Payment by Results Data Assurance Framework 2008/09

Independent sector pilot briefing

August 2009

audit commission

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Introduction

1 The Payment by Results (PbR) Data Assurance Framework is designed to support data quality improvement in the NHS. It reviews the quality of key data that underpins payment under PbR and provides assurance that data is of sufficient quality for the system to function robustly.

2 The assurance framework was first implemented in the NHS in 2007/08[1]. The framework is a rolling programme of work developed and managed by the Audit Commission. It consists of:

- an independent audit programme of admitted patient care and outpatient data, investigating national themes and targeted clinical areas, covering all acute NHS trusts in England;
- the development of benchmarking indicators to target audits and for wider use online by PCTs and trusts; and
- national research, briefings and reporting on issues emerging from the audit programme and benchmarking analysis.

3 The assurance framework does not currently cover Independent Sector (IS) providers. It was always intended that IS providers of NHS activity would come under the assurance framework as they move on to NHS standard contracts managed by Primary Care Trusts (PCTs).

4 In preparation for this, the Department of Health (DH) asked the Audit Commission to undertake pilot reviews with three IS providers in 2008. The purpose of these reviews was to assess whether the methodology currently used within the NHS can be applied to IS providers. They also contributed to the Department of Health's wider independent sector data quality programme.

5 This briefing summarises the results and conclusions from these reviews and outlines the next steps in applying the assurance framework to the independent sector. An individual report for each provider involved in the pilot was produced. This included an agreed action plan to address recommendations. A workshop was held with pilot providers in January 2009 to discuss the findings and agree recommendations on the way forward.

[1] PbR Data Assurance Framework 2007/08: Findings from the first year of the national clinical coding audit programme, Audit Commission, August 2008

Audit methodology

6 The audit methodology used with NHS trusts consists of a clinical coding audit of 300[1] Finished Consultant Episodes (FCEs) using NHS Connecting for Health (NHS CFH) coding audit methodology. The audits are split across four areas: a national theme (100 FCEs) selected from two possible specialties (Trauma and Orthopaedics or General Medicine); and then a broad (100 FCEs), medium (70 FCEs) and focused (30 FCEs) area, corresponding to specialty, Healthcare Resource Group (HRG) chapter and individual HRG level. These areas were decided locally based on national benchmarking using the Commission's PbR National Benchmarker. Once completed, the financial impact of any errors identified was calculated by pricing the sample based on pre and post-audited coding data.

7 The methodology piloted with IS providers followed as much as possible the approach used in the NHS. However, the methodology was tailored to:

- limit the sample size to 100 FCEs to reflect the lower volume of activity undertaken by the providers;
- review at the broad (specialty) level only because of limited sample availability at chapter and HRG level;
- not target the audits using benchmarking information because of the lack of historical and sufficient quality data; and
- scale down pre-audit questionnaires and processes.

8 A local report for each provider was produced using the NHS template that identifies the financial impact of coding errors identified from the audit.

[1] 200 FCEs were reviewed at specialist trusts reflecting the lower volume and complexity of the casemix in these organisations

Findings and conclusions

Findings from the pilot reviews

9 The findings from the audits suggest that all the pilot providers had HRG and coding error rates in the upper quartile level when compared with NHS audit findings from 2008/09. One provider had a 100 per cent HRG error rate identified. This was because it did not record diagnosis coding. As a result, unclassified HRG codes were identified when their data was grouped using the national HRG grouper. Under PbR, unclassified codes do not attract payment. The financial impact of errors at the other providers was not significantly out of line with the NHS.

10 Clinical coding errors were significantly higher than those identified at NHS trusts. This was because many IS provider contracts are specified at an HRG level and activity is specific to the treatment centre or hospital reviewed. As a consequence, there had been a lack of prominence and investment in clinical coding. Most of the providers reviewed did not have dedicated and accredited clinical coding staff.

11 There was also a need to improve wider coding arrangements, including:

- development of coding policies and procedures to ensure consistency across the organisation;
- the need for wider clinician engagement and validation; and
- using all available information to provide better quality and depth of coding.

