

PRACTICE BASED COMMISSIONING

Background

Commissioning is the process by which health needs of a population are assessed, the responsibility is taken for ensuring that appropriate services are available to meet these needs, and the accountability for the associated health outcomes is established.

Practice based commissioning (PBC) transfers these responsibilities, along with the associated budget from the PCT, to primary care clinicians, including nurses, with the PCT acting as their agent to undertake any required procurement and administrative tasks to underpin these processes.

PBC was first announced in *The NHS Plan*, '.....PCTs will extend indicative budgets to individual practices for the full range of services' and further developed in *The NHS Improvement Plan* which stated that 'from April 2005, GP practices that wish to do so will be given indicative commissioning budgets'.

PBC is seen to be a key part of improving the NHS and the expectation is that every PCT will encourage their practices to take it on and maximise the potential of the policy as far as possible. All practices will receive annual information on their use of health services and this will be one of the factors by which PCT competency in commissioning will be measured.

The development of PBC is expected to evolve over time, potentially with other primary care clinicians holding indicative budgets.

The Department of Health set out proposals in October 2004 in *Practice Based Commissioning – Engaging Practices in Commissioning* which stated that:

- GP practices play an important role in commissioning services for their patients and local populations;
- Patient choice is a key driver for quality and empowerment and PBC will secure a wider range of services, responsive to local needs and giving patients wider choice;
- Payment by results – funds will follow the services patients use; and
- Practices will be able to direct funding of packages of care for LTC.

with the aims of:

- Providing a greater variety of services from more providers in convenient settings for patients;
- Providing more efficient use of services; and
- Getting greater involvement of frontline doctors and nurses in commissioning decisions.

The role of the PEC is also highlighted in this document:

- The PEC will oversee the use of management costs and make recommendations to the Board to ensure they are reasonable;
- The PEC will recommend approval for the spending of savings and management costs to the Board;
- The PEC will agree, in advance, a mechanism for resolution should there be an adverse impact on other service use or budgets; and
- In exceptional circumstances the PEC will advise the PCT to refer the practice(s) to arbitration to determine whether they should continue to hold an indicative budget.

This was followed in December by ***Practice Based Commissioning – Promoting Clinical Engagement*** which set out several case studies and details of responsibilities and benefits that practices could expect if they held an indicative budget, which included:

- 100% of savings resulting from cost effective commissioning can be kept by the practice for reinvestment (the original documents stated 50% but this has now been changed);
- Failure to break-even over a three year period results in forfeit of the right of the practice to hold a budget for three years;
- The scope of the budget will extend over time to cover all health costs except specialised services, nationally commissioned services, national screening programmes, GMS and PMS (excluding enhanced and PMS+ services);
- Budget setting will initially be based on historical activity but moving over time to a fair shared division of the PCT's allocation (weighted capitation formula);
- Resource and management costs should be funded from the resources released through the clinical changes plan, and this will be overseen by the PEC; and
- Practices and PCT need to work closely together, and disputes should be managed locally. One arbitration group per SHA will be set up for unresolved disputes and the process can be used for example where there is:
 - disagreement over reinvestment of released resources; or
 - an appeal against the removal of the right to hold an indicative budget.

Making Practice Based Commissioning a Reality – Technical Guidance was published in February 2005 to facilitate the implementation of Practice Based Commissioning from April 2005. This document covers budget setting and management risks, management costs and use of efficiency gains.

The document sets out:

Values, Governance and Principles:

- the need for partnership working and shared agreement working;
- the possibility of groups of practices working together (localities) for better economies of scale and improved efficiency;
- other clinicians' ability to hold budgets under PBC;
- how the PCT's right to intervene will be exercised if key target delivery is threatened by PBC;
- the need to refer patients to the right practitioner at the right time, and the use of choice and the national Choose and Book system.
- Patients and local communities should be involved in the planning for PBC and decision making for use of the budget;
- Patients must be able to exercise choice and not feel pressured to choose the practice as provider; and
- Practices and localities will have a duty to obtain good value for money and to ensure there are no conflicts of interest if the practice or locality is both provider and commissioner of services.

Budget Setting:

- A methodology is set out for setting a 'default' budget, and PCTs can use this methodology as a guide for establishing local budgets;

- Budget setting methodology should be agreed locally, as commissioning agreements will vary and therefore central guidance on local budget setting will not be provided;
- Practices or localities will be encouraged to hold budgets for the full range of patient care, not just elective care;
- The 'default' budget for 2005-2006 will be based on 2003-2004 referral data with adjustments for increased demand/local changes;
- From 2006-2007 practices will move from their historic baseline to a fair share allocation; and
- Activity data at practice level must be recorded and local agreement must be made about the quality of clinical coding and attribution of activity. Validation of activity data at practice level is vital.

