

PWYLLGOR CYLLID FINANCE COMMITTEE

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| DYDDIAD Y CYFARFOD: DATE OF MEETING: | 29 September 2020 |
| TEITL YR ADRODDIAD: TITLE OF REPORT: | CHC Fee Uplifts 2020/21 |
| CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR: | Jill Paterson, Director of Primary Care, Community and Long Term Care |
| SWYDDOG ADRODD: REPORTING OFFICER: | Simon Shelton, Senior Contracting Business Partner Sian Hurley, Head of Healthcare Contracting |

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Penderfyniad/For Decision

ADRODDIAD SCAA

SBAR REPORT

Sefyllfa / Situation

This paper seeks support from the Finance Committee in regard to fee uplifts (2020/21), for clients who are in receipt of externally commissioned care within Hywel Dda University Health Board (HDdUHB) for:

- Long Term Care (LTC) Services
- Mental Health and Learning Disabilities (MHLD)
- Children

The paper sets out the proposed uplifts and financial demands for each of the Directorates, and the impact upon the available reserves.

Cefndir / Background

There is an annual uplift for Continuing NHS Funded Health Care (CHC) and Funded Nursing Care (FNC). The current CHC fee structure and uplifts are based on an approved historical fee model which combines the Funded Nursing Care with the Local Authority (LA) inflationary rates.

The information within this paper provides the requisite detail around the proposed fee increases and, pending the decision of the Executive Team, the level of funding to be released to the Directorates in 2020/21.

1. Long Term Care

The Long Term Care Directorate (LTC) is responsible for commissioning services for all adults who require a nursing placement or package of care with the Independent Sector (excluding MHLD). Externally commissioned services include:

- CHC in Standard Nursing Homes (General and Elderly Mental Infirm - EMI)
- CHC in specialist/ bespoke homes and placements
- Domiciliary Care (CHC)
- Funded Nursing Care (FNC)
- Section 117

- Jointly funded Packages of Care

The remit and packages of care commissioned by the LTC team (through the 3 Counties Budgets), are set out below:

General Nursing & EMI

In previous years, in order to ensure that the fee payment for a client qualifying for CHC would never be less than that for a standard residential nursing placement who is eligible for FNC, the Health Board (HB) has followed a process, whereby the fee structure is predicated on an agreed methodology. Subsequently, the CHC fees are uplifted in line with the 3 LAs.

For 2020/21, the three LAs have proposed the following uplifts for General Nursing and EMI:

| | General Nursing | | | | | |
|-----------------|------------------|----------------|------------------|----------------|------------------|--------------------|
| | 18/19 Base Rates | 19/20 % Uplift | 19/20 Base Rates | 20/21 % Uplift | 20/21 Base Rates | Uplift 19/20-20/21 |
| Carmarthenshire | 528.74 | 3.79% | 548.79 | 4.88% | 575.56 | 26.77 |
| Ceredigion | 569.23 | 4.00% | 592.00 | 4.25% | 617.16 | 25.16 |
| Pembrokeshire | 578.85 | 1.00% | 584.64 | 13.76% | 665.09 | 80.45 |

| | EMI Nursing | | | | | |
|-----------------|------------------|----------------|------------------|----------------|------------------|--------------------|
| | 18/19 Base Rates | 19/20 % Uplift | 19/20 Base Rates | 20/21 % Uplift | 20/21 Base Rates | Uplift 19/20-20/21 |
| Carmarthenshire | 608.04 | 3.89% | 631.71 | 5.02% | 663.41 | 31.70 |
| Ceredigion | 605.77 | 4.00% | 630.00 | 4.25% | 656.78 | 26.78 |
| Pembrokeshire | 612.48 | 1.00% | 618.6 | 16.49% | 720.61 | 102.01 |

