

“The financial challenges of major health system reform and the role of diagnostic services”

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SRO GM Pathology project

I will cover

- The financial challenge in health
- The law of unintended consequences
- Case study – GM & Pathology

Ever increasing cost of health care

- Cost inflation 2% to 3% per year
- Demographic change 2% to 3%
- Can do more things 1%
- Say 6% Or £30bn over five years
- If economic growth is only 2%



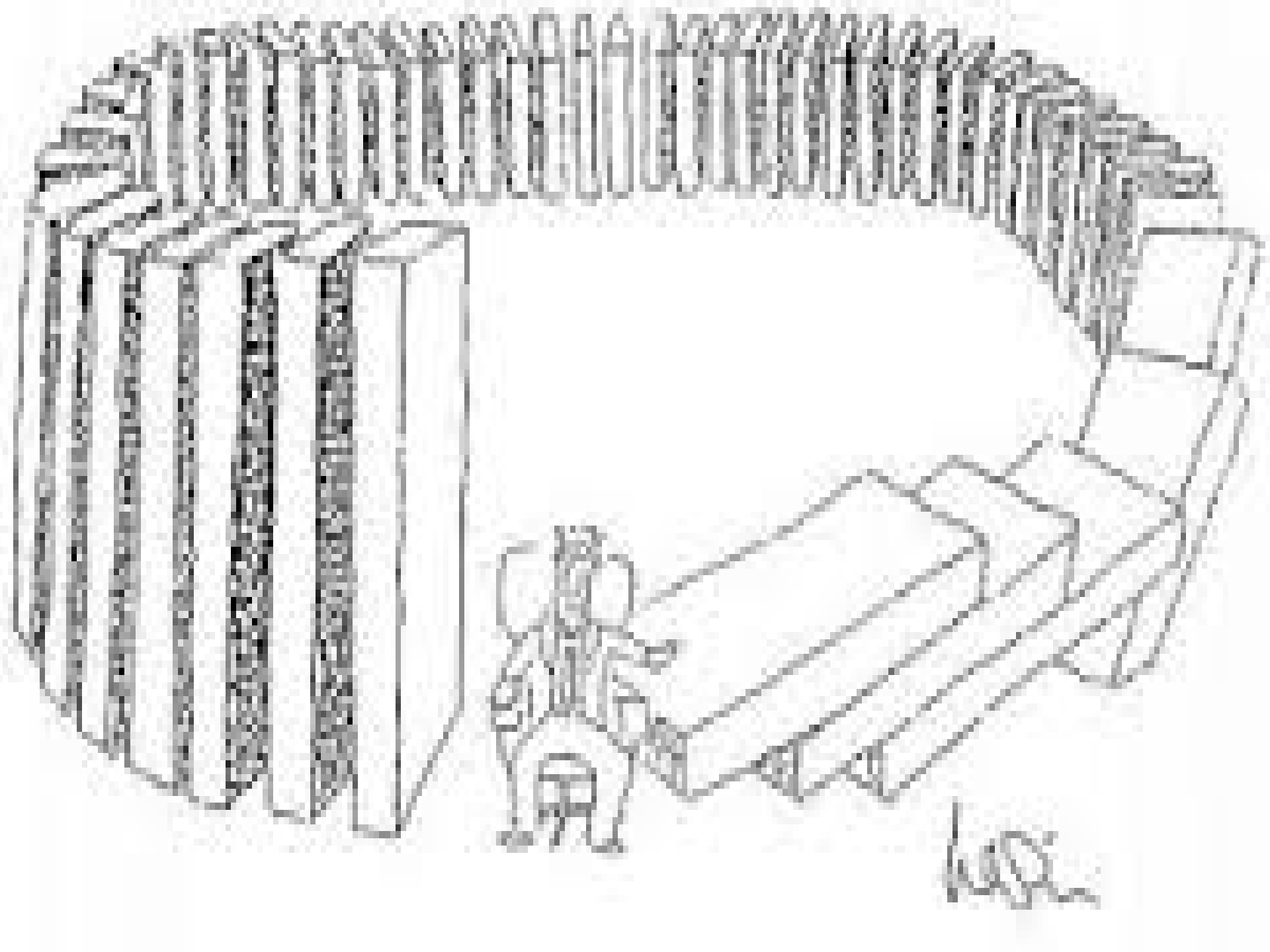


Five year forward view

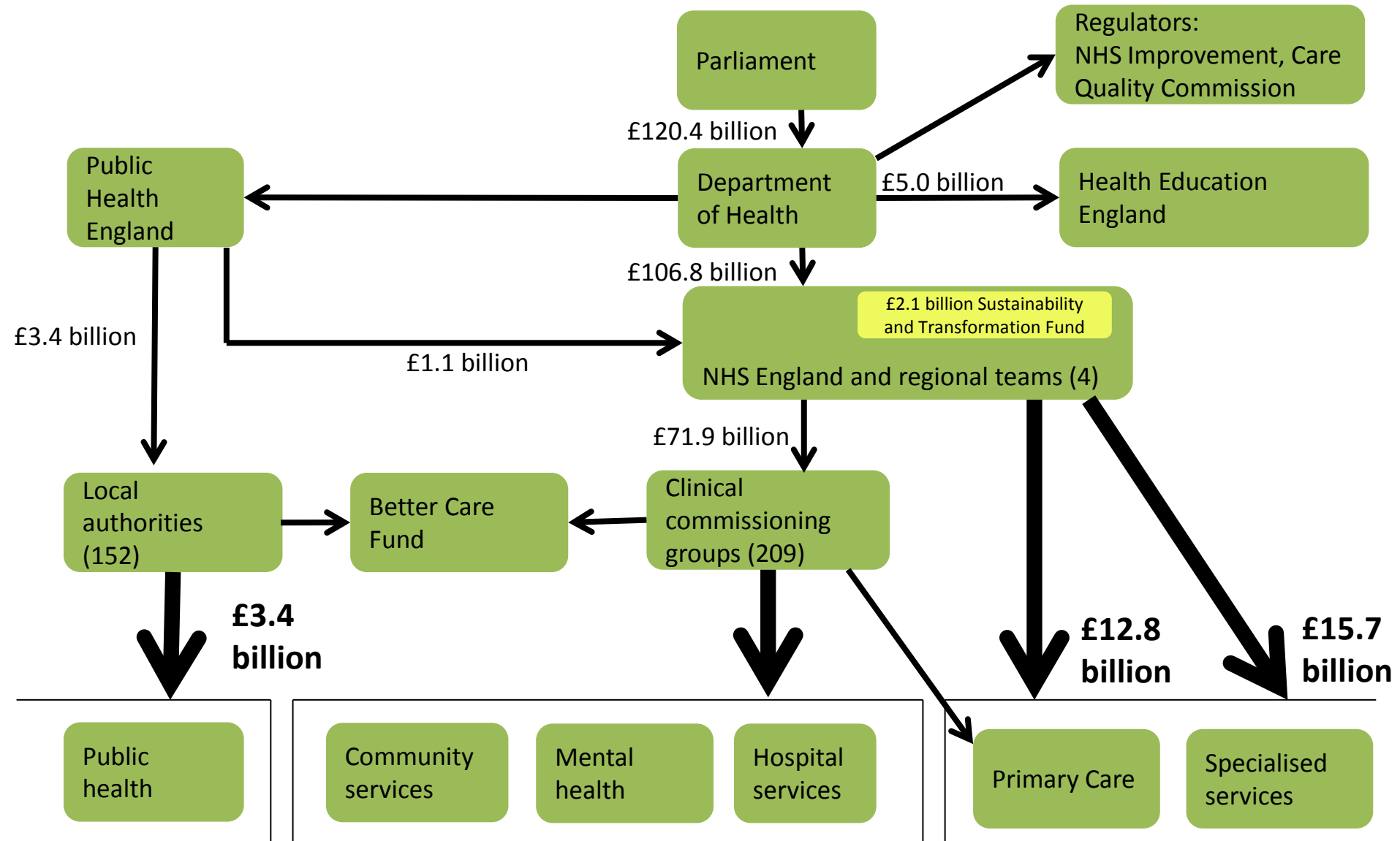
- £30bn problem
- Please give £8bn
- We will save £22bn

10





The new NHS: how the money flows





Capital
Expenditure

Revenue
Expenditure



Provider reimbursement

Traditionally Commissioners use three main payment currencies to pay providers, however new types of contracts are emerging

