

Response ID ANON-83QN-4VMG-8

Submitted to Consultation on the 2022/23 national tariff
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Introduction

What is your name?

Name:
Richard Knight

What is your email address?

Email:
richardknight@locsu.co.uk

About your organisation

Organisation name:
Local Optical Committee Support Unit

Organisation code (if known):
N/A

Organisation type:
Representative body

Responding on behalf of multiple organisations

Yes

If yes, how many organisations are you responding for?:
4 including LOCSU

If yes, please list the organisations (and codes if known), separated by commas:

Association of British Dispensing Opticians (ABDO); Association of Optometrists (AOP); FODO – The Association for Eye Care Providers; LOCSU.

Accepting or rejecting the method

Do you accept or reject the method that NHS England and NHS Improvement propose to use to determine national prices for the 2022/23 National Tariff Payment System?

Accept

Please explain the reasons for your answer, particularly if you have chosen to reject the method:

Aligned payment and incentive approach

To what extent do you support the proposed aligned payment and incentive approach?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposed threshold?

Strongly support

Please explain the reasons for your answer:

We agree with the £30m threshold. This strikes the right balance given larger ICS footprints and addresses concerns about the potential burden of agreeing and managing lower value aligned payment and incentive contracts (para 58).

To what extent do you support the proposed fixed element?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposed design of the variable element to support elective activity?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposal for the variable element to support outpatient transformation and quality of care (BPT and CQUIN achievement)?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposed approach to high cost drugs and devices within aligned payment and incentive agreements?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposed funding approach for innovative products covered by the MedTech Funding Mandate?

Neither support or oppose

Please explain the reasons for your answer:

Do you have any other comments on the proposed aligned payment and incentive approach?

Any other comments:

No.

Currency design and specification

To what extent do you support the proposed currency design and scope?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposed high cost exclusion lists?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the best practice tariff proposals?

Don't know

Please explain the reasons for your answer:

There are no proposed best practice tariffs that apply to our clinical area, so it is out of scope for us to comment.

Do you have any other comments on the proposed currency design and specification?

Any other comments:

No.

Proposed method for determining national and unit prices, including inflation and efficiency adjustments

To what extent do you support the proposed method for determining national and unit prices?

Tend to support

Please explain the reasons for your answer:

In this transition year, with so much change and the potential delays in the system, stability is key and the proposed methodology justified.

To what extent do you support the proposed post-modelling adjustments to prices?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposed cost base?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposed cost uplifts?

Tend to support

Please explain the reasons for your answer:

We agree that cost uplifts should be applied. However, with inflation rising quickly, we are concerned about the 2.8% estimate. Given that NHS inflation always runs a point or two above general inflation and rising staff and supply chain costs, it is likely that providers will find it difficult to meet clinical needs in a sustainable way.

Also, looking at the methodology in section 8.7, including table 6, it is important that commissioners also apply cost uplifts to local prices to reflect inflationary pressures. Too often local prices are not corrected for inflation, resulting in real term cuts to fees. This despite local pricing arrangements being a core part of the national tariff (para 277). It is not clear for example how local pricing principles can be met if commissioners do not engage constructively with providers to manage inflationary pressures.

To what extent do you support the proposed efficiency factor?

Tend to oppose

Please explain the reasons for your answer:

We do not support the proposal in paragraph 237 to make the efficiency adjustment to unit prices outside the scope of national prices. To a certain extent, efficiency gains and for example CIPs are a reflection of size and scale of operations and for large providers an efficiency factor combined with a below inflation adjustment may drive efficiencies for reinvestment. However this seldom applies in the same way for smaller local providers which very tight, low margin deals have already been agreed and where there is little flexibility for absorbing additional pressures.

In fact too often, local prices are not corrected for cost uplifts. This means providers are already being paid less in real terms and, as paragraph 240 first bullet, sets out, the impact of not getting the balance between inflation and efficiency right has an adverse impact on patients and quality of care. Hence, it is not appropriate to apply blanket, top-down, efficiency factors to all prices, especially those which may not be able to bear them.

Do you have any other comments on the proposed method for determining prices or cost adjustments?

Any other comments:

Commissioners should be advised to apply cost uplifts to all local prices this year given the rate of inflation, especially given the key driver in the weighting is pay (Table 6 page 58) and in many areas within the NHS this will be increasing at well above 3%.

National variations

To what extent do you support the proposed move to the fourth step of the market forces factor (MFF) implementation path?

Neither support or oppose

Please explain the reasons for your answer:

To what extent do you support the proposals for top-up payments for specialised services?

Neither support or oppose

Please explain the reasons for your answer:

Do you have any other comments on national variations?

Any other comments:

No.

Locally determined prices

To what extent do you support the proposed update of the local pricing principles to consider health inequalities?

Tend to support

Please explain the reasons for your answer:

The local pricing principles are unobjectionable, and the addition of a duty to consider the impact on reducing health inequalities is something we support.

