Federation of Specialist Hospitals

FEDERATION OF SPECIALIST HOSPITALS SUBMISSION TO THE DALTON REVIEW
August 2014

The Federation of Specialist Hospitals (FSH) is a coalition of hospitals that contributes significantly to the provision of specialist care in the UK. Established in 2009, the Federation aims to provide a collective voice for specialist hospitals on areas of common interest, including specialised commissioning policy and the future configuration of the provider landscape.

The Federation welcomes the opportunity to comment on Sir David Dalton's Review into how the best leaders and organisations in the NHS can expand their reach and deliver more for patients.

This response summarises the contribution of specialist hospitals to care provision within the NHS, before providing comments on the topics under consideration by the Review.

The role of specialist hospitals

24 specialist hospitals across the UK carry out 250,000 procedures and 2.5 million out-patient appointments each year. Collectively, they span a wide range of clinical specialties, from neurology, cancer and cardiac services to women's and children's health.

Specialist hospitals are characterised by their focus on a single specialty and, usually, by a disproportionately complex casemix. As such, specialist hospitals are often home to investment in cutting-edge innovation and are substantial contributors to clinical training and research. As the Federation's recent Outcomes Report demonstrates, specialist hospitals achieve superior results for both complex and routine cases, compared with general hospitals.

A vision of networked care

The Federation strongly supports networked care as part of the model for future hospital provision. Federation members link closely with referring centres and primary care to create seamless patient pathways for the specialist services they deliver. Where possible, care is delivered close to patients' homes and shared care arrangements are widely in place.

A good example would be the model developed by Moorfields Eye Hospital, which offers a range of specialist and routine ophthalmology services through satellite clinics in hospitals across London and elsewhere. In doing so, Moorfields has been able to share its specialist expertise with more local providers while improving the efficiency and sustainability of the health economy as a whole.

This approach, harnessing the expertise of a specialist hospital within a broader network of healthcare provision, serves as an example of the dynamic organisational forms sought by the Review.

The Federation is keen that such good practice should be extended and strengthened in future. In concentrating expertise, specialist hospitals are able to invest in and disseminate expertise throughout the local health economy whilst maximising quality and accessibility.

Organisational development

There is no single model for delivering high standards of care. However, for any organisational model to be successful, there needs to be a culture of excellence, accountability for outcomes and the capacity to disseminate expertise throughout the wider health system.

The experience with networked services shows that specialist hospitals are able to manage geographically dispersed services through partnerships with local trusts. This is achieved through strong leadership and a clear, common focus on quality improvement, without recourse to directly managed sites and the full-scale organisational changes they often entail. In doing so, specialist hospitals are able to contribute to the educational and staffing needs of local hospitals while delivering the best possible care as close to people's homes as possible. The Federation considers partnership working a more flexible and effective approach to delivering high quality networked care than more formal management arrangements or merger and acquisition activity.

Against this vision for networked care, there has been a longstanding trend for greater amalgamation of services within larger centres, which threatens the individual identity and expertise of specialist hospitals. The concern is that the unique requirements of specialist providers would be neglected as a result of competing priorities within larger trusts or provider chains, particularly in the light of overarching financial and structural challenges. This could have a negative impact on patient outcomes while delivering uncertain financial benefits.

As the Review considers how to develop NHS providers as excellent organisations, the governance arrangements of many specialist trusts may serve as exemplars of good practice.

Furthermore, as the Review considers innovative organisational forms, it will be important to ensure that any new arrangements protect the standards of care and contributions to education and research provided by specialist trusts. By reconfiguring provision on the basis of the best clinical outcomes, rather than through a desire to see fewer, bigger hospitals or hospital chains, the contribution of specialist hospitals to the sector can be preserved and strengthened.

Barriers to networked care

Several policy barriers will need to be addressed to facilitate the full implementation of the Federation's vision for networked care.

By their nature, specialist providers have a disproportionately complex casemix and are especially vulnerable to deficiencies in the reimbursement of complex care. Despite efforts to recognise the additional costs incurred during the delivery of complex procedures through top-ups to National Tariff pricing, the Federation is concerned that the blunt instrument of specialist uplift does not reflect the true costs of providing these services. As the number of referrals to specialist hospitals increases, so does the burden of inadequate reimbursement. This baseline underfunding and the requirement for year-on-year efficiency gains directly threaten specialist hospitals' ability to invest in service developments and move towards new models of networked care.

Furthermore, specialist hospitals typically expect a significant proportion of their contracts to be held with NHS England and are therefore disproportionately affected by uncertainties in specialised commissioning structures and processes. As a result of the £376million overspend of the specialised commissioning budget for 2013/14, NHS England has instigated a taskforce to exert closer control over the specialised commissioning budget while reviewing the associated structures and processes. Significant changes are expected in the taskforce's recommendations, with the possibility that the responsibility for commissioning some services would be devolved to or shared with CCGs.

The Federation entirely accepts the need to strengthen NHS England's specialised commissioning capacity in the light of its financial difficulties. However, members are concerned that decisions would be driven by a desire to reduce spend rather than to improve the return on investment through better clinical and patient outcomes. Commissioning mechanisms should not be used to penalise providers who combine efficiency and good outcomes to achieve better financial positions. In fact, adequate funding that allows investment is essential to adopting innovative models of care and improving the clinical and financial sustainability of the sector as a whole.

Furthermore, good commissioning relies on knowledgeable commissioners. Despite the teething problems of NHS England's first year, this seems more likely to be delivered by a single national commissioner than over 200 CCGs understandably and rightly focused on local issues.

Future engagement

The Federation welcomes the Dalton Review's recognition that the "adoption and development of new organisational models is for the sector to drive". Members are keen to ensure flexibility is embedded in the system and to enable the delivery of the best possible care to patients. We would welcome the opportunity to collaborate with the Review going forwards and to demonstrate a tangible way towards spreading the highest standards of excellence efficiently, through a vision of networked care.

FSH
31.08.14