National tariff (PbR)	Local tariff	Block contracts	Alternative Contracts
<ul style="list-style-type: none">• Activity-based funding• Volume and type of care (casemix)• Schedule of national prices for specific procedures• Elective, non-elective, OP, A&E and some critical care• Some exclusions	<ul style="list-style-type: none">• For some services that are out of scope of PbR, e.g. Specialist acute services with low volumes• Increasingly common for local tariff negotiation	<ul style="list-style-type: none">• Simple – a fee for a given level of capacity• Sophisticated minimum and maximum activity levels defined• Cost & volume – fixed payment for provision of capacity and separate payment for each patient treated	<ul style="list-style-type: none">• Outcome based contracts• Aligned incentive Contracts





Cost-Effectiveness Analysis

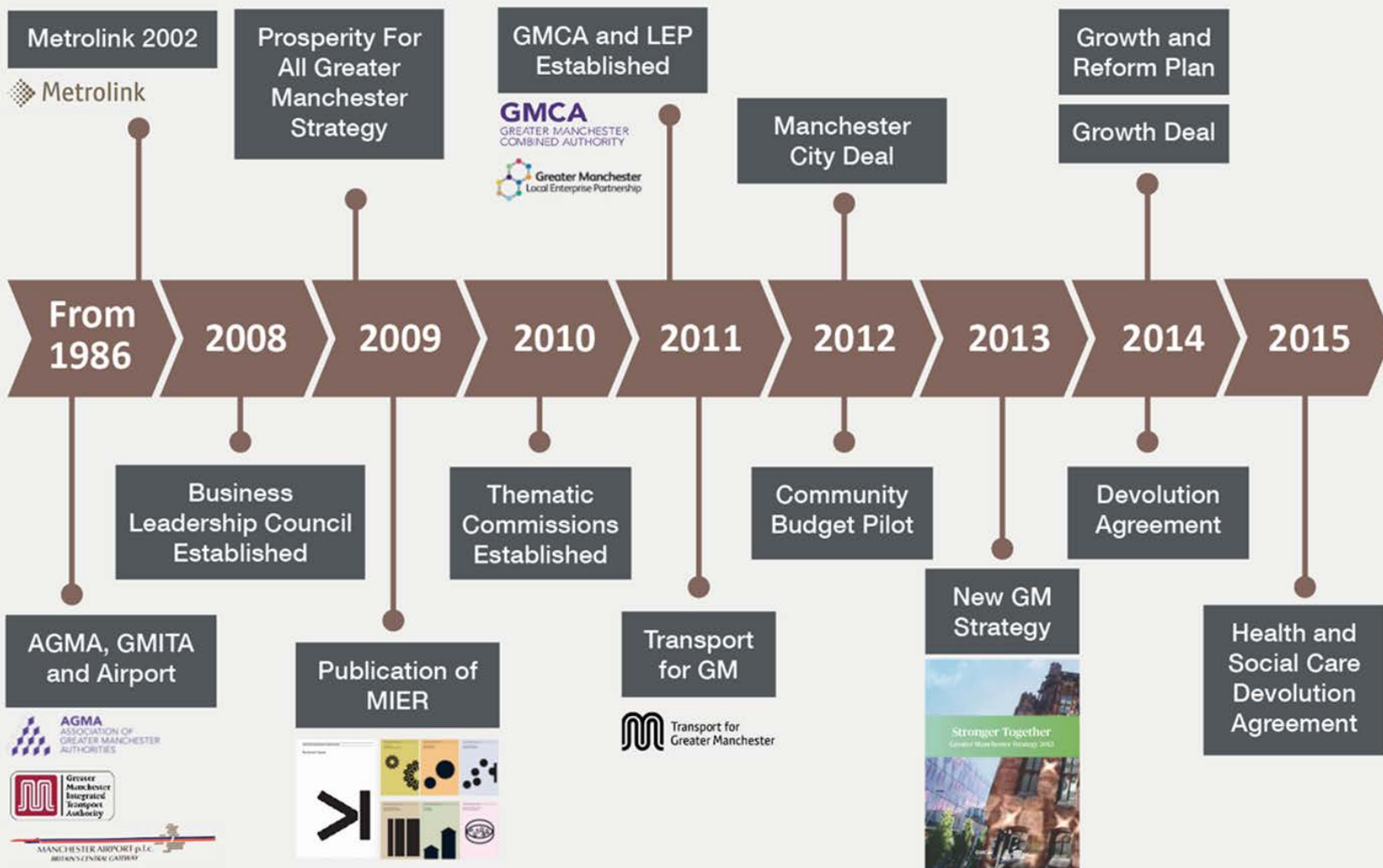


Save Lewisham Hospital!

