

Delivering Healthy Ambitions Better for Less



Overview.

Yorkshire & Humber PCTs are spending an estimated £15.6m on out of area specialist mental health placements (excluding forensic, acute and PICU placements). There is wide variation in the types of out of area placements being utilised across the region and in contract prices from provider organisations for comparable episodes of care.

Nationally there is evidence to demonstrate that significant savings can be made from the review of out of area placements (RC psych, 2009; Audit Commission, 2006; Re-source, East Midlands, 2009). The East Midlands NHS has undertaken commissioning and procurement projects in relation to rehabilitation out of area placements. A total of 5-10% cash savings have been released in these placements alone.

Why out of area placements?

The independent sector supply of placements for people with mental health and well being difficulties has grown significantly since the closure of large NHS institutions in the 1970s and 1980s.

As a result, Primary Care Trust (PCT) commissioners have been purchasing these services from multiple providers at different prices and without consistent service specifications and pre-determined performance monitoring arrangements to allow the reporting of people's progress and improved mental health and well being. Yorkshire and Humber had approximately 500 out of area placements in 2009/2010, with a range of between 6 and 111 per PCT (averaging 23 per PCT).

What is the challenge?

Regional data collected by YHIP identified the following:

- PCTs in Yorkshire & Humber are spending an estimated £15.6m on out of area specialist mental health placements. This excludes the funding of forensic, acute and PICU out of area placements. Eating Disorder and rehabilitation placements account for over £10 million of Y&H PCT spending
- NHS commissioners in Yorkshire & the Humber are commissioning services from both NHS provider organisations and private organisations to provide out of area placements. A total of 11 NHS providers across the country are being utilised and 17 private provider organisations (on a number of different hospital sites) are being used
- The YHIP data indicates that there is wide variation in the types of out of area placements being utilised across the region and wide variation in contract prices from provider organisations for comparable episodes of care. The table opposite identifies the total spend of specialist mental health placements for 2009/2010 (excluding forensic, acute in-patient and PICU placements).

Figure 1.
Regional spending on specialist mental health placements

Specialist Definitions	Spend 09/10
Eating Disorder	£6,871,851
Locked Rehab	£3,395,592
Personality Disorder	£1,863,660
Autism	£1,257,142
Neuro Psychology	£735,000
LD	£535,209
Perinatal	£260,129
Specialist Psychological Therapies	£230,000
Aspergers	£188,956
Deaf (MH) Services	£178,242.85
ADHD	£53,571
Liaison Psychology & Psychosexual	£41,940
Gender	£24,000
SMHP Total Spend	£15,635,000

How could we provide better for less?

The recommendation is for Yorkshire & the Humber commissioners to work together with the Commercial Procurement Collaborative to ensure consistency of costs, quality and service for people placed in out of area placements.

Work needs to be undertaken by each PCT to review the resources it is putting into out of area placements, are they necessary and are they achieving good value? PCTs need to consider adopting a collaborative approach to the commissioning and procurement of high volume high cost out of area placements. This approach could share commissioning capacity, significantly reduce placement costs, improved quality and agree outcome based service specifications with improved contract management. Better for less care would ensure consistency of approach and cost savings in relation to the use of out of area placements or small sub specialties that would benefit from shared commissioning models.

The patient benefits

Except where there are particular circumstances, it is generally considered to be better for people's continuity of care and recovery, to be supported in their local area. A common approach would ensure consistent quality standards for all commissioned services, improving outcomes for patients.

The financial benefits

The initial YHIP data collection has resulted in incomplete returns, potential savings in the region can however be estimated based on the data received and national evidence and research. The estimation of savings is not sensitive to the complexities and individual health needs of placement users but is intended to give an indication of the scale of the potential opportunity to reduce costs in this area.

Excluding funding for forensic, acute and PICU out of area placements, £15.6m was spent in Yorkshire & the Humber in 2009/10 on out of area placements. Approximately 500 service users were placed out of area in 2009/10, at an average cost per placement of £31,000.

Research undertaken nationally by The Royal College of Psychiatrists found that out of area placements cost approximately 40% more than local treatments where they are made available. Data collected by YHIP found that some commissioners were paying up to 60% more than those with lower cost contracts in 2009/10.

There is a wide variation in the number of service users placed out of area by PCT. The range is between 6 and 111, with an average of 23 placements per PCT.

The chart opposite shows the aggregated costs of PCTs' total spend on types of specialist placement for 2009/2010 (source: PCT submitted data).

