PAYMENT SYSTEMS: PAST, PRESENT AND FUTURE

CHAIR
• Martin Campbell, Head of Pricing, NHS England

SPEAKERS
• Adam Roberts, Head of Economics, the Health Foundation
• David Loughton, Chief Executive Officer, The Royal Wolverhampton NHS Trust
• Monique Duffy-Brogan, Chief Pricing Officer, NHS Improvement

SESSION SUMMARY
• The chair, Martin Campbell, opened the session by stating that reform of the payment system was long overdue. He said since its introduction in the mid-2000s the existing payment system had been left pretty much unchanged.

• Adam Roberts presented the findings of the joint NHS Providers and Health Foundation report. He detailed the structure of the research and provided an overview of the programme. The 8 guiding principles listed in the report are: clear purpose; realistic expectations regarding impact; national consistency but with local flexibility; appropriate, aligned incentives; high quality data; balance between complexity of design and ease of use; independent oversight and support; and time to embed and evaluate.

• Setting out a provider perspective, David Loughton spoke primarily about payment systems of the past. The old payment system for providers, pre-Payment by Results (PbR), was too easy to work and David stressed that we should not repeat the mistakes of the past. Under the old payment mechanism, it was possible to bankrupt the whole system. But David also admitted under the current system the contracting process was too expensive and didn’t benefit patient care. He also suggested the payment systems for GPs needed rapid reform; Sir Bruce Keogh had revolutionised reporting and monitoring of cardiac surgery, and now GPs needed a similar revolution; outcomes needed to ‘rule the roost’.

• Monique Duffy-Brogan agreed that the system needed to evolve from PbR and learn the necessary lessons. Work is being undertaken on the 2019 tariff and the joint NHSI/NHSE pricing team is engaging with local systems. On ACS payment systems, the joint pricing team wanted to understand what was right for the patient, the gain/loss share agreements in place, and the need to understand how care can be changed to be more efficient and effective. Monique detailed the work underway in moving away from reference costs and to patient level information costings (PLICs). A PLICs portal is being developed which will allow providers to act earlier. In addition to this a CIP builder tool is underway, which includes weighted activity unit (WAU) data. Monique wanted to use these data to start the right conversations.
• A question arose about getting incentives right, to which the panel stressed the imperative of patient outcomes. Adam Roberts also stressed the need for continuous evaluation and suggested the existing literature indicated payment systems drove efficiency rather than outcomes.

• One audience member was concerned that mental health was being left out of discussions around payment systems, particularly in the development of PLICs. Monique accepted this and wanted systems to think outside the box. Another question was asked on a missing principle from the report – the need for more accurate costs which reflected the actual cost of delivering care rather than a price.