www.savelewishamhospital.com

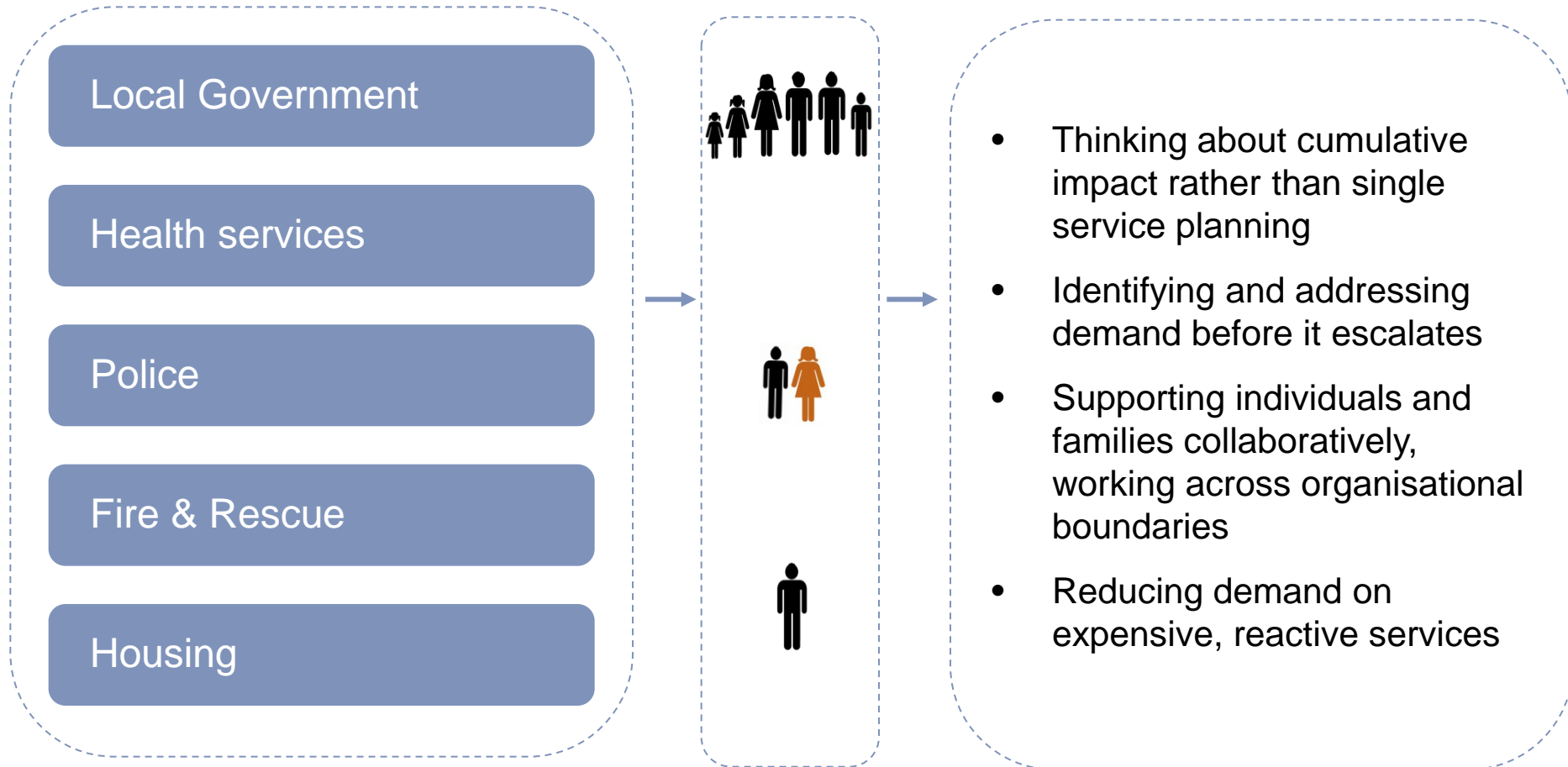


Greater Manchester: a history of working together



We're Shifting the Balance of Spending, Focusing Resources on Early Intervention and Prevention

Working in collaboration → to support GM residents → and improve outcomes



Greater Manchester Health and Social Care “Devo Diary”