Risk Management:

- Robust risk management arrangements must be locally developed and considered in conjunction with risk associated with service development under Payment by Results (PbR);
- PbR only applies to elective activity in 2005-2006; and
- PCTs will top-slice the devolved budget to retain as a contingency, and criteria for the fund usage will be agreed locally.

Monitoring, management costs, capacity building, and sharing learning are also covered, along with the use of efficiency gains which highlights the issues that PECs will need to take into account when recommending proposals to the PCT Board for approval.

Based on the DH technical advice, the National Association of Primary Care, together with the NHS Confederation have issued '**10 Steps to Practice Based Commissioning**' which covers:

1. The scope of services to be commissioned
2. Developing a business plan
3. Negotiating a pre-agreement with the PCT
4. Identifying management costs
5. Agreeing the indicative budget
6. Developing Information systems
7. Agreeing use of efficiency gains
8. Preparing to commission and re-design services
9. Managing the budget and activity
10. Managing disputes

Practice Based Commissioning is to be introduced two years ahead of schedule so that it is in operation across the NHS by 2006 rather than 2008. On July 25th 2005, Patricia Hewitt announced that GPs will have more power to commission services so that local healthcare reflects the need of the local community. GPs are responsible for the bulk of NHS resources through prescribing, treating and referring patient to other services and by 2006, all PCTs will have arrangements in place to allow GPs to hold a budget for the treatment of their patients under practice-based commissioning.

Further details of the announcement are available at www.psn.org.uk

Action for LPCs

- PBC is new, and PCTs are just starting to look at it as a means of commissioning – make sure you are aware of local developments and are actively involved in the initial discussions.
- Make sure that your members are familiar with the Government proposals for PBC.
- The announcement that PBC is to be operational by 2006 rather than 2008 will push it up the PCT's priority list, so be prepared!
- Find out what services are to be commissioned and consider the implications for local community pharmacy service development.
- As the PEC will oversee the development of PBC, it is important to have good links with your PEC pharmacists, or identify a PEC member to work with if a pharmacist has not been appointed.
- Continue to lobby for the appointment of PEC pharmacists – over 2/3rds of PCTs now have pharmacists on their PECs.
- Work closely with LMCs – they have already had guidance from GPC on how to take PBC forward.
- Feed back to PSNC any information from early implementers so that it can be used to inform other LPCs

Useful websites

www.dh.gov.uk

http://www.dh.gov.uk/PublicationsAndStatistics/Publications/PublicationsPolicyAndGuidance/PublicationsPolicyAndGuidanceArticle/fs/en?CONTENT_ID=4090357&chk=p7UCbg – Practice Based Commissioning – Engaging practices in Commissioning

http://www.dh.gov.uk/PublicationsAndStatistics/Publications/PublicationsPolicyAndGuidance/PublicationsPolicyAndGuidanceArticle/fs/en?CONTENT_ID=4098564∓chk=uBbP%2Bg - Practice Based Commissioning – Promoting Clinical Engagement

http://www.dh.gov.uk/PublicationsAndStatistics/Publications/PublicationsPolicyAndGuidance/PublicationsPolicyAndGuidanceArticle/fs/en?CONTENT_ID=4104152&hk=/K4etf - Making Practice Based Commissioning a Reality – Technical Guidance

http://www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/Commissioning/PracticeBasedCommissioning/PracticeBasedCommissioningArticle/fs/en?CONTENT_ID=4110327&chk=VvhaHN – Practice Based Commissioning Support programme

www.natpact.nhs.uk

Useful documents and presentations at

<http://www.natpact.nhs.uk/cms/372.php#docs>

www.primarycarecontracting.nhs.uk

Practice based commissioning: a preliminary toolkit for PCTs

Implementation examples by topic or location

All at <http://www.primarycarecontracting.nhs.uk/99.php>

www.napc.co.uk

www.napc.co.uk/info_pdfs/final%2010%20steps.doc - 10 steps to Practice Based Commissioning

www.bma.org.uk

<http://www.bma.org.uk/ap.nsf/Content/pracbasedcomm1204> - Practice Based Commissioning – Guidance for LMCs