Figure 2. Total costs of placements (2009/10)

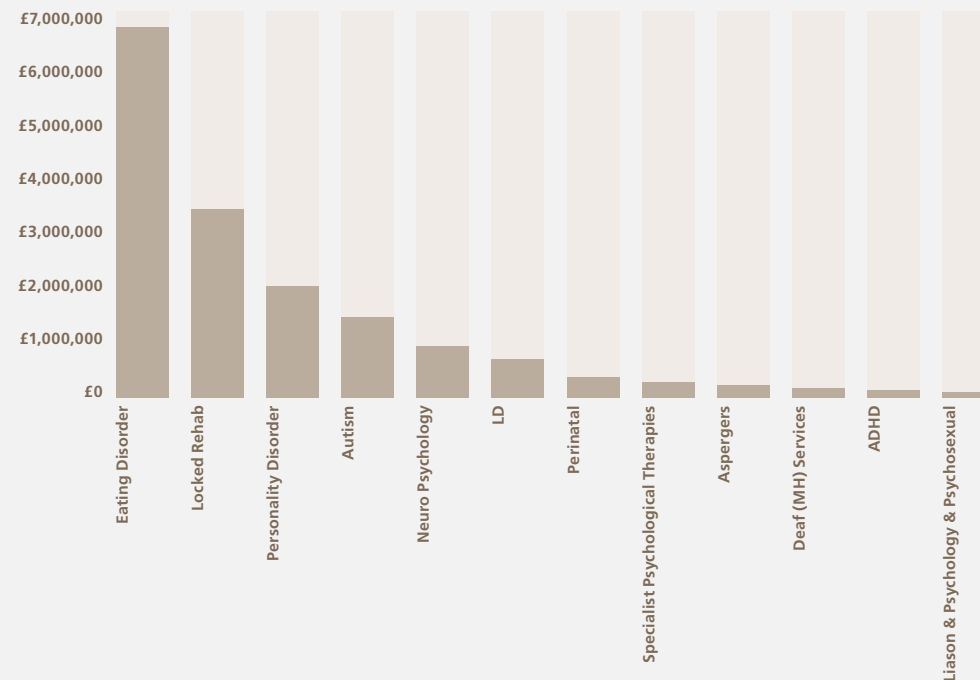


Figure 3.

PCT	No. OAPs	Costs			Savings		Average
		2009/10 average	Lowest cost reduction 30%	highest cost reduction 60%	lowest cost reduction 30%	highest cost reduction 60%	
Median	23	£712,102	£498,472	£284,841	£213,631	£427,261	£320,446
Fewest OAPs	6	£185,766	£130,036	£74,306	£55,730	£111,460	£83,595
Most OAPs	111	£3,436,668	£2,405,668	£1,374,667	£1,031,000	£2,062,001	£1,546,501

Figure 4.

		Placement type	
		Eating disorder	Rehabilitation
Bed day cost (£)	Min	£332	£410
Bed day cost (£)	Max	£850	£920

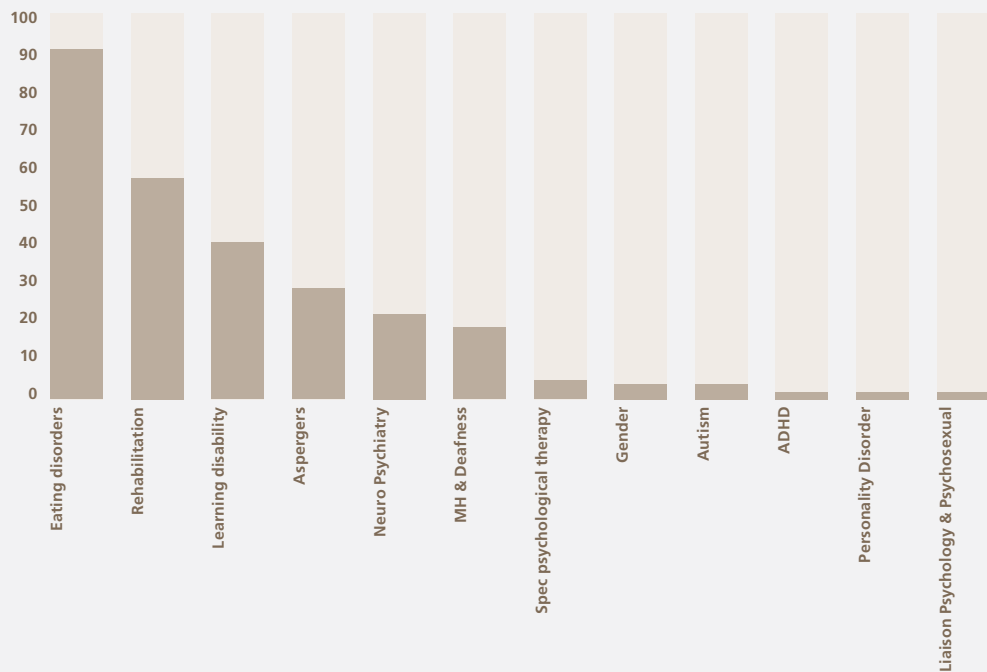
Based on savings of between 30% and 60% of current costs, the cost of each placement could be reduced by between £9k and £18k relative to the lowest cost placements currently commissioned. For a PCT with 23 service users placed out of area, this translates to average savings of £320k per year.

