



## Commissioning secondary care in England: what does it all mean?

In 2013, the NHS in England underwent significant changes that introduced a new set of structures for commissioning and providing healthcare. The system of planning, delivering and funding healthcare services can seem complex, and technical terms are often used to describe commissioning and related issues such as contracting.

This practical guide is designed to help make sense of commissioning, contracting and related issues including the NHS payment system. It aims to help physicians in England to influence the way that patient care is planned and provided in their local area and nationally.

# Glossary

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## Clinical coding

The process whereby information written in the patient notes is translated into coded data and entered into hospital information systems. Coding usually occurs after the patient has been discharged from hospital, and must be completed to strict guidelines so that hospitals can be reimbursed for their activity. There are two types of code used in the NHS: 'ICD-10' is used to code diagnosis, and 'OPCS-4' is used as the intervention or procedure classification. ICD is used internationally, whereas OPCS is specific to the UK. There are known challenges with coding. For example, there is a shortage of codes and it can take several years for innovative new techniques to be allocated a code. It also relies on accurate, complete and legible patient notes.

## Clinical commissioning groups (CCGs)

Local organisations that commission most secondary care healthcare services in a local area, including urgent and emergency care. CCGs are membership organisations made up of all the GP practices in their geographical constituency. CCGs are funded and overseen by NHS England.

## Clinical Priorities Advisory Group (CPAG)

A group of independent advisers who make recommendations to NHS England about which specialised treatments and services should be commissioned, including priorities for investment. CPAG can make recommendations on any services that are directly commissioned by NHS England.

## Clinical reference groups (CRGs)

Groups of clinicians, commissioners and patient experts who support and advise NHS England on the commissioning of specialised services (see below for more information on specialised commissioning). Each CRG is responsible for one or more specialised service, and it must prepare the strategies and specifications that determine what those specialised services will look like.

## Clinical senates

Hosted by NHS England, these are regional multidisciplinary advisory groups who provide expert advice to support commissioners to improve the quality of care for people in their region.

## Co-commissioning

Also known as collaborative commissioning, this is when different commissioners work together to commission particular services in partnership. For example, in 2015, NHS England is working with some CCGs to co-commission primary care services.

## Commissioner

An organisation that is responsible for planning and paying for care. Commissioners of secondary care in England include CCGs, NHS England and local authorities.

## Commissioning

The process by which bodies such as CCGs, NHS England and local authorities assess the needs of people in an area, determine priorities, design and source appropriate services, and monitor and evaluate their performance. Commissioning is often confused with contracting, procurement and tendering. These activities may form part of the commissioning process when an external supplier is charged with delivering the services or functions being commissioned; however, commissioning is not synonymous with contracting, procurement or tendering, and it can take place without these activities. (For example, some local authority-commissioned services, such as some social care provision, are planned, delivered and evaluated by a single organisation. Similarly, local health boards in Wales oversee the whole process of planning, delivering and evaluating health services.)

## Commissioning for Quality and Innovation (CQUIN) payments

These provide a financial incentive for quality and innovation: currently up to 2.5% of an NHS provider's income. Providers qualify for additional payments if they achieve targets for some types of treatment (eg venous thromboembolism) or ways of working (eg increasing the use of telehealth). These targets can be set nationally or negotiated locally with commissioners. Providers must meet certain criteria and achieve certain outcomes in order to qualify for CQUIN payments. CQUIN payments are likely to be substantially reviewed in 2016/17.

## Commissioning policy

Broad, underpinning policies that determine how a particular service is funded, its governance, and any eligibility criteria that patients must meet to access the service.

## Commissioning support units

Organisations that support CCGs with 'back office' functions such as procurement services, administrative support and contract management.

## Currency

A bespoke 'unit' that determines the cost of providing healthcare and the payment that providers receive, just like we purchase hotel stays in units of 'nights' and milk in units of 'pints'. For example, in inpatient care, the currency is based on spells of care. In outpatient care, the currency is based on patients' attendance and is tailored to each specialty. The most commonly used currency for acute providers is called 'HRG4' (healthcare resource group 4). This currency is being used for the national tariff. A more developed currency, known as 'HRG4+', includes more sophisticated ways to account for multiple comorbidities, multiple procedures and updated clinical codes. HRG4+ is currently being used to cost NHS activity, but is not yet the basis for payment. Different approaches are used in community care, mental health, and ambulance services.

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## Episode

The term used to describe the healthcare activities that make up a 'spell' (see below) of inpatient care or an attendance at outpatient care.

