



Mr Jim Mackey

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From The Registrar

Andrew Goddard FRCP
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10 March 2016

Dear Mr Mackey

Re: Consultation response from the Royal College of Physicians to Monitor and NHS England: 2016/17 National Tariff Payment System: a consultation notice

The Royal College of Physicians (RCP) plays a leading role in the delivery of high quality patient care by setting standards of medical practice and promoting clinical excellence. We provide physicians in the United Kingdom and overseas with education, training and support throughout their careers. As an independent body representing over 32,000 Fellows and Members worldwide, we advise and work with government, the public, patients and other professions to improve health and healthcare.

General comments

The RCP welcomes the opportunity to respond to this consultation. We acknowledge that the proposals made by Monitor and NHS England for the 2016/17 national tariff payment system reflect a desire to offer stability to NHS providers in an extremely challenging financial climate.

However, there are a number of repercussions and risks which we believe Monitor and NHS England should be cognisant of, and seek to remedy where possible, if moving forward with this approach.

Risks associated with the failure to implement HRG4+

The RCP is aware of a strong sense of disappointment and frustration amongst physicians representing often smaller and more specialised areas of work, that HRG4+ is not being implemented.

Like many organisations and individuals seeking to help the NHS deliver the best possible care within the given financial constraints, the RCP believes it is critical to develop a payment system which discourages perverse incentives and encourages innovation, best practice and high quality medicine which meets the needs of patients.

Physicians representing some of the smaller specialties have told us that the failure to implement HRG4+ means that prices are not taking into account – least of all capitalising on - the many innovations in

medicine in the last few years. Effectively, an out of date or inaccurate tariff forces doctors to practice poor medicine.

Equally, for every financial year that passes without having accurate pricing models, the system becomes more dysfunctional, increasing the risk that services will not be sustainable or that local variation in access will increase.

Illustrative examples: nuclear medicine and specialist rehabilitation

One such example from the field of nuclear medicine relates to use of DaTSCAN, an agent used to diagnose Parkinson's disease accurately. The reimbursement is currently far too low – the tariff is £217 but the test costs £700-900 to perform, resulting in a shortfall of up to £700 per use. This has a large impact on departments that do a lot of neurology imaging.

The RCP has anecdotal evidence to suggest that some organisations are raising questions about the continued use of DaTSCAN. We are concerned that the decision not to move to HRG4+ to accurately reflect the cost of the test may result in an exaggeration of regional variation in access or in some cases even closure of the service provision.

Another area in which there are grave concerns about the impact of not implementing HRG4+ is specialist rehabilitation, which is an example of a service which has suffered historically from 'being last in the queue' for attention, coming behind larger, higher priority areas. The 2015/16 prices are already based on extremely out-dated costing data, which had not been updated since 2010/11.

The service was further compromised by the 'steady state' commissioning meaning that, even though the payment by results team introduced a mandated weighted bed day currency for rehabilitation in 2012/13, commissioners did not have to use this for the first two years, while everything settled down.

Furthermore, during the 3 years of NHS England commissioning, more stringent requirements for caseload complexity and staffing levels within the service specification were adopted, whilst at the same time the tariffs had been progressively eroded by 'cost efficiency savings', without the opportunity to report the increase in actual services cost to meet those standards.

Specialist rehabilitation therefore, provides an example of a 'low priority' service which now suffers most egregiously from the decision not to implement HRG4+ - which would have provided much needed remedy to years of waiting for a fairer, more accurate pricing model. Feedback received by the RCP from physicians working in this area expresses genuine and deep concerns that this decision risks permanently de-stabilising services and forcing closures.

Monitor and NHS England engagement with clinicians

The RCP is also aware of a rising feeling of frustration amongst clinicians that the valuable time and expertise they have put into the process of improving NHS tariffs (for example through the expert working groups) has been wasted. There is a real and significant risk that clinicians may begin to feel that it is not worth engaging with Monitor and NHS England on important issues, if their voice is not heard and they cannot influence final decisions.

Moving forward, the RCP encourages Monitor/NHS Improvement and NHS England to think carefully about how best to most effectively engage, support and utilise the vast amount of skills, experience, knowledge – and crucially, good will – of clinicians and NHS staff who feed into the range of work carried out by both organisations.

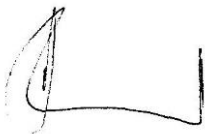
Sustainability Transformation Fund

We suggest that Monitor/NHS Improvement and NHS England should explore with some urgency, whether the £1.8 billion Sustainability Transformation Fund could be used to alleviate the impact on some of the specialties which will be most adversely affected by the failure to move to HRG4+ (such as those described briefly above). This is particularly important given that some of these smaller, more specialised areas are already suffering the most adverse effects of incorrect pricing models.

Escalated implantation of HRG4+ in 2017/18

The RCP strongly encourages Monitor/NHS Improvement and NHS England to give careful consideration as to whether an escalated implementation of HRG4+ would be possible in the 2017/18 financial year. This should include a quickening of the pace of change for smaller specialties who were already scheduled to be in later phases of implementation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Goddard', with a stylized flourish at the end.

Dr Andrew Goddard
Registrar