Therefore, the total weekly cost to the HB is set out below:

| | General Nursing | | | |
|-----------------|-----------------|-------------|--------------------|----------------------|
| | 19/20 Rates | 20/21 Rates | Uplift 19/20-20/21 | Uplift 19/20-20/21 % |
| Carmarthenshire | 728.76 | 761.96 | 33.20 | 4.56% |
| Ceredigion | 771.97 | 803.56 | 31.59 | 4.09% |
| Pembrokeshire | 764.61 | 851.40 | 86.79 | 11.35% |

| | EMI Nursing | | | |
|-----------------|-------------|-------------|--------------------|----------------------|
| | 19/20 Rates | 20/21 Rates | Uplift 19/20-20/21 | Uplift 19/20-20/21 % |
| Carmarthenshire | 811.68 | 849.81 | 38.13 | 4.70% |
| Ceredigion | 809.97 | 843.18 | 33.20 | 4.10% |
| Pembrokeshire | 798.57 | 907.40 | 108.83 | 13.63% |

The costing model used by Pembrokeshire LA has not previously been updated since 2012, resulting in varying yearly uplifts and predicated on an annual percentage as opposed to in-depth costing return. Pembrokeshire has, however, now updated the fee structure in line with the Judicial Review Judgement in 2015. The outcome of the Judicial review was that Pembrokeshire County Council needed to update their fee structure after 5 years. Therefore, in 2020/21 there has been a significant fee increase compared to previous years. For example, in 2019/20 there was a 1% uplift; however the ratified uplift within Pembrokeshire County Council in 2020/21 is 16.49% for EMI Nursing and 13.76% for General Nursing. The HB would have preferred a phased approach, as opposed to a significant increase in one financial year.

The following reasons for increases have also been provided by Pembrokeshire County Council in devising the aforementioned fees:

- The 6.2% National Living Wage increase
- Regulatory changes
- Recruitment challenges
- Care needs have increased and become more complex since 2012
- General inflationary increase and rising costs of providing care

The HB was working with Pembrokeshire County Council around the fee structure for 20/21; however, due to the COVID pandemic, the final uplifts were not undertaken jointly, and the HB is now actively reviewing the fee structure and methodology for 21/22 with LAs partners.

Bespoke/ High Cost Packages

There has been no formal agreement (formula) relating to rate increases for specialist/ high cost homes. Historic cost has remained relatively static, however some providers do uplift these fees annually and new admissions have been commissioned at the provider's revised rates.

The uplifts in 2020/21 will align with the LAs for Jointly Commissioned Packages in relation to Bespoke packages. Furthermore, the HB has set a residual amount aside for 100% Health Commissioned Packages. The amount set aside is predicated on each package receiving at least a 2% uplift for individual providers who come forward Therefore, reviews can be undertaken on a case-by-case basis.

| | General Nursing | EMI | Out Of County | Dom Care | TOTAL |
|--------------------------|-----------------|---------------|---------------|---------------|----------------|
| Carmarthenshire | 7,990 | 23,094 | 23,856 | 11,673 | 66,613 |
| Ceredigion | 3,447 | 5,540 | 13,147 | 4,044 | 26,179 |
| Pembrokeshire | 14,905 | 5,000 | 11,170 | 22,518 | 53,594 |
| TOTAL Uplift Cost | 26,342 | 33,635 | 48,174 | 38,235 | 146,386 |

NB: this does not form part of the reserve, and will need to be built into the 2021/22 Integrated Medium Term Plan to ensure any uplift is recurrent.

Domiciliary Care

There has been no formal agreement regarding rate increases for domiciliary providers, with historic fees remaining largely static. The HB faces pressure from providers to uplift fees in

2020/21, and there is an on-going risk regarding the stability of the domiciliary care market. The LTC Team have already met with some providers and readjusted the hourly rate where this was particularly low.

In January 2020, the UKHCA (United Kingdom Homecare Association) announced its new calculation for the Minimum Price for Homecare of £20.69, taking into account the UK's statutory National Minimum Wage and National Living Wage increases.

It is therefore suggested that an element of the reserves (circa £63k) will be held for any uplift requests received from providers of packages which are commissioned by the HB. This represents a 2% uplift being made available to Domiciliary Care. As with Bespoke packages, this requires individual providers to come forward to claim the uplift.

Funded Nursing Care (FNC)

FNC rate is determined annually on an All Wales basis. Recommendations for the 2020/21 uplift were taken through the HDdUHB Executive Team meeting in November 2019 and approved for the financial years 2019/20 and 2020/21. This section therefore serves as information only, as the rate was subsequently approved by Board in November 2019.

FNC is a financial contribution towards the cost of a registered nurse, where this has been assessed as necessary.

