HFMA response
November 2019

The HFMA's response to the NHS England and NHS Improvement survey – key areas of work for the 2020/21 national tariff

Who we are

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.

The HFMA is the biggest provider of healthcare finance and business education and training in the UK. It 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 association is also an accredited provider of continuing professional development, delivered through a range of events, e-learning and training. In 2019 the HFMA was approved as a main training provider on the Register of Apprenticeship Training Providers and will be offering and developing a range of apprenticeships aimed at healthcare staff from 2020.

Our comments

NHS England and NHS Improvement recently set key areas of work for the 2020/21 national tariff and the Healthcare Financial Management Association (HFMA) has provided feedback on behalf of its members.

The responses below have been informed by discussions at the HFMA's Payment Systems and Specialised Services Special Interest Group meeting on 20 November 2019, which included a useful update from NHS England and NHS Improvement representatives on the latest set of tariff engagement materials.

As the survey questionnaire closed just prior to the meeting taking place (18 November 2019) and the fact a survey does not readily lend itself to a group discussion, NHS England and NHS Improvement kindly agreed that HFMA could produce a narrative summary of the key points that emerged from the conversations on the day.

The following feedback summarises those discussions and builds on the Group's previous response to payment reform engagement in September 2019[1].

Blended payments - outpatients

This topic formed the larger part of the group discussion and views were wide ranging. The most salient points to reference were:

- Whether the right balance is being struck between formal guidance and leaving things for local agreement. There was some confusion in the room as to whether the 'intelligent fixed payment' existed at specialty or aggregate level for example. Local discussions to set the values associated with the blended payment model are likely to be less than straightforward, therefore the absence of any detailed guidance or 'default' mechanism may be problematic.
- Concerns were also raised about how the outcomes measure component of the model would work and if there was the potential for a double-count or overlap with the 'intelligent fixed payment'. Assumptions that factor face-to-face activity reductions into the fixed payment may then lead to over-activity being paid at only marginal rates and a loss of income under the outcomes measure if certain targets or metrics were not achieved.
- A major focus of the discussion was the potential extension of the model to NHS England's specialised services. Views were somewhat mixed in the group on this point, but again there were concerns about how the 'intelligent fixed payment' would be calculated and if the existence of this model for specialised services led to the potential for perverse incentives in the system, such as a lack of willingness for patients to be repatriated back to local trusts. There were also comments as to how suitable repatriation or avoidance of face-to-face contacts are for specialised services.

Blended payments – maternity

A key point of feedback was an ongoing concern on the feasibility of being able to implement the model across the country in time, especially given the need for local maternity services (LMSs) to take on a new and additional system financial planning role. Given the expectation that the tariff quantum will not be increased to address any Better Birth / Continuity of Carer cost pressures, it was also likely to be a local investment decision and could lead to varying degrees of participation and progress. Finally, if the adoption of the blended payment was optional (rather than mandatory or purely for shadow monitoring) there was a concern that a mixed economy of approaches could cause confusion, for example, where individual providers treat patients from two neighbouring LMSs who have adopted differing approaches.

[1] HFMA, *The HFMA's response to NHS England and NHS Improvement 2020/21 payment reform engagement*, October 2019

Blended payments – adult critical care

The Group supported the idea of slowing the pace of implementation to give more time for testing and piloting. In the subsequent discussion about how this might work, the main point made was to be clear on the issues each solution was addressing - differentiating between the mechanics of applying a blended payment model, the ability to support additional investments in critical care capacity or associated developments, such as outreach and any movement from local to non-mandatory or even mandatory national tariffs.

Specialised top-ups

The Group largely recognised the drivers for 'pausing' further transition of specialised top-ups, but were keen to ensure there is appropriate and sufficient communications and governance around progressing any onward review of the top-up application and any associated review of how complexity is handled within tariff arrangements more generally.

Market forces factor (MFF)

The Group stressed the need for clarity of messaging as to how MFF rates and the level of MFF, relative to the pre-MFF tariff quantum, were being transitioned. It is the Group's understanding that the pre-MFF tariff quantum is increasing as MFF rates transition to year two on the published glide path, but this is not sufficiently clear in the engagement materials.

Chemotherapy

The Group understood that unbundled delivery tariffs were due to increase to compensate for not recharging 'associated' drug costs, but not all members agreed that subsequently reconciling total spend on these associated drugs, on an on-going basis, was any less onerous from an administrative sense.

Once again, the HFMA would like to stress that the Group welcomes and values the time that colleagues from both NHS England and NHS Improvement continue to take to attend our meetings and to engage in discussion with our members. In return we hope that comments and feedback, such as outlined in this response, continue to assist the overall consultation and engagement process.