Transforming transformation: shaping a new fund for better care and value

Anita Charlesworth, Chief Economist, The Health Foundation
Richard Murray, Director of Policy, The King's Fund

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Anita Charlesworth and Richard Murray

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Introduction

• Why does the NHS need a Transformation Fund?
• What can we learn from other examples of transformation funding?
  • NHS examples: deinstitutionalisation in UK mental health services and the Mental Health NSF
  • Other Health Examples: Denmark’s hospital transformation ’Quality Fund’ and Canada’s Primary Health Care Transition Fund
  • Beyond Health: London Schools’ Challenge, Girls Education Challenge Fund (International Development)
• How would a Transformation Fund be administered?
Why does the NHS need a Transformation Fund

• The NHS needs to deliver on two substantial challenges:
  • It needs to deliver 5 more years of significant – above trend – improvements in efficiency across all types of providers (acute, community, primary care and mental health)
  • It needs to change the way care is delivered to meet the needs of a population which is aging and has high rates of chronic disease which affect both their physical and mental health.
• These challenges are not new – we’ve talked about them for several years but have struggled to implement them systematically and effectively across the NHS.
What is wrong with the current system for investing in changes to services?

- The NHS has a number of sources of funding for aspects of change.
- Our work has identified 3 broad problems which need to be addressed:
  - Problems with the way individual organisations can raise money (a reliance on business cases where the returns accrue to the investing organisation)
  - Certain types of costs are not typically supported by existing investment approaches (e.g. double-running costs, the process of change, team building and staff development)
  - The current funding system does not offer the full range of types of finance needed to support major change (long-term, higher risk equity type finances).
The lessons from other examples of transformation funding

- Having a clear and coherent objective
- Engaging the public and patients in change
- Change rooted in evidence and decisions made by people / bodies with recognised expertise
- Engaging the workforce, investing in workforce, planning workforce requirements
- Investing in learning & evaluation – for local bodies doing the change and nationally to underpin spread
- Tailoring the approach to the phases of change – innovation is not the same as roll-out
- Realistic timescales are critical – all the change programme took much longer than anticipated

Realistic Timescales are critical – all the change programme took much longer than anticipated
The lessons from other examples of transformation funding – some difficult choices

- The size of the fund
  - Significant variation but all large and central costs were often high (10-20%)
- The system of allocation
  - Application or ‘fair shares’ allocations
  - National or local or a hybrid
- Accountability
  - When new care models cross organisational boundaries
  - Balancing innovation, risk and vfm with public funding
  - Ensuring any Fund is part of a wider approach to transformation
Transformation Fund phases

Phase 1: Innovation Fund
- Implementation & evaluation of IMC
- Operationalise IMC in test locations
- Planning & design IMC

Phase 1: Efficiency Fund
- Realise Catch-up Efficiency Savings

Redesign Fund
- Roll-out / spread of innovative models of care
The Key Funding Blocks

- Programme Infrastructure
- Staff Time
- Physical Infrastructure
### Rolling out innovative models of care

Assumed that change in service delivery will predominantly affect following groups:
- People with mental ill health.
- Frail and Elderly.
- People in last year of life
- People with long-term conditions.

<table>
<thead>
<tr>
<th>Vignette</th>
<th>Elective Admissions</th>
<th>Non-Elective Admissions</th>
<th>Mental Health</th>
<th>Community Contact</th>
<th>A-LOS (Elective)</th>
<th>A-LOS (Non-Elective)</th>
<th>O/P</th>
<th>A&amp;E</th>
<th>GP</th>
<th>Prescriptions</th>
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<tbody>
<tr>
<td>Mental Health</td>
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### Specific assumptions regarding activity changes

<table>
<thead>
<tr>
<th>Section</th>
<th>Lower bound</th>
<th>Base case</th>
<th>Upper bound</th>
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</thead>
<tbody>
<tr>
<td>GP visits (growth in number of visits for the over 70s)</td>
<td>0.5 visits</td>
<td>1 visits</td>
<td>2 visits</td>
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<td>Prescriptions (% increase proportional to GP visits)</td>
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<tr>
<td>Community (% growth in activity)</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Mental health (% growth in prevalence)</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
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<tr>
<td>Outpatient visits (Increase in visits for every non-elective lost)</td>
<td>1</td>
<td>2</td>
<td>4</td>
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<tr>
<td>Average length of stay (reduction - share of difference between vignettes and the “base”)</td>
<td>1/4</td>
<td>1/2</td>
<td>3/4</td>
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<tr>
<td>Non-elective inpatients (% reduction)</td>
<td>-10%</td>
<td>-20%</td>
<td>-25%</td>
</tr>
<tr>
<td>A &amp; E (% reduction)</td>
<td>-5%</td>
<td>-10%</td>
<td>-15%</td>
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The Administration of the Fund

Key principles:
- Clear strategic objectives in efficiency/roll-out and innovation
- Independent from performance management and contractual relationships
- Expert and linked to improvement support
- Long-term, flexible multi-year, revenue funding

Administration:
- A different approach to:
  - innovation (nationally led, appetite for projects with an element of risk, active investor model, strong focus on evaluation – what works and how to implement effectively)
  - Efficiency/roll-out (wide distribution across providers, presumption all will engage, sub national distribution – a range of possible administrations (CSUs, Dalton chains, AHSNs – no single model everywhere)
Questions for you

- Key questions we would like your feedback on:
  - The balance between efficiency and innovation
  - Timing – how long do we need to rigorously design and test innovative models of care
  - Types of investment – are our 3 categories (programme support, staff time, IT broadly right)
  - Administration – are our principles and approach right
  - Alignment – what else is needed e.g. improvement support infrastructure?