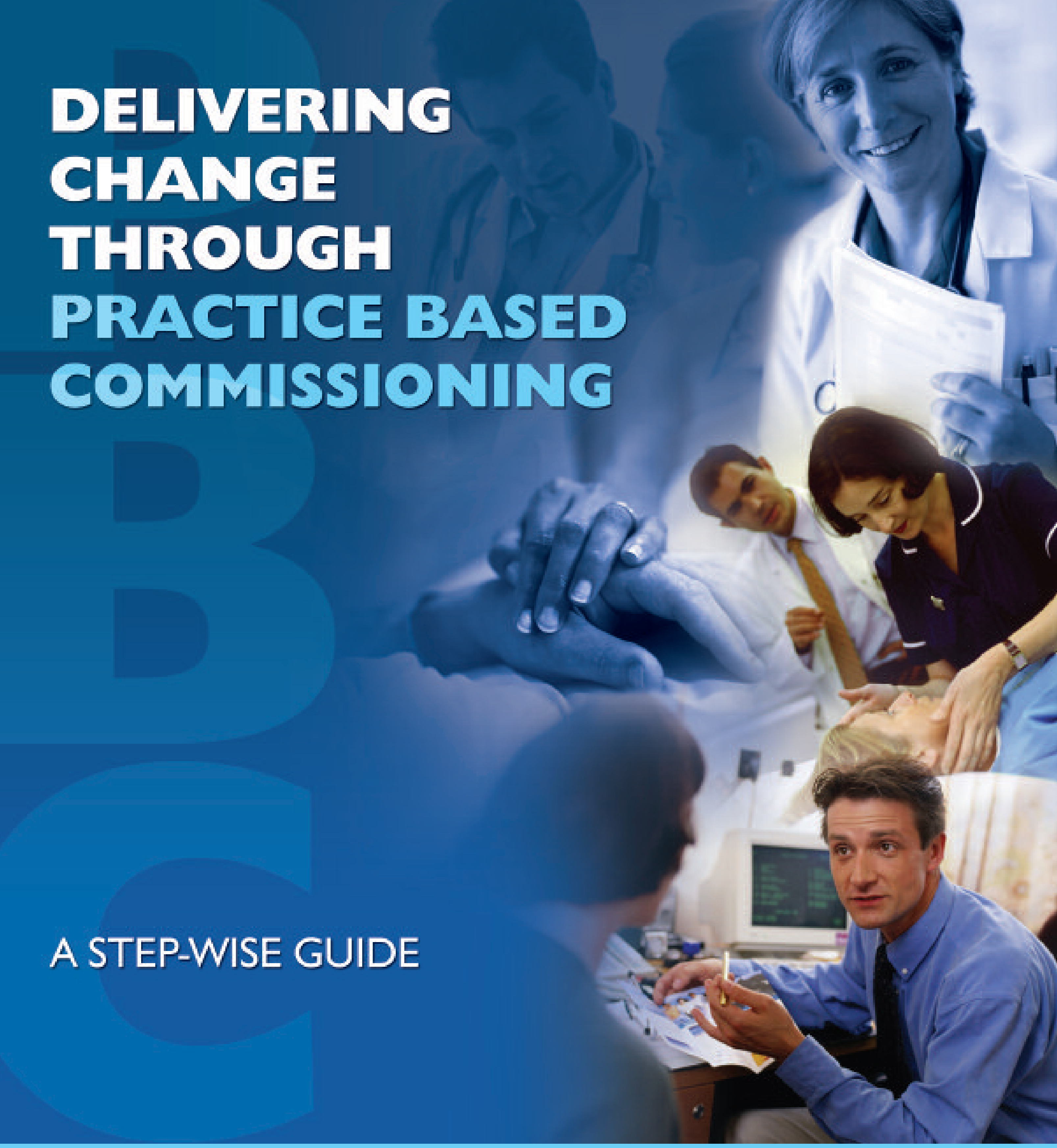
DELIVERING CHANGE THROUGH PRACTICE BASED COMMISSIONING



A STEP-WISE GUIDE

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DELIVERING CHANGE THROUGH PRACTICE BASED COMMISSIONING

A STEP-WISE GUIDE

"Practice based commissioning is at the heart of the world-class commissioning agenda"

"This step-wise guide will help identify where you are with PBC; what are the next steps you need to achieve; and how to achieve them"

Additional copies of the CD ROM are available from

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INTRODUCTION

Commissioning has the potential to be the most influential element in the next stage of NHS reform. This is recognised in the ambitious slogan "World-Class Commissioning" adopted by the Department of Health's Director-General of Commissioning, Mark Britnell. Both Britnell and NHS Chief Executive, David Nicholson, have explicitly recognised that practice based commissioning (PBC) is at the heart of the World-Class Commissioning agenda.

