

# Delivering better care and saving money

NHS Alliance 2010

# Why do we have to make savings?

- NHS funding (budget 120bn)
  - 40% real terms increase 2003/4 to 2010/11
  - 2011/12 to 2013/14 – growth at RPI plus 0.1% each year
- Shift from 5% growth each year to 0%.
- Pressures will not stop
  - Primary care prescribing 8% growth annually
  - New secondary care drugs
  - New technologies
  - Patient demand
  - Aging population
- So we need to make 20bn savings over the next three years just to fund cost pressures
- This is 5% in 2011/12, 10% in 2012/13, 15% in 2013/14

# Where will the savings come from?

- Commissioners
  - Manage activity pressures
  - Challenge upcoding
- Providers
  - Payment continues for activity (PbR)
  - Negative tariff (reduction of 2%)
  - Maximum pricing
  - Contract limiters
- But we need to help each other to deliver

# Commissioner spend

<b>NHS Wiltshire</b>	<b>£'m</b>	<b>%</b>
Secondary care and other	421	66%
Primary care incl out of hours	65	9%
Dental	13	2%
Primary care prescribing	70	10%
CHC and placements	27	3%
Community services	64	9%
PCT admin/public health	8	1%
<b>Total spend</b>	<b>668</b>	<b>100%</b>

# Another way of looking at it

<b>Spend area</b>	<b>%</b>
Urgent and emergency care	23
GPs and dentists	23
Community/intermediate care	14
OP and elective	20
Specialist services	8
Mental health	8
Maternity	3
Promotion/self care	1

# Trust spend

	£'m		£'m
<b>Income</b>	<b>(173)</b>	<b>PCTs</b>	<b>(156)</b>
		<b>Training</b>	<b>(6)</b>
		<b>Private Patients</b>	<b>(8)</b>
		<b>Other</b>	<b>(8)</b>
<b>Pay</b>	<b>99</b>	<b>Medical</b>	<b>33</b>
		<b>Nursing</b>	<b>39</b>
		<b>AHP</b>	<b>12</b>
		<b>Admin/managers</b>	<b>15</b>
<b>Non pay</b>	<b>73</b>	<b>Drugs/supplies</b>	<b>28</b>
		<b>Estates and FM</b>	<b>30</b>
		<b>Capital charges/other</b>	<b>15</b>
<b>(Surplus)</b>	<b>(1)</b>		

# Profitability of a knee replacement

<b>Income</b>	<b>Tariff plus MFF</b>	<b>(£6480)</b>
<b>Costs</b>	Prosthesis	£1800
	Theatres (90 mins)	£690
	Ward (ALOS 3.8 days)	£1100
	Pre-assessment	£160
	Estates/FM	£1100
	Path, rad, HSDU etc	£600
	Corporate	£350
	Contribution to contingency	£550
<b>Profit</b>	<b>2%</b>	<b>£130</b>

# Approaches to savings

- Bacon slicing
- Targeting savings at less efficient areas
  - Benchmarking
  - Reference costs/programme budgeting
  - Service line reporting
- Streamlining processes – internally and across organisations
- Ensuring income due is collected
- Stopping doing things which are ineffective

# Examples of commissioner savings which can deliver quality

- Restricted procedures
- GP and other referral review
- Emergency admissions
  - End of Life care planning
  - GP/consultant discussion prior to and during admission
  - Early urgent visits
- Reviewing role of community hospitals/MIUs

# Examples of provider savings which can deliver quality

- Theatres productivity
- Length of stay reductions
- Reducing Do Not Attends
- Reducing followups
- Avoiding short stay emergency admissions for minor conditions
- Sharing oncall cover with other providers

# Examples of joint savings

- Formulary for primary and secondary care
- Secondary care taking responsibility for limiting/case managing tertiary referrals
- Avoiding repeat pathology/radiology
- Agreed thresholds for intervention
- Mutual challenge re clinical variation

# Summary

- Until we are sure there are no more efficiencies to be achieved individually or together, we need to focus on making efficiency savings to balance the finances, not cutting services
- We will need to work together
- A saving is not a saving until the activity has reduced **AND** the beds or theatres have been closed and the jobs taken out.