

**To:** The Board

**For meeting on:** 26 November 2014

**Agenda item:** 8

**Report by:** Ric Marshall, Director of Pricing

**Report on:** Pricing Update

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### **Introduction:**

1. The Pricing team would like Board to note the following items:
  - The Costing Roadmap is planned to be published late November 2014
  - The Payment System Direction of Travel is also due to be published late in November 2014
2. Otherwise, work within the Pricing Team continues as previously reported.

### **Pricing Delivery**

#### **Costing Roadmap**

3. It is planned to publish this document late in November 2014. A webinar is planned to launch the engagement process early in December. This will run until mid January 2015. The title for the document will be '**How costing can do more for patients - proposals for 2015-2020**'.
4. A short response document will then be published in February 2015, summarising the feedback received as well as any adjustments made to the plan for implementation of costing roadmap.

#### **Work to progress the 2016/17 National Tariff Payment System**

5. A plan for the 2016/17 National Tariff Payment System is being developed. Meanwhile, some work has commenced such as the work to address some of the deficiencies in the 2015/16 cost base.

## **Pricing Development:**

### **Payment System Direction of Travel (PSDT)**

6. Monitor and NHS England are currently working towards publishing a joint long-term payment system design paper at the end of November 2014. Following the publication of the Forward View, NHS England's executive team and clinical directorate have been engaged with the main policy proposals contained in the PSDT. The title for the document will be **'Reforming the payment system for patients: our 5 year forward view'**.

## **Pricing Enforcement and Case Management:**

7. The joint Monitor Capita casemix and costing audit programme, which commenced on 28 October 2014, will audit 75 trusts in three waves and be completed in late April 2015. Of the first wave of 20 casemix and costing audits during October to December 2014, a total of 11 casemix audits and two costing audits are on schedule to be completed by 3 December 2014. As part of the programme, post audit action plans will be agreed with providers and progress reported to both Monitor and trust Boards. The programme will also review reference cost submissions and, where necessary, request organisations to resubmit their submissions. The Pricing team intends to publish a report on the findings of its audit programme next summer.
8. On 18 November 2014 the Pricing Enforcement and Case Management Director wrote to the Chief Executives of Oxford University Hospitals NHS Trust and Oxfordshire Clinical Commissioning Group to inform them of the team's conclusions on their local modification agreement and to invite them to comment before it issues its final notice of decision.
9. At present Monitor is evaluating seven local modification applications from one provider.
10. Following the exercise undertaken to identify and assess local variations, a total of 39 have been identified which, on the basis of the information supplied, should have been submitted as proposed local modifications. Further work is being undertaken with commissioners and providers to identify the full facts of individual cases before the Pricing team considers what type of compliance action to take.
11. Since 1 April 2014 the team has received 250 local variations and assessed and published 217 on behalf of commissioners. 33 local variations are currently being assessed. In addition to the potential local modification cases above, it is also undertaking further work with commissioners to identify the full facts of individual cases where there appears to be non-compliance before it considers what type of compliance action to take.
12. A report on the evaluation of the 145 local pricing submissions received for services with a national currency will be completed in December.

13. In June 2014 the team undertook a 'temperature check' exercise on how the marginal rate rule was being applied in 2014/15. The team will be writing to commissioners to ask for further information on marginal rate rule compliance, where it is determined necessary, and to remind them of Monitor's requirements. Formal enforcement action will be considered in cases where non-compliance remains an issue.
14. As part of the strategy to improve the quality and coverage of submissions of local modifications, local variations and local prices the team is proposing an education programme to be rolled out to commissioners and contract managers from January 2015. The initial focus of the programme during January to March 2015 will be to improve the sector's understanding of its responsibilities for applying the rules in the 2015/16 National Tariff. This will be achieved through education events and by involving them in the design and testing of templates for submitting information on locally determined prices to the Pricing Enforcement and Case Management team.
15. On 24 October 2014 eight new complaints were received from the same solicitors acting on behalf of an independent care home association to the effect that eight other CCGs had not complied with the rules in the 2014/15 National Tariff. The team has written to the eight CCGs to ask them to confirm that they have followed the rules in the 2015/16 National Tariff. This is in line with the team's 'pre-investigation' fact finding stage of the pricing compliance process.
16. Since 1 April 2014 the team has received 570 pricing enquiries and responded to 561 within Monitor's ten working day deadline. Nine enquiries took longer than ten working days due to delays obtaining information and clarification before a response was ready to be sent. In addition, 13 requests have been received under the Freedom of Information Act and the team responded to the first 12 within the required timescale. The latest request is still on-going.

**Ric Marshall**  
**Director of Pricing**

**Public Sector Equality Duty:**

*Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. The Act protects against discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation. We have thought about how the issues dealt with in this paper might affect protected groups.*

*We believe the paper will not have any adverse impact upon these groups and that Monitor has fulfilled its duty under the Act.*

**Exempt information:**

*None of this report is exempt from publication under the Freedom of Information Act 2000.*