

## **Outcome Based Contracting**

### Introduction

Outcomes based contracting identifies a group of clients (for example people with mental illnesses or frail elderly) and then identifies the outcomes that the commissioners want for those people. It then funds a single provider or group of providers to deliver these outcomes for people.

This is combined with relatively long contracts (5 years with an option to extend for another 2) to give providers incentives to bring about significant change through using incentivised outcomes. The contract is cost capped to give providers responsibility for activity costs.

One of the benefits of outcomes based contracts is that it supports groups of providers to create a single clear pathway for patients. This is often accompanied by vertical integration – where services from the community to the hospital and back again become part of one single management structure and accounting framework. The advantages of community and acute health providers working together is that they focus on the final outcome for the patient rather than just what happens whilst they are responsible for care.

The overall shift (particularly for the NHS) is away from paying for hospital activity towards a system of paying for agreed outcomes. Monitor is now responsible for the NHS payment system and has stated that their long-term aim is to develop a payment system that supports delivery of good quality care for patients in a sustainable way.

### Background

Within Oxfordshire there has been longstanding NHS interest in developing new ways of commissioning based on outcomes to deliver the scale and pace of change required. In March 2012 Oxfordshire Clinical Commissioning Group (OCCG) decided to change how it commissioned a range of services by introducing an outcomes orientated approach to commissioning and contracting.

In January 2013 OCCG published an Outcomes Based Contracting report and secured external support for the remainder of the work. A number of public engagement events were held which helped to develop the outcomes being used for the new model and three Outline Business Cases were produced.

Outcomes based contracting is now being pursued for two areas – mental health and older people. These are both already commissioned via pooled budgets between Oxfordshire County Council (OCC) and OCCG. These areas are being procured via a most capable provider assessment to ensure that OCCG is assured that the

provider(s) are willing and capable of delivering services that will improve identified outcomes.

The OCC Cabinet received a paper from the Director of Adult Social Services at its meeting in September and agreed to support the transition of the NHS to focus on outcomes rather than activities as the right direction for the benefit of the health of people in Oxfordshire. Authority to negotiate OCCs engagement with the two OBC contracts was delegated to the Director of Adult Social Services with certain conditions.

### Outcomes we are Seeking to Achieve

Building on what patients and the public told us, the following outcomes were agreed and contracts will be paid on an incentivised basis to deliver them:

#### Mental Health

- People with severe mental illness will live longer
- People will improve their level of functioning
- People will receive timely access to assessment and support
- Carers will feel supported in their caring role
- People will maintain a meaningful role
- People will continue to live in stable accommodation
- People will have better physical health

#### Older People

- As an older person or carer, I want to be helped to be healthy and active
- As an older person or carer, I want to be helped to be as independent as possible in the best place for me
- As an older person or carer, I want to be helped to be as independent as possible and when I am in need or care, it is safe and effective
- As an older person or carer, I want to be helped to be as independent as possible and have a good experience and treated with respect and dignity

#### Current Position with Mental Health

The services in scope for mental health include current health services, social care, housing, activity and employment services commissioned from the mental health pooled budget. The value of the contract will be in the region of £35m per annum.

At the May 2014 Governing Body meeting, OCCG agreed the commencement of the Most Capable Provider Assessment of Oxford Health NHS Foundation Trust (OHFT) and its voluntary sector partners (Oxfordshire Mind, Restore, Response, Connection and Elmore Community). A formal invitation to demonstrate capability against the most capable provider assessment was issued in June with an evaluation panel formed to assess the Partnerships proposals.

The panel consisted of OCC and OCCG representatives as well as service users and carers and external expertise. The assessment was against a number of

detailed criteria designed to test capability within a number of broad areas. The evaluation panel determined that the proposal met the threshold set out in the most capable provider assessment and recommended that OCCG should proceed to negotiate a fully compliant NHS standard outcomes based contract with Oxford Health NHS Foundation Trust as lead provider within the Partnership.

The Governing Body agreed this recommendation at its meeting in September 2014 and contract negotiations with the Partnership will be commencing shortly.

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The overall budget being considered for older people is £76.6m with the following services proposed in scope:

- Community Hospitals
- EMU / Healthier at Home
- Hospital at Home
- Stroke early supported discharge
- Single Point of Access
- Emergency admissions
- A&E attendances
- Supported Hospital Discharge
- Oxfordshire Reablement Service

Evaluation of the proposals is currently in process with a recommendation expected to the November meeting of the Governing Body.

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