

MTG response to National Tariff Payment System: Consultation

General Points

The MTG understands and supports the need for the NHS to work more efficiently to treat more patients. The setting of tariffs is a key mechanism in this process. There are, however, significant complexities to the calculation of tariff, which leads the MTG to be concerned that certain levels have been set arbitrarily. We are particularly concerned that decisions taken are in isolation of explicit commissioning volume levels for key specialised and life extending interventions.

Tariffs should be used to incentivise those procedures that have greatest patient impact and deliver improved outcomes for patients. This should be a key determinant when setting prices. The MTG is concerned that the current calculations have not fully taken this into account.

MTG would recommend referencing NICE guidelines to encourage the delivery of high quality procedures within the national tariff. Currently the Tariff promotes the use of NICE 'do not do' procedures e.g. dilatation and curettage and encourage increases in the numbers of hysterectomies while discouraging the safer less invasive alternatives contrary to NICE guidelines. Grouping similar procedures together might have some advantages in deriving accurate prices if considerable note was taken of the differences in clinical practice between each and the cost implications for each were then used to derive accurate costs for each.

Monitor has not involved suppliers and the removal of the nuclear medicine BPT is unsustainable. The cost of radiochemicals is increasing globally due to world shortages of chemicals and the tariff proposal is to decrease tariffs. This is not based on reality and patients will have reduced access. Removing the BPT for interventional radiology is extremely detrimental to patients as the tariff decreases are so large that many will no longer be financially viable. There has been no proper consideration of the consequences or comparison of current and proposed tariffs.

MTG supports the decision to delay the implementation of HRG4+. HRG4+ was established to 'allow the payment system to better identify the resources needed to treat patients of different levels of complexity.' Doing this effectively will require access to the comprehensive set of reference data. The reference costs used should be as current and up-to-date as possible.

The MTG is also concerned that the reference data used for the current tariffs is out of date and no longer fit for purpose. Whilst some reference costs have been manually updated there are still many areas where data is out of date. This will lead to tariffs being set that do not cover the full cost of procedures and will reduce patient access to certain treatments. Basic costing information and an analysis of cost variations is needed.

There is little information on how 'the relative prices' were derived and what account was taken of the differences between 'relative' procedures their clinical differences and cost differences. It seems no account was taken of any differences and the cheapest tariff was used for all.

Costs used are also based on average prices, Reference costs are flawed and should be replaced with a sampling approach to costing data as used by many other countries (e.g. Germany).

MTG is concerned about the lack of transparency regarding the 'High Cost Devices List'. There is no clear process for inclusion on the list. The process for gaining inclusion has not been set out. As there is ongoing work to centrally procure high cost devices, inclusion on the high cost devices list will become increasingly important for patient access. The MTG would like to see more transparency around the process of inclusion on the high cost devices list.

The MTG believes that it is important that patient access is always considered and put first and this means that providers need to be sustainable. For this reason it is important that in some larger, tertiary multidisciplinary centres that provide a number of specialised services at high volume they should not have to treat separate treatments in different ways as it can be best for these to be considered all together.

The MTG welcomes the removal of the marginal rate risk share for specialised services. This rate was effectively a cap on the number of procedures providers could carry out throughout the year. Removing will support improved patient access, especially at certain times within the year- most notably when a budget cycle is coming to an end.

The MTG would also like to welcome the 2% uplift in prices. Given the current financial position of the majority of trusts we believe it is important to provide additional funding and ensure that they are able to continue to deliver high quality care to patients.

