reality.

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff working in healthcare. For 70 years it has provided independent support and guidance to its members and the wider healthcare community. It is a charitable organisation that promotes the highest professional standards and innovation in financial management and governance across the UK health economy through its local and national networks. The association analyses and responds to national policy and aims to exert influence in shaping the healthcare agenda. It also works with other organisations with shared aims in order to promote financial management and governance approaches that really are 'fit for purpose' and effective.

About Grant Thornton

Grant Thornton UK LLP is a leading business and financial adviser with client-facing offices in 27 locations nationwide. We have been working with the NHS and local authorities for over 30 years and are the largest employer of CIPFA members and students in the UK. Our national team of NHS specialists, including those who have held senior positions within the sector, work closely with our clients to provide the growing range of assurance, tax and advisory services the NHS requires. Our approach combines a deep knowledge of the NHS, supported by a wider understanding of public sector issues. We understand regional differences and, through proactive, client-focused relationships, our teams deliver solutions in a distinctive and personal way, not through pre-packaged products and services. Overall, we provide audit and assurance services to over 30% of NHS Trusts and CCGs.

Published by the Healthcare Financial Management Association (HFMA).
The lead author was Catherine Mitchell, HFMA head of costing and value.

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

HEA.FIN.067 03/17

www.hfma.org.uk