However, the major downside of locally determined prices is how rarely commissioners understand or are held to account for lack of compliance with the local pricing principles.

So, whilst we strongly support the inclusion of the need to consider health inequalities, it would be helpful if NHSEI can publish examples of how commissioners can take account of this new principle in levelling up within limited resource growth.

To what extent do you support the proposed change to local pricing rule 2 to include consideration of the transfer of CQUIN funding into the tariff?

Tend to support

Local CQUIN reason:

Do you have any other comments on local pricing?

Any other comments:

No.

Future payment system

In the future, how can the Pricing and Costing team deliver the greatest sustainable value for the health system and ICSs?

Future strategy:

Please see our thoughts in our answer below.

In future years, how would you expect to agree your system plan?

Other

Please explain the reasons for your answer:

We agree with NHSEI that not possible to accurately predict exactly what the healthcare landscape will look like in future years.

It is clear however that the NHS in England and the national transformation programmes so far have missed out on major opportunities to transform care at scale and significantly reduce outpatient visits, and part of the challenge has been clarity on how to best use the pricing system to incentivise innovation and more streamlined patient focussed pathways and new models of care.

As the leading bodies in primary eye care in England, we would be happy to meet with the pricing team to discuss pricing models for chronic conditions – e.g. glaucoma care – referral refinement, and other locally enhanced services within the Primary Ophthalmic Services framework that are commissioned locally using the NHS Standard Contract.

Would you anticipate using the following tools to support the design of your payment arrangements in future years?

Tools - Costed clinical pathways:

Not sure

Tools - Population segmentation:

Not sure

Tools - Programme budgeting:

Tools - PLICS analysis:

Tools - Other:

Please explain the reasons for your answer:

Costed clinical pathways for healthcare are devilishly complicated to derive, and we would propose NHSEI aims instead to improve existing reference cost data by working with a selection of Trusts which have data quality controls in place, which can then be used to determine efficient costs on a broader scale. For example, the current yardstick 'competition' model of pricing models fail to take account of quality and patient outcomes, so average costs might not reflect the provision of quality or efficient care.

Population segmentation is something we might be interested in supporting in the future. Currently, however, it is not yet clear how methodological challenges would be overcome.

Programme budgeting can be a helpful tool and, if applied well, can help commissioners understand local variation. If this can then be used to optimise the use of resources, that would be welcomed. Unfortunately, the programme budgeting approach can conceal multiple unnecessary variations and costs and to work well requires sophisticated analysis. In our experience these resources are often not accessible at local level.

Our preference would therefore be to use a methodology proportionate to the level of complexity. For example, many services are relatively easy to price by conventional methodologies – e.g. provider/stakeholder engagement events – and where cases of asymmetric information are low, and high volume services are involved, it is a model that can help the NHS achieve best value for money.

What national support would you find most helpful in agreeing blended payment arrangements in future?

national support - Direct support:

national support - Guidance:

national support - Case studies:

national support - Data:

national support - Tools:

national support - Other:

Please explain the reasons for your answer:

It is not yet clear that blended payments are appropriate or efficient in all areas of care. Nor are they always a panacea for better use of resources or a remedy for underfunding.

That said, all of the above should be helpful to commissioners and providers where blended payment arrangements are appropriate in the future. It will be important, however, to include guidance reminding commissioners and providers not to waste NHS resources in developing blended payment models for services where cost > benefit.

Any other comments

To what extent do you support the proposed duration of the 2022/23 tariff?

Tend to support

Please explain the reasons for your answer:

Ideally it would be longer – subject to cost uplifts for inflation pressures – to provide certainty and stability for provider organisations who have wider priorities in the Covid recovery period.

To what extent do you agree that the proposals support your system's ability to determine how resources are used?

Neither agree nor disagree

Please explain the reasons for your answer:

If they were implemented, what impact do you feel the proposals are likely to have on equality and addressing health inequalities?

Negative impact

Are there any distinct groups with protected characteristics that you feel our policies may impact negatively?:

Older people (age) with long term conditions (disabilities).

Please explain the reasons for your answer:

We welcome the fact that local pricing principles have been updated to include consideration of health inequalities. This should have a positive impact.

However, we are concerned about the cost uplifts being insufficient to cover the cost of inflation, not adequately addressing Covid related costs and delays in implementing the national transformation programmes. If these issues are not addressed, this will place further strain on providers and add to delays in care, worsening health inequalities.

Do you have any other comments on our proposals for the 2022/23 National Tariff Payment System?

Any other comments:

No.

How could we improve our engagement with you on our proposals and the materials we produce, including the statutory consultation and its impact assessment?

Improve info:

As the primary eye care representative bodies we would be happy to work with NHSEI on making the best use primary care infrastructure while supporting policy objectives set out in the Long Term Plan – e.g. have a discussion about how to work within local pricing principles to optimise commissioning of services closer to home using the NHS Standard Contract and in turn reducing pressure on hospital eye departments.