Current payment mechanisms
Challenges for community services
Block contracting for community services

- No national price. Can leave providers more exposed to reductions as commissioners face pressure to balance budgets
- Money does not follow the patient. Increased activity effectively at zero rate marginal tariff
- As acute services paid by activity, perverse incentives not to shift care out of hospital. System also not designed to encourage integration and prevention

On the other hand...
- Stability and certainty about income
Challenges for new mechanisms for community

• Data to support understanding of quality and pricing still needs to develop
  - ACFTN-led project to develop community indicators
  - Challenges, costs – and time taken – securing good quality data
• Need different ways of costing care for patients with multiple conditions and fluctuating needs
• Still developing understanding of how different mechanisms operate in practice in different contexts
Other existing / developing mechanisms

• Payment by results
• Bundled payments
• Unbundling
• ‘Year of care’
• Pathway based
• Capitation based (e.g. prime contract)
• % of payment reflecting quality (CQUIN, QOF)

Emerging view from HFMA, King’s Fund and others:
• one approach will not meet all the challenges
• system will need a combination of approaches and some flexibility
What are we here to do today?

- Explore learning from Europe and other parts of the NHS
- Agree basic principles that should be followed as new payment mechanisms for community services are developed
- Begin exploring key questions, for example,
  - Supporting integration
  - Balancing stability with responsiveness to new information

What next?

- Publish CHSF discussion paper on payment mechanisms
- Continue dialogue with Monitor and others
- Reflect community services position in NHS Confederation work on payment mechanisms