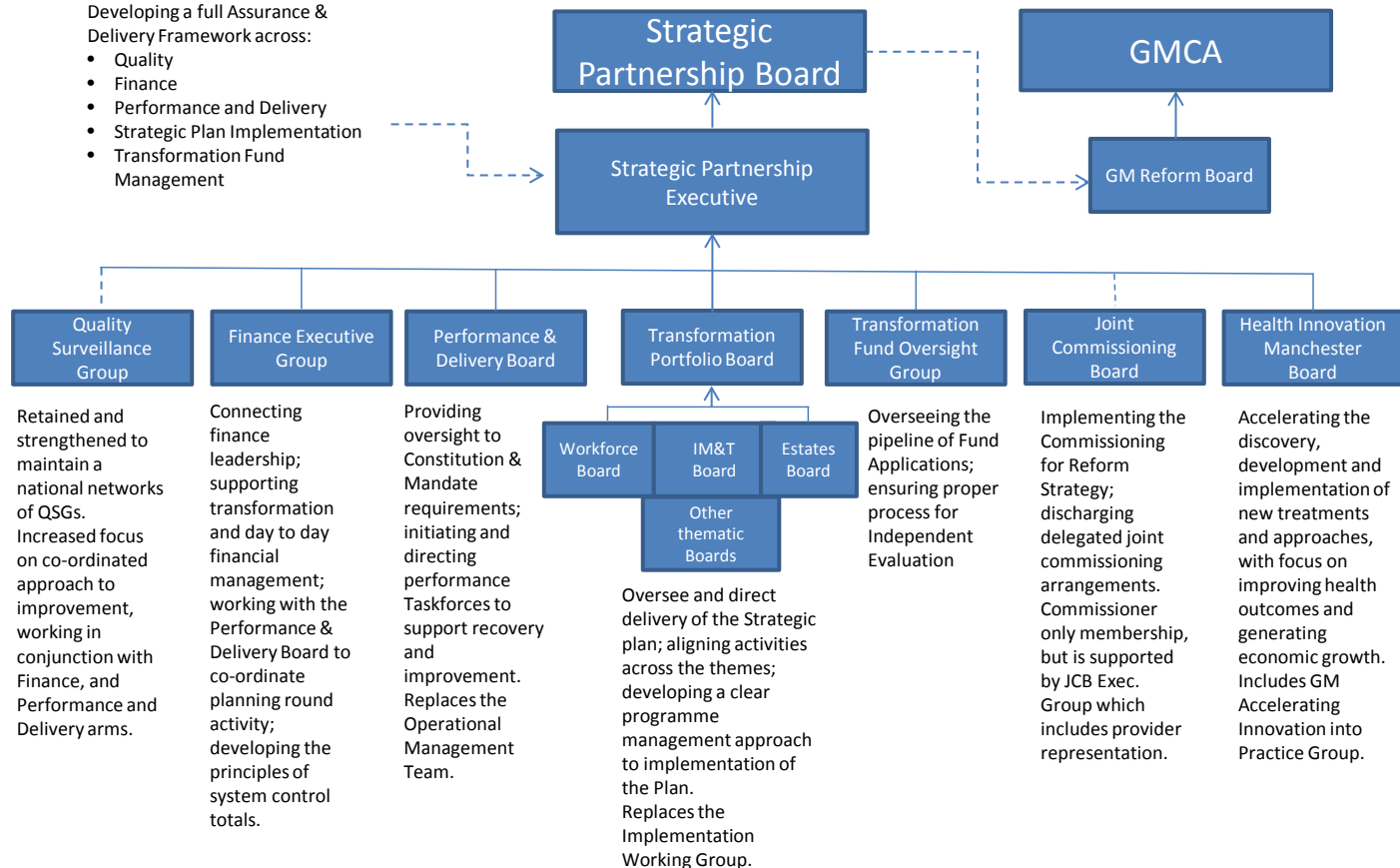
#takingcharge

Our Governance

Assurance & Delivery

Developing a full Assurance & Delivery Framework across:

- Quality
- Finance
- Performance and Delivery
- Strategic Plan Implementation
- Transformation Fund Management

