

How mental health payment proposals support more efficient and effective care

We know health care providers and CCGs face increasing challenges to provide quality and sustainable care in the face of financial constraints and changing population needs. Payment is one of the levers that can support clinicians, leaders and health systems deliver the transformation required to provide integrated and evidenced based care pathways.

Context and payment proposals

The quality and accessibility of mental health care varies greatly across England and there is an urgent need to ensure that all patients receive appropriate care wherever they live. The Five Year Forward View (5YFV) for Mental Health highlights the need for care to be consistently evidenced based, holistic and recovery focused. It also calls for local and national outcomes measures to be part of the local payment system with indicators that are:

- clinically relevant;
- coproduced with experts by experience;
- aligned with system-wide objectives; and
- are measurable.

To meet these requirements – and those identified through Sustainability and Transformation Plans and Joint Strategic Needs Assessments - local areas must understand the services as they are currently delivered and what is required to effectively meet the needs of the local population. Consistent use of available data and informationⁱ is a key enabler for agreeing, and delivering these changes.

The proposed changes to the 2017/19 local payment rules include a requirement for commissioners and providers to link a proportion of payment to locally agreed quality and outcome measures and the delivery of access and waits standards. Explicitly linking a component of payment to the achievement of quality standards and outcomes offers a clear focus for providers and commissioners regarding delivery of safe and effective care that is in the best interest of patients.

The proposals for 2017/19 further include a requirement that payment for adult and older people services be based on population-basedⁱⁱ or an episodicⁱⁱⁱ payment approach, although commissioners and providers would still be able to agree alternative payment approaches that are consistent with the rules for local pricing. With population-based or episodic payment approaches providers and commissioners may wish to agree a gain or loss share arrangement to manage unanticipated changes in demand.

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The 5YFV for Mental Health says there must be a move away from unaccountable block contracts with the ambition for a revised payment system to be in place by 2017/19 for adult mental health services, and for children and young people as soon as possible. These payment proposals will:

- **Better meet the needs of the people who use services:** clear evidence identifying what people who use the services need, and how payment can best support whole person care – including use of local clinical data, NICE guidelines and coproduction with experts by experience, third sector organisations and other stakeholders involved in the care pathway.
- **Promote greater focus on early intervention and preventative care:** ensures incentives are in place to support upstream interventions and recovery focused care that is cost effective and sustainable for the future – harnessing third sector resources and local government where appropriate.
- **Promotes value for money:** ensure best use of resources available for mental health care, and considering where investing in mental health will benefit the wider local health economy.
- **Provides greater transparency and accountability:** ensures both commissioners and providers have a mutual understanding of the services being delivered and the outcomes expected. . Access to evidence based care, that is at a minimum NICE concordant alongside excellent patient outcomes must be at the core of what payment for mental healthcare incentivises.

We recognise that some providers and commissioners are more readily positioned to implement a new payment approach. However, the building blocks needed to support payment are the same as those needed to successfully meet a number of other key objectives for mental health services, and to ensure best use of resources. There is also a strong clinical case for this change, which is outlined in the accompanying document “*How mental health payment proposals support better care*”. Therefore, we expect all organisations to develop a robust plan to put needed components in place, delivered in a timely manner.

For further information on these proposals and development approaches to pay for and support effective mental health care, see our published support material <https://improvement.nhs.uk/resources/new-payment-approaches/>.

ⁱ The use of quality and outcomes measures are already familiar through NHS standard contract quality schedules, meeting the standards for access and waiting times and using person-centred outcomes is inherent in the clinical practice of most health care professionals

ⁱⁱ Population-based payment could cover only mental health care provision, or an integrated approach with other health and care. Payment should be calculated based on care provision for the local population (or relevant segments of it if only covering mental health care). In either case, payment values can be adjusted to reflect

changes in the size and characteristics of relevant populations; and be adjusted to take account of patterns of care, required investment, possible efficiencies, etc.

ⁱⁱⁱ An episodic payment approach (or payment based on year of care for long term care needs) is the payment of an agreed price for all the healthcare provided to a patient during an agreed time period – the episode. The price paid depends on the mental health condition a person is being treated for and any co-morbidities they may have.