## Health and wellbeing boards (HWBs)

Local committees that bring together the key organisations involved in health and social care in any given area of England. Local authorities are required by law to operate HWBs, and the board's membership must include representatives from the CCG, public health, social care, local councillors and Healthwatch (the health and social care user organisation).

## NHS England

The national body with overarching responsibility for funding and commissioning healthcare services in England. NHS England also commissions all primary care services, although many CCGs are now working in partnership with NHS England to 'co-commission' the primary care services in their locality.

## NHS Standard Contract

The contract mandated by NHS England for commissioners to use with all types of NHS providers other than primary care. It typically covers a 1-year period.

## Prescribed Specialised Services Advisory Group (PSSAG)

A group of medical, commissioning and lay representatives that advises government on how certain services for people with rare and very rare conditions are commissioned. PSSAG advises government on which of these services should be commissioned by NHS England as a specialised service, which should be commissioned by CCGs as part of normal local secondary care services, and which should not be commissioned at all.

## Provider

An organisation that is commissioned to provide care. This includes, for example, an acute hospital trust.

## Reference costs

The average cost to the NHS of providing each type of treatment, as reported by providers. These costs are established by collecting data from providers on how much it costs them to provide care. Reference costs are reported and published in the autumn following the end of each financial year. The tariff is based on reported reference costs, but with a lag of 2–3 years in arrears, so they are adjusted for inflation and other factors.

## Service specification

A document that describes how a particular service should be commissioned, planned and delivered. Service specifications often outline the clinical pathway in some detail.

## Specialised services / specialised commissioning

Those services that are provided in a small number of hospitals and accessed by relatively small numbers of patients, owing to their specialised nature. These services tend to be concentrated in relatively few sites, so that staff can maintain and develop their specialist expertise. NHS England commissions specialised services directly. A number of criteria are used to determine whether or not a service is deemed to be 'specialised'. These criteria are reviewed regularly, but tend to include factors such as the anticipated volume of patients, the cost of providing the service, and the number of healthcare professionals who can deliver it.

## Spell

The term used to describe the whole period of time that a patient spends in acute care. This may include more than one 'episode' (see above).

## Strategic clinical networks

Regional networks that bring together providers, commissioners, patients and health professionals to improve outcomes and promote joined-up working across complex patient pathways. There are currently strategic clinical networks for four clinical areas: cardiovascular; maternity, children and young people; mental health, dementia and neurological conditions; and cancer.

## Tariff

The national tariff determines how much providers get paid for different types of treatment. For the most part, this payment is based on the reference costs that are established for these different types of treatment, adjusted for inflation, efficiency and other national payment rules. A small proportion of tariff payments fall under the 'best practice tariff', which pays providers for carrying out treatments that are considered to be the best clinical practice. This means that it relates (in part) to good practice rather than activity alone.

## Tendering

Part of a procurement process whereby commissioners will go through a (usually competitive) formal exercise to appoint an external supplier to deliver the services or function being commissioned. In some cases, commissioners are legally required to conduct a competitive procurement exercise under EU law, which will involve 'going out to tender' – ie inviting potential suppliers to bid for the work that is being commissioned.

## Transfer of Undertakings (Protection of Employment) regulations (TUPE)

Regulations that protect employees' terms and conditions under certain circumstances. In the health sector, this is most likely to occur if a service is transferred to a different provider. In this instance, employees' jobs, contracts, and terms and conditions are transferred to the new employer. For example, if a private provider is commissioned to deliver, say, physiotherapy services that were previously provided by the acute hospital, then the staff employed in the hospital's physiotherapy service will be transferred to the private provider under their existing terms and conditions.

# Who commissions what?

## NHS England

- > primary care (eg GPs, pharmacies, dentistry)
- > specialised services – specialist secondary care services that treat a small number of patients
- > healthcare for people in the armed forces and for people in prison.

## Clinical commissioning groups (CCGs)

- > local secondary care services (eg hospitals, mental health, community health services)
- > some CCGs 'co-commission' primary care in partnership with NHS England.

## Local authorities

- > local health improvement services (eg weight management, drug and alcohol services)
- > services to address the social determinants of health (eg warm homes, employment support, early years)
- > social care for children and adults
- > some sexual health and HIV services.

## Public Health England

- > some national public health services (eg immunisation, screening)
- > public health research and data
- > public health advice to national and local government
- > health improvement campaigns (eg Change4Life).

## Find out more

Email: [policy@rcplondon.ac.uk](mailto:policy@rcplondon.ac.uk)

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