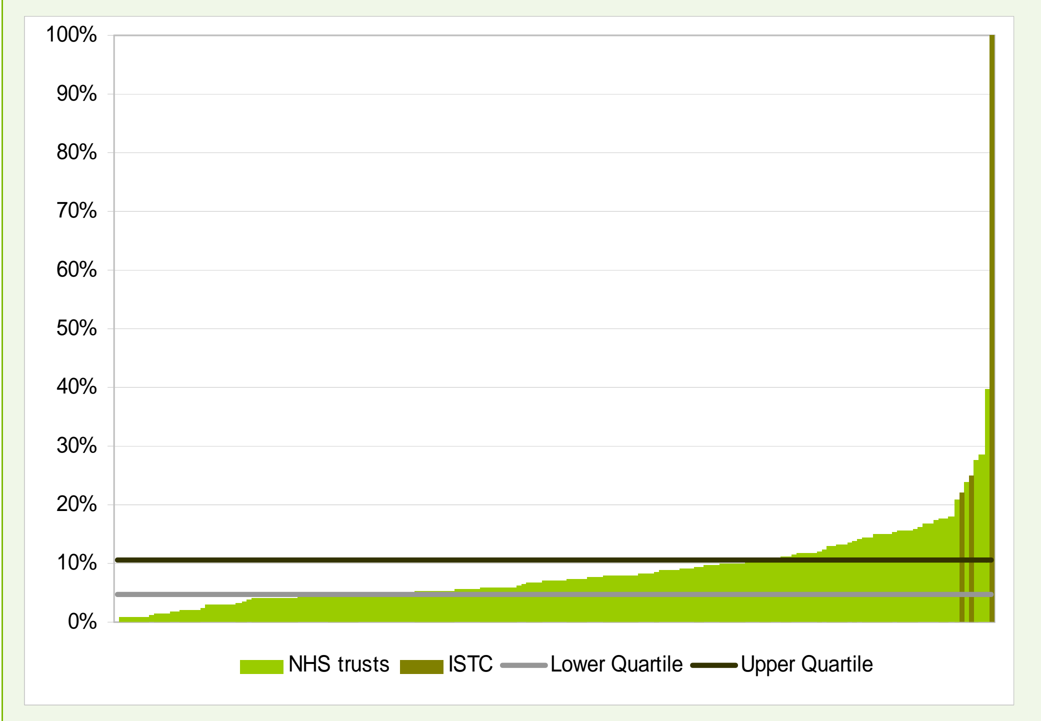
12 These issues are consistent with that identified at NHS trusts. Our coding auditors commented that most of documentation at the pilot providers was of a good standard.

13 It was clear from the reviews that IS providers have a lack of understanding and knowledge of PbR. This is to be expected given many providers are not yet exposed to the PbR system. However, this needs to be improved to limit risk when providers are fully exposed to the NHS market.

HRG error rates

14 Figure 1 shows the percentage of HRGs derived incorrectly from the pilot reviews compared with NHS trust error rates in the 2008/09 assurance framework audits. This identifies the three providers reviewed have error levels in the NHS upper quartile range, well above the average NHS level of 8.1 per cent.