Specific Areas of Focus

Introduction of HRG4+

- a) The MTG supports the decision to delay the introduction of HRG4+.
- b) There is not enough information available to explain the new process of HRG4+, nor is the necessary data available for a full assessment of the proposals. The lack of comparison procedural data means that it is impossible to compare the changes for next year which prohibits proper understanding of these changes. There is no explanation of the strategy behind some of the changes or what the impact will be for patients and patient access.
- c) The advantages of this proposal do not currently outweigh the disadvantages.
- d) There are a range of disadvantages that have not been considered. The key concern is whether the adjusted tariff prices are high enough to cover the full cost of the devices as well as the full cost of the procedures. If this is not the case there will be a significant reduction in certain procedures and a huge restriction to patient access. This will have a variety of implications, firstly patients may well miss out on life saving and life enhancing treatments which are most appropriate for them, it may also result in longer stays in hospital due to invasive procedures being used, and certain innovative technologies and procedures being entirely ignored. This will lead to a reduction in patient outcomes and an increase in cost to the NHS.
- e) Suggested changes would be to provide further information, include procedure data, and a further explanation of changes so that it can be assured that there are no arbitrary changes as to how the tariff has been calculated without proper assessment.
- f) There is a need for rewarding improved patient outcomes and looking at true payment by results not short term cost savings. There is an issue around ensuring the tariff accurately reflects demand incidence and prevalence and that any prices adjustment takes this into consideration. The MTG is concerned that some of the suggested reimbursement changes will generate perverse incentives for some providers to avoid treating the most simple of cases, due to a lack of funding to cover the procedure and the devices. Some of the current calculations are not sufficient to cover the true cost of performing the procedure. This will all have a dramatic impact on patient access to medical technology treatments.
- g) Tariff changes also fail to take into consideration the component parts of the process and this means that adjustments are directed to procurement efficiencies rather than procedural or care pathway redesign. This means that tariff changes have a significant impact on procedures that are medical technology resource incentive. For example if there is a fixed cost for a technology but there is a tariff reduction the provider cannot deliver the service

unless they buy a lower cost technology. Often this is not possible and even when it is this stifles innovation and general improvement of patient outcomes and cost outcomes. Patients will essentially be missing out on best treatment.

- h) Before the HRG4+ system is introduced the MTG would like to see Monitor and NHS England set out a clear plan for training and education for clinicians and those responsible for coding within trusts. The system will only be able to work properly and deliver efficiency if those who are using it fully understand the operation.
- i) MTG welcomes the move to maintain the best practice tariff for Interventional Radiology and this should continue, removal of tariffs and make changes should be paused until HRG4+ has been fully implemented and then proper analysis should be carried out to ensure tariffs are set at a realistic rate and objectives have been achieved, which they haven't been to date.

Inclusion on the High Cost Devices List

- a) The MTG is concerned about the lack of transparency regarding the high cost drugs and devices list.
- b) As work is ongoing to centrally procure high cost devices, the High Cost Devices List will become a critical factor in patient access to innovative treatments.
- c) There is a lack of information about how devices can be included and what the key criteria are. Once an application for inclusion is made there is little feedback given on decisions made and why certain devices are not included.
- d) Where devices are included the price must be calculated to take into account the cost of the procedure including the full cost of the device. By not including the full cost of the device, some providers will be driven towards lower cost treatment options that deliver a better return for providers. Patients should be at the heart of the decision making process, but these proposals seem to be ignoring the patient. The emphasis here appears to be on cutting the cost of devices rather than looking at the patient impact and potential savings through improved outcomes.
- e) Any further changes to the list should include a full explanation of the decision making process, a breakdown of cost considerations and a full explanation as to the final rationale.
- f) Given the lack of clear methodology and costings, the MTG request that NHS England and Monitor run a separate consultation on the High Cost Devices List.
- g) This consultation should include publication of full details regarding-
 - Reference costs
 - Methodologies
 - Decision criteria
 - Decision criteria weighting
 - Any impact assessment carried out
- h) The MTG would like to see a clear strategy for the High Cost Devices list. At present it is unclear as to the long term intent of the list and what plans exist to maintain the list alongside the introduction of HRG4+.

Day Cases

- a) MTG welcomes moves to incentivise day case procedures in appropriate clinical situations and support the proposals to offer safer more convenient care for patients
- b) The MTG believes the advantages outweigh the disadvantages to this policy

- c) Encouraging day cases, where appropriate is beneficial to patients and the NHS. It can be a more efficient use of resources.
- d) It should be noted that some patients with co-morbidities or who are frail and elderly are not suitable for day care and will need in-patient treatment. It is important that Providers are not overly incentivised to provide day care when it is not appropriate for patients. E.g. there is a new BPT for a single vessel angioplasty and stenting. It is unlikely that many patients will fit into this category and older patients may not have access to limb salvage treatments as they are not suitable for day care.