PAYMENT BY RESULTS FOR KIDNEY DIALYSIS SERVICES

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On behalf of the PbR for Kidney Dialysis Project Group
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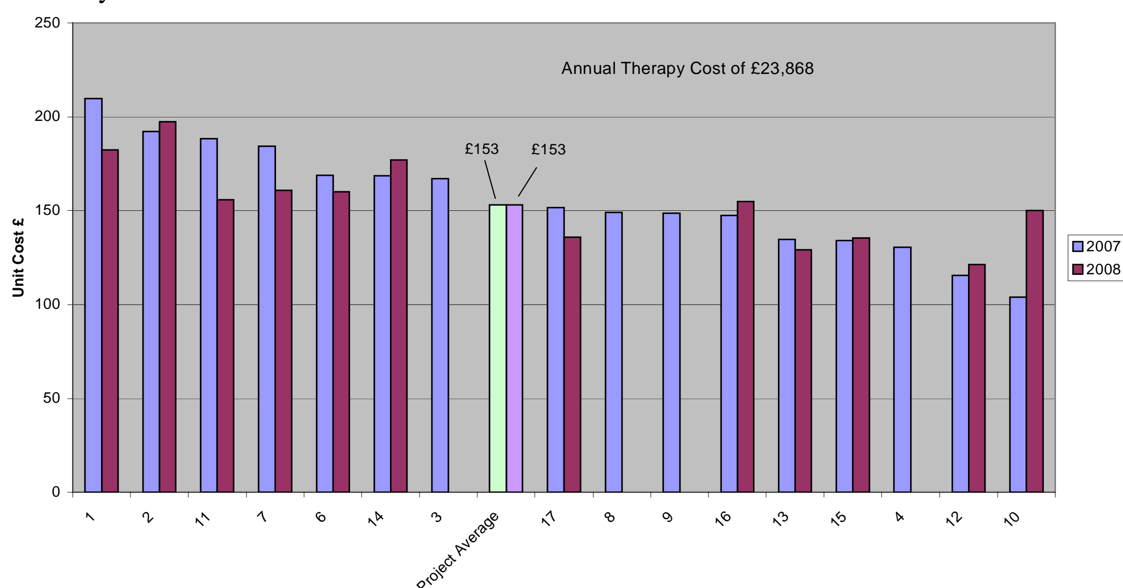
BACKGROUND: In 2000 the NHS plan introduced the intention to link allocation of funds to hospitals to activity. Historically, renal units have tended to be paid according to "block contracts", in which a fixed sum of money is paid for a specified service, or "cost and volume" contracts which specified the activity and payment in more detail. Payment by Results (PbR) has been gradually introduced since 2003 as a transparent, rules-based system for paying trusts using a national tariff. National tariffs are based on reference costs, which form part of the mandatory activity and cost returns NHS Trusts have to provide for patients receiving clinically similar treatments, which use common levels of healthcare resource. These treatments are grouped into Healthcare Resource Groups (HRGs). Examples include 'Haemodialysis/Filtration on Chronic Renal Failure patient 19 years and over' and 'Peritoneal Dialysis on Chronic Renal Failure patient 19 years and over'. A review of 2005 – 06 Reference Costs showed a wide range of returns for renal services. For example, the returned sessional costs for hospital based haemodialysis ranged from £45 to £342.
METHODS: The PbR for Kidney Dialysis Project Group was established in October 2007, with support from the PbR Clinical Advisory Panel and Renal Advisory Group, in order to understand and address the key issues that would prohibit development of tariffs for renal services. The Project Group collected and analysed detailed costs from 16 Trusts, reconciling individual Trust data submissions based on the 2007 National Schedule of Reference Costs collection exercise with the actual data received by the Project Group. The 16 Trusts provided 41% of haemodialysis activity in England and were a representative cross section in terms of size, number of satellite units, size of home dialysis programmes, and provision of transplantation. In addition the Project Group produced a checklist to help inform and improve the preparation of 2008 reference costs, which was circulated to Chief Executives and Finance Directors of all Trusts. Participant Trusts then shared their provisional 2008 reference cost submissions in September 2008 prior to formal submission
RESULTS: Analysis of methodology and financial detail of 2006-07 reference costs revealed considerable variation in unit costs, which the Project Group considered unacceptable for tariff calculation at that time. Reference costs varied considerably according to the modality, and whether haemodialysis was delivered in the main unit, satellite unit or home. Analysis of data from Trusts providing data for 2007-08 tended to show little difference in average reference costs for dialysis treatments, but there was convergence around the mean, with a reduced range. As an example, reference cost data for different Trusts for 2006-07 and 2007-08 are shown. The average reference cost for 2006-07 (green) and 2007-08 (purple) was the same, but there was less variation around the mean for 2007-08 data. Similar results were achieved for other dialysis HRG codes.



Reference cost returns for Haemodialysis/Filtration on Chronic Renal Failure patient 19 years and over
CONCLUSIONS: The variability in 2006-07 reference costs for dialysis preclude introduction of a mandatory tariff based on average cost at the present time. Introduction of checklists and improved guidance may form the basis for more robust tariff guidance in the future.