Figure 1 Percentage of HRGs derived incorrectly 2008/09

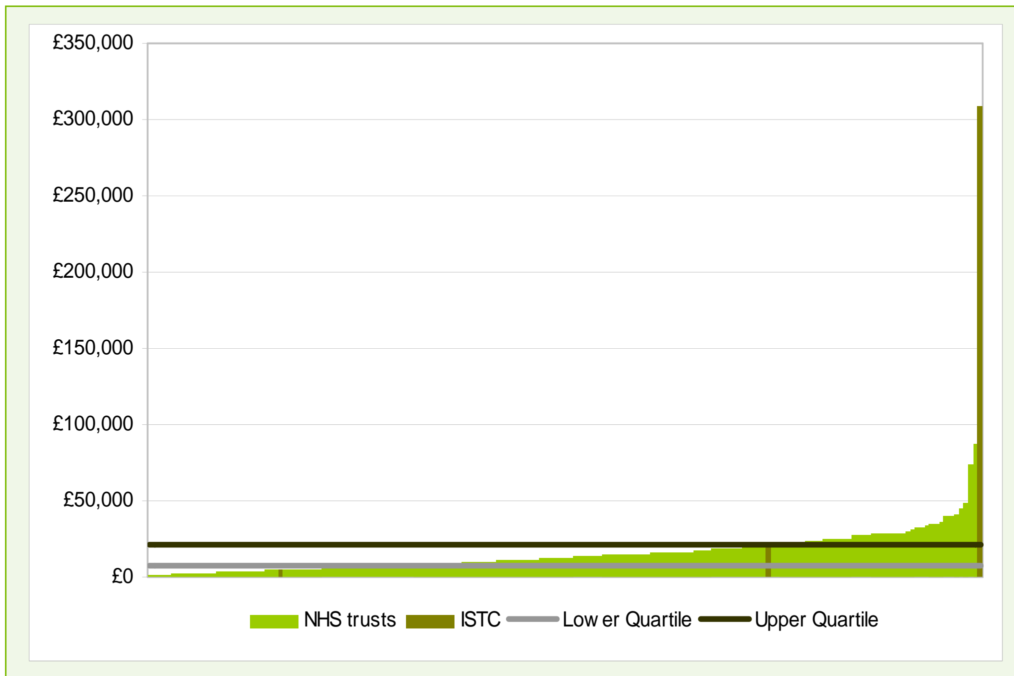


Source: Audit Commission

Financial impact of errors

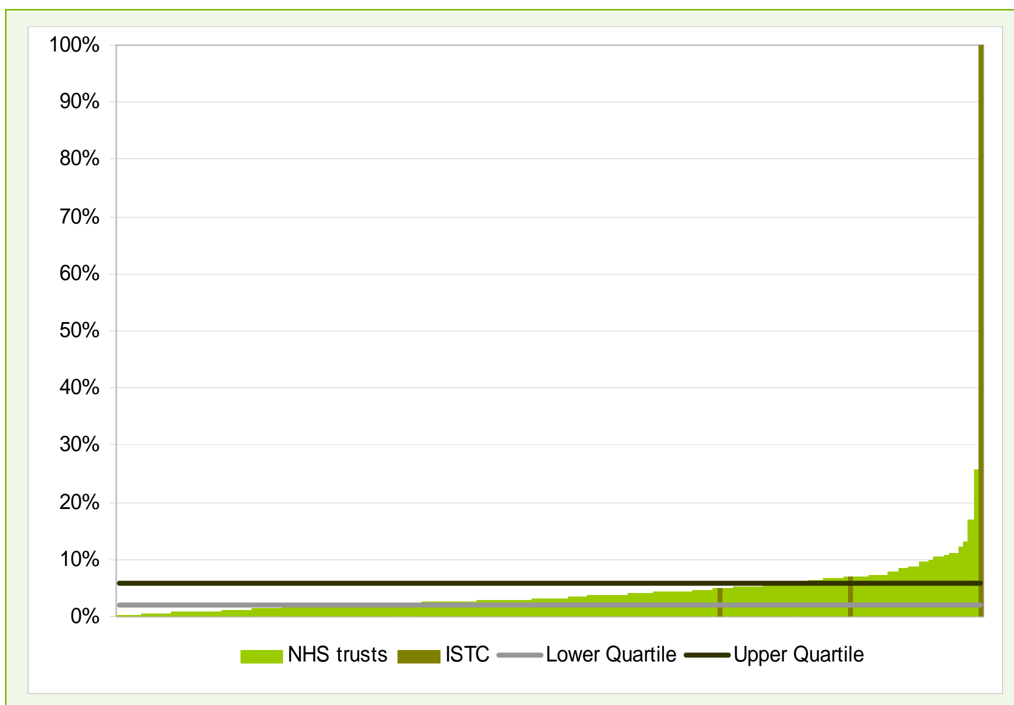
15 Figures 2 and 3 show the gross monetary value of the errors at HRG level. To produce this analysis, we treated the monetary value of all errors identified as a positive value and added them together. We have presented this as both an absolute figure (Figure 2) and a percentage of the sample (Figure 3).