It is clear that parts of NHS reform, including tough decisions over financial recovery and PCT reconfiguration, have left many frontline staff in primary care feeling disengaged from the changes underway. Indeed, it is understandable. However, PBC puts the tools of reform right into the hands of these frontline staff.

There has also, rightly, been much criticism by frontline practitioners of many "top-down" aspects of NHS reform. Again, PBC is putting the power to make changes that improve patient care into the hands of frontline staff.

GP practices have long been the cornerstone of the NHS over its first six decades. Using PBC, they can work with partners to become the architects of its future, and to make the best use of NHS resources to deliver better patient care.

WHO IS THE GUIDE FOR?

This guide is aimed at GP practices – and predominantly at GP principles and partners. It has been designed, written, developed and peer reviewed in collaboration with people working at the frontline in primary care: by GP commissioners and clinicians, for GP commissioners and clinicians.

Its aim is not to be definitive. Practice based commissioning, like commissioning overall, is in its infancy: as such, producing a definitive guide to PBC is not really possible yet. We have, however, been informed by the latest guidance from the Department of Health's World-Class Commissioning programme, and have sought broadly to keep within mainstream definitions and schools of thought.

If you want to know more about PBC, or to assess your progress to date, this step-wise guide aims to point you in the right direction.

This step-wise guide aims to be helpful to those of you who are in the "starting out" phase of developing PBC. It also seeks to offer enthusiasm and encouragement to those who may be slightly sceptical (if not actually cynical) about PBC, and to give you a sense of how it really can help you improve patient care. For those who are already super-advanced with PBC, this document may not be as essential – but might be able to offer you a few new ideas (indeed, we might have included some of yours!).

We hope you will find this step-wise guide to be practical, down-to-earth and realistic.

Most of all, we hope you will find it useful.

"Producing service change that has a 'shock effect' (like removing patient flows from a hospital) could cause essential organisations difficulty though the diversion of the income that follows patient flow. Commissioners and PCTs must plan across the health economy so that we ensure that patient care doesn't deteriorate."

HOW TO USE THIS GUIDE

This step-wise guide is made up of:

- this document, which explains and outlines the two pathways for PBC providers and commissioners;
- and a CD-ROM at the back of the pack which contains both pathways in full.

The structure of each of the two pathways is outlined in greater detail on pages 4 & 5, and summaries of each step start on page 6 (commissioning pathway) and page 8 (provider pathway).

GPs are at all different stages of PBC development. This step-wise guide will help identify where you are with PBC; what are the next steps you need to achieve; and how to achieve them. It will also outline some of the skills you require, and how to manage some of the potential conflicts of being a commissioner and a provider.

You may already have decided whether you are more interested in the commissioning or provider aspects of PBC. If you have, the attached CD-ROM offers each pathway in a self-contained PDF file for your easy reference. Equally, there are various crossovers and indeed conflicts between commissioning and provision in primary care. These are outlined in each pathway (and in the table below) but for the fullest possible picture (and to help you understand how your partners in the local health economy may be thinking), you may find it helpful to read through both pathways. Likewise, if you have not yet decided which PBC pathway – that of commissioning or provider – is for you, reading both pathways may help you to make your decision.

The individual steps on each pathway contains a bullet-point summary of the key messages, as well as a "to do" list, helping you preview and review the information in each step at a glance. Using these "to do" lists can also help you to review your progress to date with PBC.

Both pathways are also interspersed with case-study examples of how PBC has helped practitioners improve patient care and, in some cases, release financial savings.

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COMMISSIONING	v	PROVISION
PCT's money		Practice/consortia money
Low risk - except in opportunity costs		Clinical AND financial risk
All Practices should be doing it and making decisions about what will be provided to meet needs		As a provider I can offer what you want
There are clear incentives for managing demand		Not everyone will want to become a bigger provider
No other organisations competing to commission as yet		The incentives are about profit margin on delivery
		Lots of competition between providers

INTRODUCTION

COMMISSIONING PATHWAY

Step 1 – The background to PBC

Step 2 – Commissioning: why bother?

Step 3 – What needs to be in place for PBC: the basics

Step 4 – How to get PBC going

Step 5 – What do we want to commission?

Step 6 – What is our business case?

Step 7 – How do we know that we are successful?

"Until now, primary care has had little timely, and accurate information available about the cost of the healthcare that they provided or commissioned"

PROVIDER PATHWAY

Step 1 – Why bother becoming a PBC provider?

Step 2 – What organisational model is right for us?

