Critical Care Payment Arrangements

Survey Report October 2014

Introduction

Critical care is one of the most significant areas of NHS expenditure subject to the annual negotiation of local prices. The HFMA's National Payment Systems Special Interest Group is looking to move forward the debate in relation to the existing payment model and sought to understand the current situation as a starting point for further discussion.

Therefore during September 2014, the HFMA conducted a survey of NHS providers in relation to their income received from the provision of critical care services and the basis of current local prices. In total 25 organisations (both foundation and non-foundation) took part, although not every organisation answered every question.

Overview

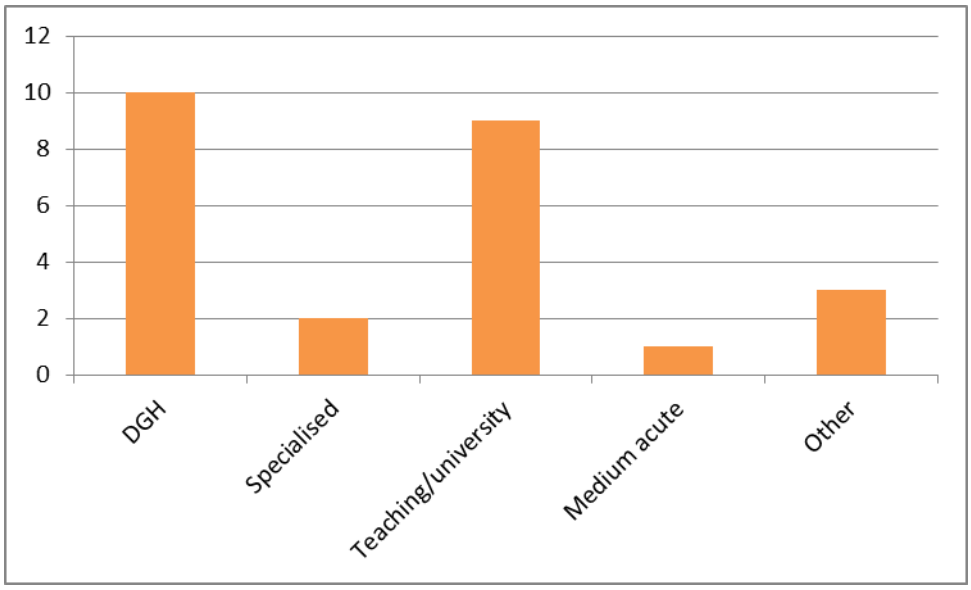
The survey revealed the following key points:

- For the non-specialised hospitals completing the survey, critical care income accounts for (on average) 26% of total planned patient non-tariff income (excluding drugs and devices) for 2014/15; for specialised hospitals this rises to 69%
- Current critical care prices (all services) are largely based on historic prices
- 87% of respondents would support the introduction of a national price for critical care services.

Survey Results

Nature of Respondents

25 organisations completed the survey split across a variety of organisations as shown in the chart below.



Critical Care Income

The survey asked respondents to provide their organisation's total planned patient non-tariff income (excluding drugs and devices) for 2014/15 and also that relating specifically to critical care. The resulting average proportion of non-tariff income accounted for by critical care for each type of organisation (where the data was provided) is as follows:

	Average proportion %
District general hospital	23
Specialised hospital	69
Teaching/ university hospital	33
Medium acute	28
Other	22

Current Basis for Setting Local Prices

As contracts are currently negotiated using local prices, the survey asked respondents to identify the basis used to set those prices for each type of critical care service. The following results were obtained:

Service	Local reference costs %	National reference costs %	Historic prices %	Other %	Not applicable %
Paediatric	0	17	46	8	29
Neonatal	9	13	57	13	9
Adult	18	18	50	14	0

Organisations routinely deflate the agreed basis in line with national efficiency requirements and inflate it to reflect the relevant market forces factor. Where organisations provide the service, 'other' bases for reimbursement included the following for each type of service:

- Paediatric: block contracts
- Neonatal: block contracts; previously published non-mandatory prices
- Adult: previously published non-mandatory prices.

Additional comments included the following:

'Our Trust has always had historical local prices but we then pushed for a move towards the indicative tariff that

was quoted in the PbR guidance. This was partially accepted but with a 2.5% reduction which we accepted as we believed that this would be a transitional arrangement for the CCGs and our Trust and that full payment would happen once a national (price) arrived. Since then there has been no national (price) and despite attempts to increase our prices, this has been rejected.'

'We have tariffs based on level of organ support and level of unit (HDU, ICU Cardiology).'

'We used our most recent reference costs data alongside last year's local prices to produce a tariff for 2014/15.'

Future Developments

The survey concluded by asking respondents if, broadly speaking, they would support the introduction of a national price for critical care. 87% of people responding to this question would support the move to a national price.

Additional comments included the following in support of a national price:

'Need to be mindful of different models of care for example, integrated units as opposed to HDU and ITU, and would welcome a capacity based approach to the core bed base with marginal adjustments.'

'Once local prices are set negotiating variations can be difficult therefore national prices aid an easier contract negotiation process. Also due to this difficulty in reaching agreement in rebasing any changes in treatment/guidance over the years are rarely appropriately reflected at a local level'.

'We would welcome the introduction of a national (price) as critical care costs are rising and the tariffs are simply being deflated year on year...'

Comments included the following in support of retaining local prices:

'The local price meets the need of the local service which is complicated by 2 sites…'