Figure 2 Gross monetary value of errors 2008/09



Source: Audit Commission

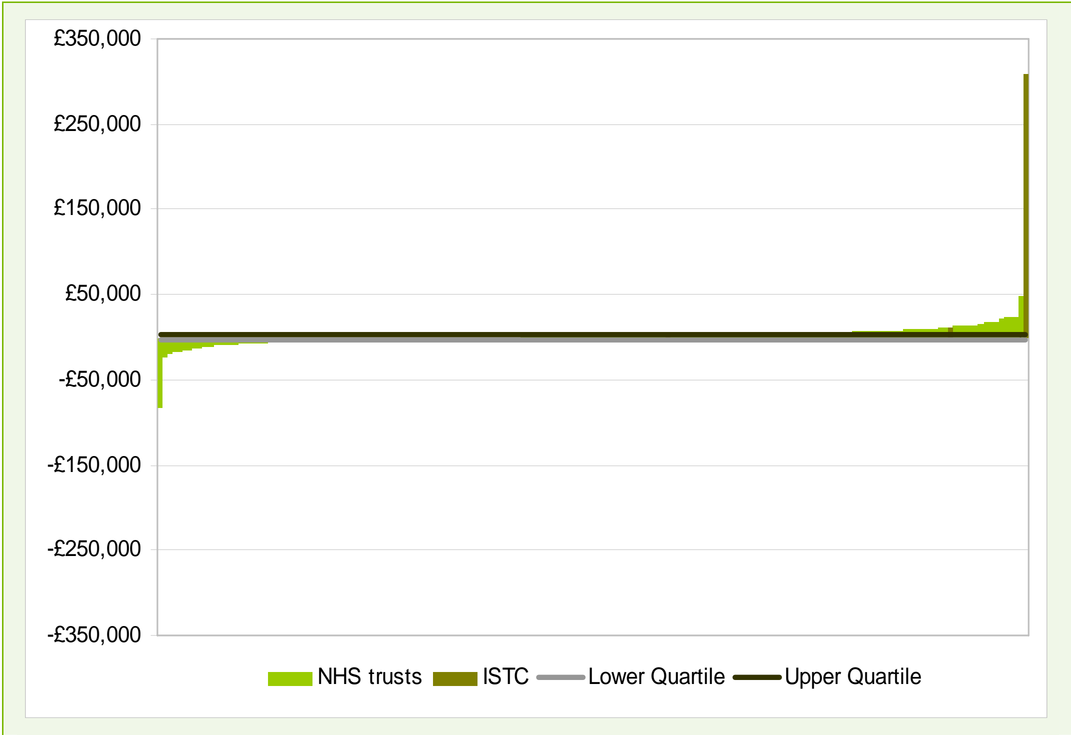
Figure 3 Gross monetary value of errors as a percentage of sample 2008/09



Source: Audit Commission

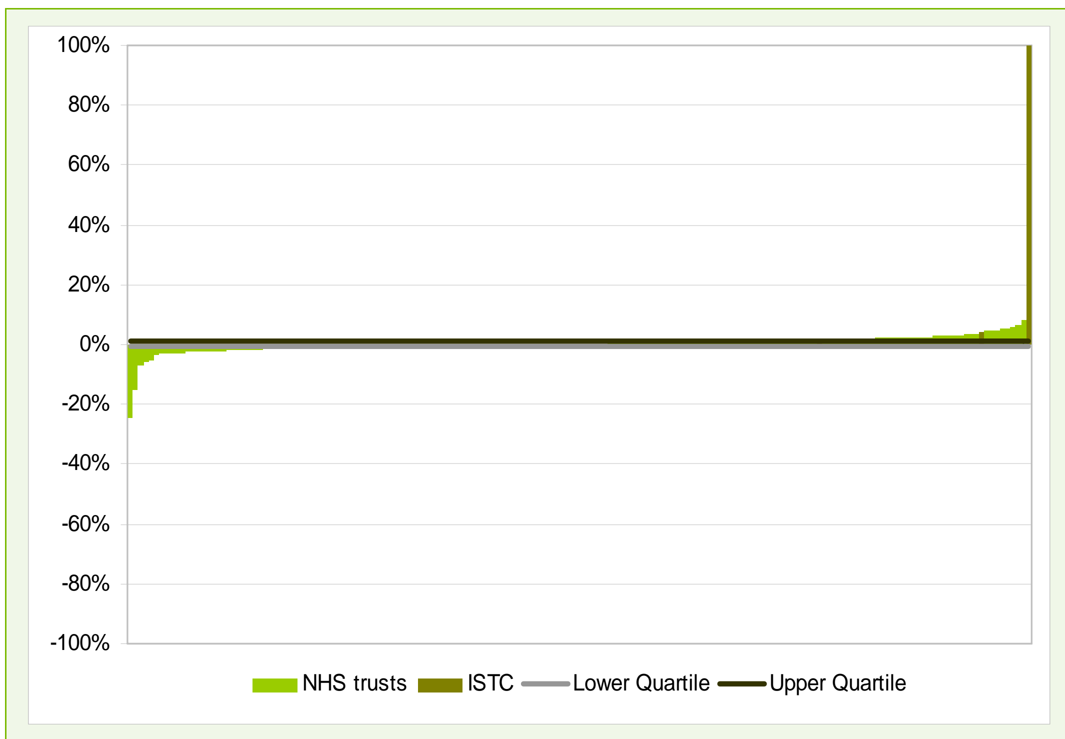
16 The net monetary value of errors is calculated by adding all the changes from the audits, both positive and negative, together to give a net financial impact for each provider. A negative figure is an overcharge to the commissioner. Figures 4 and 5 show the overall net monetary value of the HRG errors as an absolute figure and as a percentage of the total price of the sample.