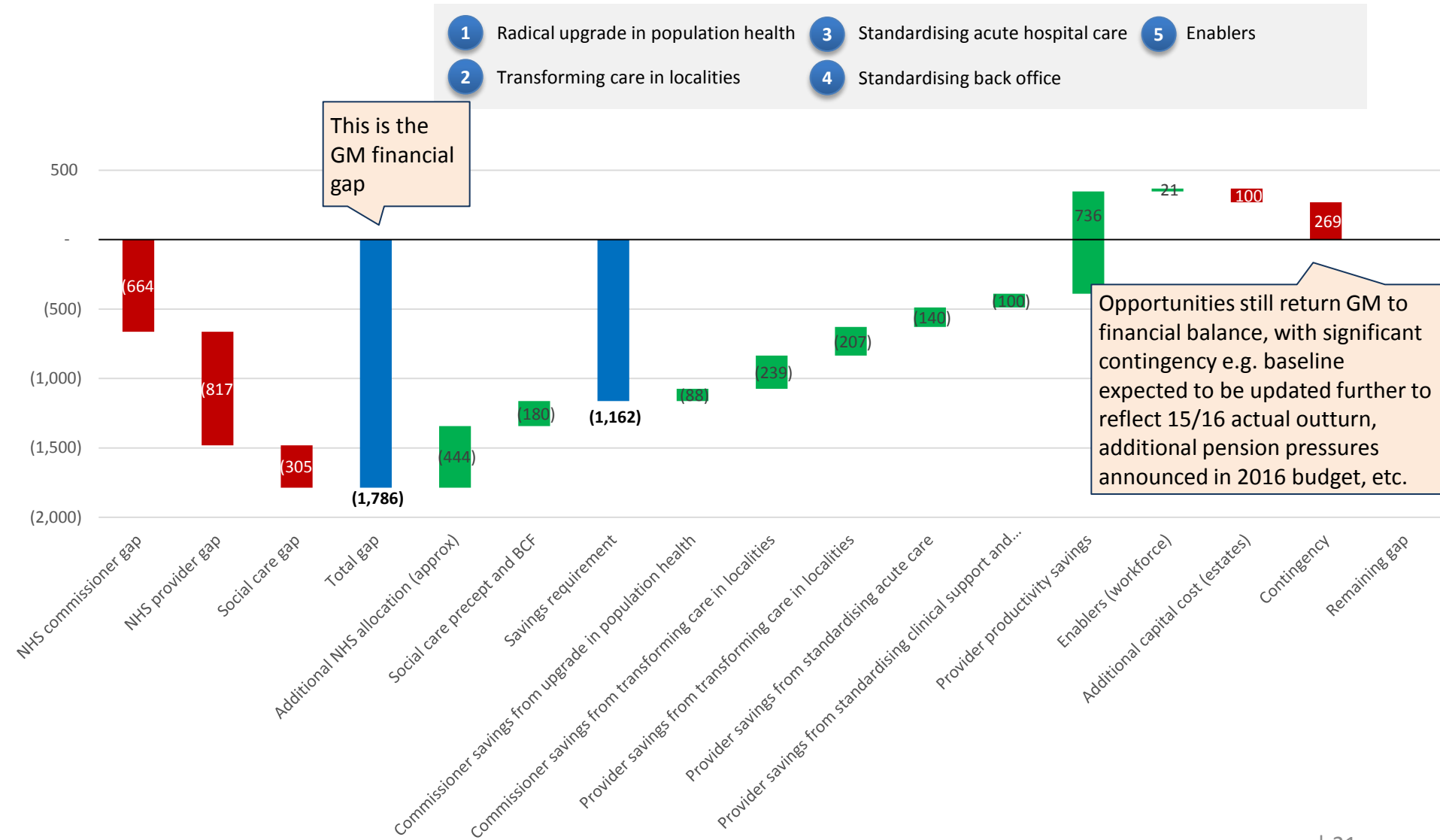


Finance

We have:

- Established Transformation Fund access and assessment process and made several awards
- Created a fund to support development of Transformation Fund proposals across the transformation portfolio, and made two awards
- All ten localities have set out five-year finance and activity plans 'roll-ups' to ensure a 'bottom-up' financial model for Greater Manchester.
- Updated our financial plan based on the most up-to-date information
- Made a clear evidence-based case to Government of the need for an increase in access to finance for social care in 2017/18.

The bridge has now been updated to reflect changes to assumptions, and recut to show the transformation themes



Lord Carter



Project Objective

Creating world class pathology services across Greater Manchester.

World class:

- Quality & Performance
- Workforce
- Efficiency and effectiveness
- Sustainability



Gain share agreement



GM Principles agreed

- Transparency
- Big gain and all will gain
- Any financial risk shared
- Quality and performance will improve for all
- Robust governance

Transformation fund



- £450m revenue over 5 years
- No capital
- GM looking at ways of getting capital

Project resources







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Questions ?