Within the Yorkshire & Humber region NHS commissioners are commissioning services from both NHS provider organisations and private organisations to provide out of area placements. A total of 11 NHS providers across the country are being utilised and 17 private provider organisations are being used.

YHIP data collection allowed for a comparison in the price that provider organisations were charging NHS commissioners for services provision (figure 4). Whilst the comparison serves as a useful guide, no adjustment or assessment has been made of the complexity and individual health needs associated with each contract.

In addition to the bed day costs, additional costs may be incurred by private providers for 'special observations', costs of transporting the person to and from the provider organisation and GP attendance. In rehabilitation, the charges for special observations are quoted as being up to £15 per hour.

Figure 5.
Out of Area Placements by PCT
 The analysis is taken from the PCT submitted data.



Implementation

Regionally the potential for localities to realise cost efficiencies and improved quality outcomes as a result of reviewing their utilisation of out of area placements is variable and is dependent upon their unique circumstances, resource provision and service configuration.

The regional Specialist Commissioning Group are working alongside the Yorkshire and Humber Commercial Procurement Collaborative to further map and calculate the number and cost of out of area placements for rehabilitation. They are offering a regional approach to the commissioning and procurement of these placements. This collaborative work will include introducing robust contract management to include performance against agreed indicators and a time limited contract with regular reviews.

PCTs are invited to participate in this work to improve quality and reduce cost. The contacts for this work are identified on page 9.

Case Studies

West Midlands

West Midlands specialised commissioning team (WMSCT) has worked across the West Midlands to commission secure and other specialists placements. This work to improve the procurement of mental health placements has given increased value for money, supported by detailed service specifications, quality measures and stronger market management. By moving to a new contract and pricing structure £2.9m was saved initially (4.5% of the overall total). This will potentially increase to a saving of £11 million over the term of 4 years.

http://www.westmidlands.nhs.uk/LinkClick.aspx?fileticket=qtm_DHt1SDw%3D&tabid=914

Re:source procurement hub, East Midlands

The NHS re:source procurement hub operates on behalf NHS organisations within the East Midlands. It is an agency of Sherwood Forest Hospitals NHS Foundation Trust. NHS re:source was set up to drive quality and value improvements through procurement. Its specific objectives are to deliver:

- Cash releasing savings for reinvestment in front line services
- Improvements for staff in getting the products and services they need
- A contribution to improvements in patient care
- Improved health through socially responsible procurement
- Reduced environmental impacts through socially responsible procurement
- Improved career and personal development opportunities for procurement staff

The East Midlands NHS re:source procurement hub have undertaken commissioning and procurement projects in relation to locked and unlocked Out of Area Placements. A total of 5-10% cash savings have been released as a result of the projects.

<http://www.resource-cph.nhs.uk/case-studies/low-secure-services>

<http://www.resource-cph.nhs.uk/case-studies/psychiatric-rehabilitation-project>

References

QIPP through improved procurement

A roadmap for commissioners for the Procurement of Mental Health Services is available on the National Mental Health Development Unit website

www.nmhdu.org.uk/resources/resources

The Commissioning Handbook is a dynamic resource sponsored by the National Library for Health. Developed by information professionals to share good practice to support NHS commissioning

<http://commissioning.pbwiki.com/>

Service Improvement Tools for mapping care pathways

www.institute.nhs.uk

Other reference

www.evidence.nhs.uk/qualityandproductivity

www.rcpsycs.ac.uk

Contacts

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Better for Less Briefings

www.healthyambitions.co.uk/betterforless