Figure 4 Net monetary value of errors 2008/09



Source: Audit Commission

Figure 5 Net monetary value of errors as a percentage of sample 2008/09

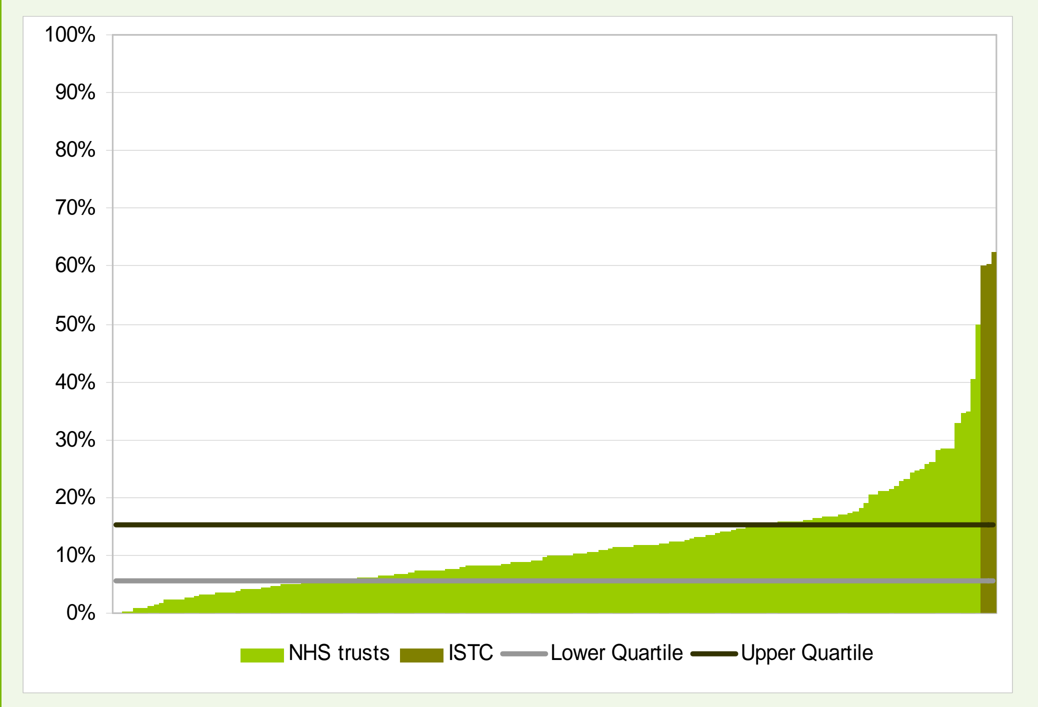


Source: Audit Commission

Clinical coding accuracy

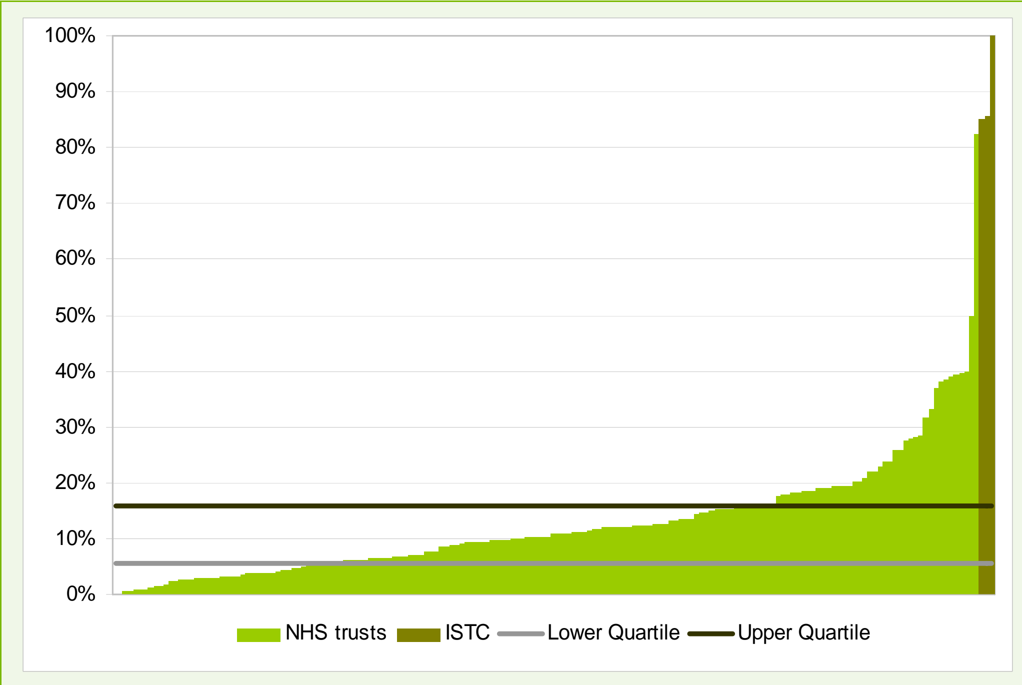
17 Figures 6-9 show the percentage of incorrect coding at the pilot IS providers compared with NHS trusts for primary and secondary procedure and diagnosis codes. This clearly shows that coding accuracy at the pilot providers reviewed is significantly lower than that of the NHS.