Step 3 – Understanding the market

Step 4 – What product or service do we want to deliver?

Step 5 – What are our marketing strategy and tactics?

Step 6 – What are the contracting and procurement procedures?

Step 7 – Performance management and quality measurement

"Practice based commissioning has a role to play in all areas of world-class commissioning"

OUTLINE – THE COMMISSIONING PATHWAY

STEP 1 – THE BACKGROUND TO PRACTICE BASED COMMISSIONING

Step 1 outlines the background to PBC and briefly sets out the policy context. It discusses the need for a mature relationship between PCT commissioners and practice based commissioners and commissioning clusters and consortia. It also gives a case study example of changes to diabetes care that led to a saving of £480,000.

Key Messages

- Commissioning is the biggest reform under way in the NHS
- Effective commissioning will mean effective use of scarce public resources, making money go further
- Practice based commissioning has enormous potential to make care better, more personal and more local

STEP 2 – COMMISSIONING – WHY BOTHER?

Step 2 outlines some of the reasons why you should get involved in practice based commissioning. It briefly outlines how PBC will work within the health economy and describes some of the levers it can offer to improve patient care. It describes the main components of PBC and addresses the role of health needs assessment and discusses use of resources. The case study is of a PBC consortium in West Kent that has used its incentive payments to employ staff to help in PBC.

Key Messages

- PBC is an opportunity to extend front-line influence and ensure that data and evidence influence services
- Commissioning will facilitate challenge to big acute provider domination of healthcare
- Commissioning is about understanding and meeting health needs better and finding ways to invest in upstream preventative care

STEP 3 – WHAT NEEDS TO BE IN PLACE FOR PBC – THE BASICS

Step 3 outlines the fundamental "building blocks" that need to be in place for PBC. It focuses on the vital importance of clinical engagement, timely data and transparent budget-setting. The need to understand where costs are in the system is also discussed, as is the need for sharing of financial responsibility and risk across the local health economy. The case study outlines how "getting tough" with a local acute providers helped one PBC group save £300,000 on DVT care.

Key Messages

- Clinical engagement in PBC is essential to any chance of success
- Data for commissioning purposes needs to be usable and readily available – so PCTs **MUST** provide Practice Based Commissioners with indicative budgets and essential data promptly
- Budget-setting and risk-sharing processes must be absolutely transparent
- Understanding where the costs arise is also a prerequisite to any chance of success

"The cornerstone of effective commissioning is realism. Plans that involve lots of extra spending are unrealistic, unless you can show where the balancing disinvestments will be made."

"Practice based commissioners need to develop an understanding of their high-cost patients, based upon frequent hospital attenders and length of stay"

STEP 4 – HOW TO GET PBC GOING

Step 4 focuses on the practicalities of how you want PBC to operate. This includes determining what your initial plans should be; and deciding how you want to work with your PCT and with others, including your patients. It lists some important technical and philosophical questions about approaches to PBC. It also discusses the importance of collaborative working and engaging with others. The case study outlines how £380,000 in freed-up resources (FUR) was achieved using PBC.

Key Messages

- Be prepared for PBC to generate some tensions in the current system because if effective, it will lead to change for the better
- To develop PBC fast, dedicated commissioning managers to support PBC (either seconded from the PCT or directly employed) can be very effective
- A review of what kind of organisation you want to use to help drive PBC is vital to ensure that you get the right systems and processes in place

STEP 5 – WHAT DO WE WANT TO COMMISSION?

Step 5 outlines the development of commissioning intentions, and defines how this is distinct from the business case. It outlines the need to consider quality and outcomes in commissioning. The need for realism and re-investment are also discussed. It addresses the consequences of destabilising acute providers, and reaffirms the importance of proper patient and public involvement and consultation. The case study looks at how one PBC collaborative believes that service re-design could give an estimated £14.5 million in savings.

Key Messages

- Commissioning intentions must reflect and aim to meet local health needs. Realism is essential
- What, why, when, how and finance are all key elements of your commissioning intentions.
- Commissioning decisions can risk de-stabilising existing providers: understand both the intended and unintended consequences of your plans

STEP 6 – WHAT IS OUR BUSINESS CASE?

Step 6 defines and describes the creation of a business case. It suggests where examples can be found. It also addresses governance issues and how to work with a PCT to ensure due process.

Key Messages

- The business case will be developed from each specific intention of your overall commissioning intentions
- PCTs will have different ways of responding and dealing with business cases: find out what happens locally
- Understand the local process and timeline for approving cases
- Due process must be established in co-operation with the PCT

"Remember that the commissioner is the customer. Resist being driven by provider business cases, even if they are from your colleagues"

STEP 7 – HOW DO WE KNOW WE ARE SUCCESSFUL?

