Outcome based commissioning – OBC – is a value-driven approach to commissioning that aligns incentives to enable the coordinated delivery outcomes that matter to patients and service users.

The health and care system currently faces an unprecedented set of financial and quality challenges. These are well known, and include a potential funding gap of up to £56 billion for the NHS in England by 2021/22, alongside an existing funding crisis in social care. Meeting these challenges requires a new approach to the way that services are commissioned and delivered across the system – a shift from activity to outcomes; from episodic, fragmented care to a coordinated, whole-system approach. OBC seeks to drive this shift through a new commissioning model, aligning incentives across the care economy to create an environment where providers must collaborate and innovate to deliver outcome focused care which provides value for money. Models of OBC have been successful in transforming the delivery of care internationally – improving patient outcomes at significantly reduced cost – but are in their infancy in England. Careful consideration is required to understand how OBC can be developed locally to drive transformation, yet the rewards for patients and the system of doing so are potentially great. OBC has the potential to transform the way the care is delivered across health and care in England.

Commissioning for outcomes: Driving the delivery of value based care

Outcome based commissioning

How does an outcome based approach drive value across the system?

Aligning provider, commissioner and public goals

Incentivising providers to innovate to deliver highly valued outcomes for patients and service users

Incentivising system efficiency through the use of a capitated or bundled payment mechanism

Removing perverse incentives for providers to deliver low value activity

Removing barriers to shifting resource to where it produces greater value – and, importantly, better outcomes for users

Working with stakeholders across the care economy to define outcomes that matter

‘Commissioning for outcomes’ has been produced by the Outcome Based Commissioning Alliance (OBC Alliance) formed of PwC, Wragge & Co, Cobic and Beacon. Contact Dr Tim Wilson for further information: tim.wilson@uk.pwc.com
What is outcome based commissioning?

Outcome based contracts are an innovative approach to commissioning that rewards both value for money and delivery of better outcomes that are important to patients and service users.

Traditional healthcare commissioning in the NHS has tended to focus on processes – numbers of appointments, attendances, operations and procedures – which has sustained an episodic, fragmented approach to the delivery of care, while acting as a barrier to collaboration across the care economy. But with static funding levels, growing demand and unexplained variation in quality of care between providers, we need to commission differently.

OBC is a mechanism to drive this change. Applying a new approach to working with clinicians and stakeholders across the care economy, and engaging patients and service users to find out what outcomes they want, outcome based contracts transfer appropriate risk to a provider (or providers) and creates the circumstances and incentives that allow them to innovate and profit from success – provided they can manage costs and deliver the outcomes you want. To do so, providers must collaborate, problem solve, and deliver efficient, integrated services.

Through this approach, outcome based contracts aim to deliver:

<table>
<thead>
<tr>
<th>Service innovation</th>
<th>Contractual innovation</th>
<th>Improved value for money</th>
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<td>Through a new model of care designed by both clinicians and key stakeholders across the system that focuses on the outcomes patients want, not on the input activity PbR rewards.</td>
<td>Which may be through the procurement of an Accountable Lead Provider or integrator who will be responsible for the services that the CCG and Local Authority requires.</td>
<td>With better outcomes and improved quality of care by incentivising a shift of resources to where they are needed most, and a shift in culture to ensure the providers and commissioners work to a common aim, rather than the adversarial relationship born about by PbR.</td>
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Broadly, there are two main approaches to outcome based contracting:

1. **Population based, using a capitated approach**

   Within this model, a provider or group of providers is allocated a capitated budget to manage all health and care needs for a defined population. The contract may apply to the care for a local population within a specific geography, the care for a clearly defined segment of this population – for example, older people – or for a group of related conditions. These type of contracts are often referred to as COBICs – Capitated Outcomes Based Incentivised Commissioning.

   This model involves commissioning a single ‘pathway’ of care, making the provider(s) responsible for a person’s outcome related to a particular condition over a specified period of time.

   The best known approach in this regard is the ‘Swedish Hip’ model. In this model, once a patient is clinically eligible for a treatment (e.g. if they have reached a measurable pain threshold or level of disability), they are referred to a provider, or group of providers, who are then responsible for their care for this condition over a specific time period, judged by patient outcomes. This means that providers are incentivised to choose the right intervention, coordinate care across the pathway, use preventative measures to maintain fitness, and take all steps to avoid relapse.

2. **Pathway based approach**

   In general, a population based approach is best for complex problems, where comorbidities are significant factors. A pathway approach is best adopted where there can be no confusion about the clinical problem being addressed; however, it must be recognised that a single condition is rarely the only condition that an individual suffers from – particularly in relation to older people – meaning that the service area chosen for this type of contract must be considered carefully to minimise ambiguity over causality.

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