Figure 6 Percentage of primary procedures recorded incorrectly 2008/09



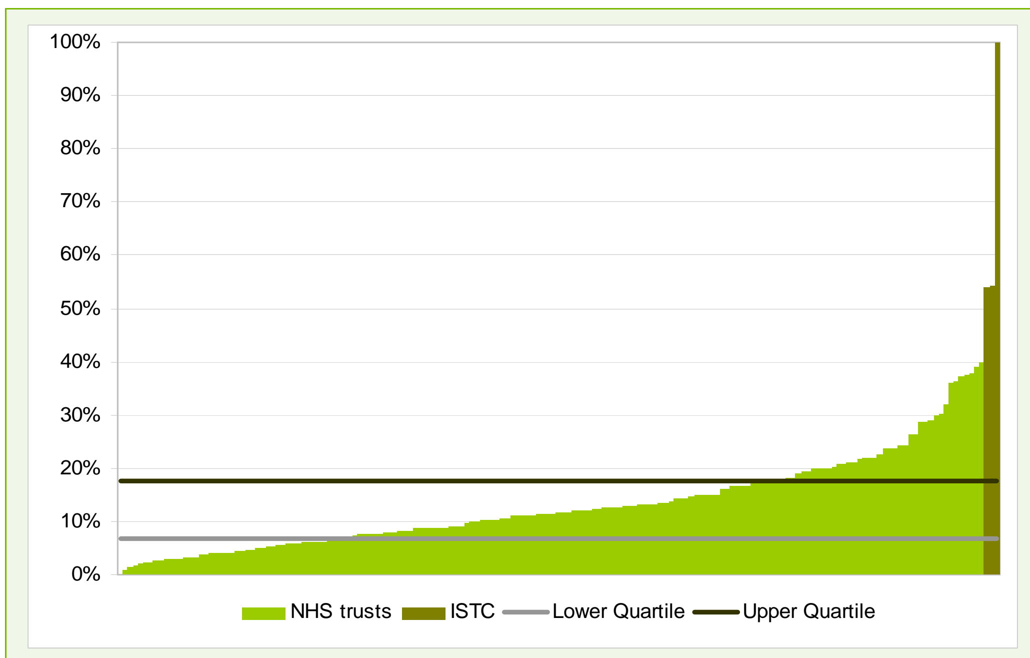
Source: Audit Commission

Figure 7 Percentage of secondary procedures recorded incorrectly 2008/09



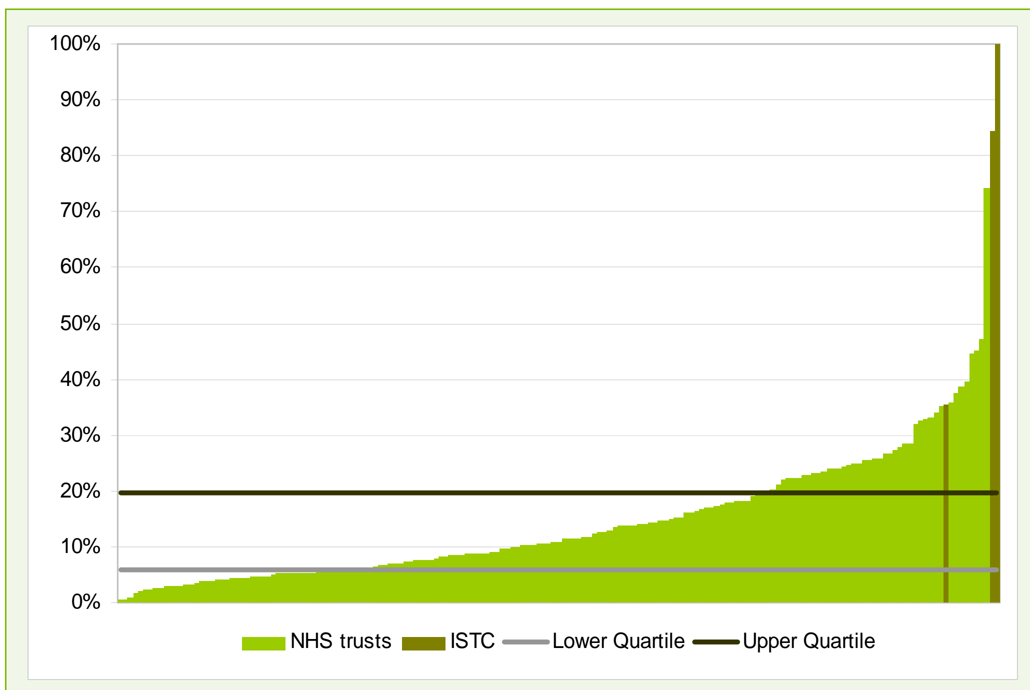
Source: Audit Commission

Figure 8 Percentage of primary diagnosis recorded incorrectly 2008/09



Source: Audit Commission

Figure 9 Percentage of secondary diagnosis recorded incorrectly 2008/09



Source: Audit Commission

Audit methodology

18 The pilot providers agreed the audit methodology used was applicable to the independent sector. The only significant tailoring needed was in relation to the size of the sample reviewed. This would need to be determined based on the activity undertaken by the individual hospital or centre.

19 The integration of independent sector data within the PbR National Benchmarker was endorsed by the pilot providers but, given the specific activity undertaken by many providers, its use for targeting areas for audits may be limited.

Next steps

20 Each of the pilot providers has an agreed action plan included within their local report. This should provide direction in addressing the issues identified from the audits. The recommendations made within the report will be followed up as part of any subsequent audit, either internal or external. Preliminary indications suggest that all the pilot providers have already made significant progress in implementing the recommendations made.

21 One of the messages identified from the review was the lack of understanding and knowledge of PbR. This will become increasingly important as IS providers move on to standard NHS contracts managed by PCTs. Providers have a clear business incentive to improve their understanding. We suggested the Department of Health could assist with education and awareness of PbR. This has started to happen with a PbR workshop for the independent sector in June.

22 The pilot reviews indicated that, with some minor tailoring, the audit methodology used for the assurance framework in the NHS can be applied to independent sector providers. The Commission has therefore agreed to the following actions.

- Obtain independent sector representation on its PbR assurance working and advisory groups.
- Update the PbR National Benchmarker to include independent sector activity.
- Integrate the independent sector into the assurance framework programme from 2010/11 onwards.

Further information

23 Further information on the assurance framework can be found on our website www.audit-commission.gov.uk/pbr including:

- national reports and analysis;
- summary audit results for all trusts;
- comparative profiles for all Strategic Health Authorities, PCTs and trusts;
- detailed case studies on what some trusts are doing to address key improvement areas and how trusts and PCTs are using the PbR National Benchmarker; and
- a consultation document on proposals for the assurance framework in 2010/11.

24 More information on the PbR National Benchmarker is available at: www.audit-commmisson.gov.uk/pbrbenchmarking.

The Audit Commission

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