Step 7 discusses what success in PBC will look like, and the need for a range of proxy measures. It considers possible natural boundaries to commissioning and disinvestment, looking at intended and unintended consequences and the pain-to-gain ratio.

Key Messages

- Success in health outcomes will not be apparent overnight: you need some proxy measures for success
- You will need to plan across the short, medium and long terms, and define successes for each
- Commissioning is about change and innovation

"PBC should be clinically led and managerially supported"

OUTLINE – THE PROVIDER PATHWAY

STEP 1 – WHY BOTHER BECOMING A PBC PROVIDER?

Step 1 discusses the drivers of going into PBC provision. It addresses how to work with 'slow' PCTs, and discusses the importance of considering both the need for a new service and risks of providing it. It also looks at influencing the local market and at business planning. The case study outlines how one team reduced emergency admissions by 15% and made first-year savings of £450,000.

Key Messages

- Providing new services can enable innovation and improve patient care.
- There must be an identified need for the new services. There are also risks to consider
- A business plan is prerequisite. Early clarity about the business model (profit or non-profit) is also crucial
- Your vision and values are fundamental

STEP 2 – WHAT ORGANISATIONAL MODEL IS RIGHT FOR US?

Step 2 discusses the pros and cons of the various organisational models. It gives a list of 'self-questions' which can help readers to determine which may be the more appropriate options for them. It considers the role of capital (Karl Marx would be proud) and key success factors. The case study outlines how more local DVT provision enabled savings of £300,000.

Key Messages

- Various organisational models for provision are available
- Form needs to follow function

STEP 3 – UNDERSTANDING THE MARKET

Step 3 outlines the important homework that is market research. It outlines ways to assess who are the customers and who are the competition, and where are the gaps in the market at present. It also looks at what the commissioners' motivations will be, and suggests how to assess current market conditions.

Key Messages

- Understanding your market properly is vital
- Who are your competitors and potential customers?
- What are the risks and threats in the market?
- Could you survive losing a contract?

"Potential new providers need to understand the local priorities of the NHS"

STEP 4 – WHAT PRODUCT OR SERVICE DO WE WANT TO DELIVER?

Step 4 outlines how to decide what you want to provide. It addresses skill mix and use of data, and reminds you of the important role patient choice can now play. The case study looks at a practice that saved £500,000 and improved patient care in a deprived area.

Key Messages

- Be clear what you are going to do
- Why are commissioners going to choose what you offer? Have you got a track record in an area?
- Patient choice will be influential

"If you become a provider of services under PBC and have had a part to play in deciding that new services of the type you wish to provide should be commissioned, then you have a potential conflict of interest: this needs to be managed"

STEP 5 – WHAT ARE OUR MARKETING STRATEGY AND TACTICS?

Step 5 outlines the crucial importance of marketing your product or service. It outlines basic principles, and suggests how marketing must be integrated into the core business, not seen as a 'bolt-on' to be added after everything else has been decided.

Key Messages

- Effective marketing will be essential to success
- Reputation and 'brand' are central to your business
- All your communications must project the image you want

"You need to assess the current market environment, and attempt to forecast future developments"

STEP 6 – WHAT ARE THE CONTRACTING AND PROCUREMENT PROCEDURES?

Step 6 outlines the contracting and procurement processes. It notes that they will vary between PCTs, and gives detailed advice about the four steps of contracting, and goes through the main contract types. It gives tips on negotiation, managing your risk and how to win a contract.

Key Messages

- The contracting process is the steps undertaken by and with your commissioners to allocate a contact
- PCTs can only contract with a legal entity
- Negotiation is a crucial element of the process
- Procurement is the spending of public money, and must follow good practice
- Research the procurement process, and construct your tender to match its stages and requirements

"...Marketing needs to be integral to your other activities..."

STEP 7 – PERFORMANCE MANAGEMENT AND QUALITY MEASUREMENT

Step 7 looks at contract management. It suggests some principles for effective contract monitoring, reporting requirements and key performance indicators for a performance framework. It also touches on paying for success and quality, managing performance and contract queries. Performance notices and warning notices are also covered, as well as remedial action plans and dispute resolution procedures.

Key Messages

- Performance management will vary according to the contract
- Effective performance management is in both parties' interests
- Monitoring needs to be proportionate
- Strategies will be required to deal with problems, failures and adverse events

"The commissioner's job to determine the 'what, how and when' of newly-commissioned services. The PCT's job as procurer is to approve the business case, and then decide on the 'who"

"Potential PBC providers should not rush to set up new services without first ensuring that PBC commissioners and their PCT have identified a need for such services"

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