The FNC rate was uplifted from £172.96 (2019/20) to £179.13 for 2020/21 and was allocated to the LTC Directorate budget in Month 3.

The amount of reserve released to support the FNC uplift was £100,147.

Costs outlined in this paper are based on the actual costs as recommended by the All Wales Directors of Finance and Chief Executive Officers groups.

HBs will be working together to develop a new FNC methodology, with the intention for this to be in place by the 2021/22 financial year.

Table 1 – CHC General Nursing & EMI

Table 1 below demonstrates the cost impact of CHC General Nursing and EMI in relation to each of the 3 Counties:

| | General Nursing | EMI | Bespoke | Dom Care | TOTAL |
|--------------------------|------------------------|----------------|----------------|-----------------|----------------|
| Carmarthenshire | 60,621 | 137,635 | 33,727 | 3,695 | 235,678 |
| Ceredigion | 46,437 | 39,572 | 12,499 | 2,767 | 101,274 |
| Pembrokeshire | 259,107 | 299,939 | 21,035 | 20,322 | 600,402 |
| TOTAL Uplift Cost | 366,165 | 477,146 | 67,260 | 26,783 | 937,354 |

The table clearly demonstrates the impact of the uplifts to be applied by County for jointly funded packages. Moreover, both General Nursing and EMI uplifts are predicated on the methodology set out above.

2. Mental Health and Learning Disabilities

The MHLD Commissioning Team is responsible for the commissioning of all Learning Disability and Adult Mental Health placements made with private sector providers.

The range of services commissioned includes:

- Low security hospital placements
- Locked rehabilitation inpatient services
- Residential and Nursing Care
- Supported Living
- Domiciliary Care / Community Support
- Day Services (Private and Local Authority)
- Residential schools and colleges
- Respite

Current fee setting arrangements

Generally, MHLD placements are bespoke and individually commissioned, therefore rates vary in this respect, dependent on need.

The HB is the Lead Commissioner for circa 30 packages that are 100% CHC funded. This is undertaken via the All Wales framework arrangements, using the Commissioning Care Assurance Performance System (CCAPS) for MHLD residential or independent hospital placements only. Fee uplifts for services procured under these two national frameworks are built into this process and there are fixed opportunities for fee refresh that the HB is obligated to accept.

The majority of commissioned packages are jointly funded and the Lead Commissioner role is held by the 3 LAs, who have individual procurement arrangements for commissioning services from providers who have completed their framework/ pre-qualification processes.

The LAs lead any fee discussion in collaboration with the MHLD Commissioning Team for any services outside of the national framework arrangements.

Table 3 – Mental Health and Learning Disabilities – Uplifts

The Table below sets out the total costs to the 2020/21 reserves for MHLD:

| Service | Local Authority/ Contract | Service | Uplift for 20/21 | MH 20/21 Total Annual Cost |
|---------------------|------------------------------|---|---------------------|----------------------------------|
| Mental Health | Ceredigion LA | Residential & Nursing Care - Bespoke | 4.25% | £50,003.77 |
| Mental Health | Ceredigion LA | Residential & Nursing Care - OP Standard Rate | 4.25% | £3,215.74 |
| Mental Health | Ceredigion LA | Supported Living | 4.25% | £12,092.25 |
| Mental Health | Ceredigion LA | Dom Care | 4.25% | £751.94 |
| Mental Health | Carmarthenshire LA | Residential & Nursing Care - Bespoke | 3.85% | £67,645.90 |
| Mental Health | Carmarthenshire LA | Residential & Nursing Care - OP Standard Rate | 3.85% | £34,537.19 |
| Mental Health | Carmarthenshire LA | Supported Living | 2.75% | £6,260.26 |
| Mental Health | Carmarthenshire LA | Dom Care | 4.95% | £33,374.24 |
| Mental Health | Carmarthenshire LA | Medication | 2.00% | £486.76 |
| Mental Health | Pembrokeshire LA | Supported Living | 5.42% | £10,753.60 |
| Mental Health | Pembrokeshire LA | Dom Care | 7.23% | £340.79 |
| Mental Health | Pembrokeshire LA | Medication | 2.00% | £129.59 |
| Mental Health | Hywel Dda 100 % | Secure Services (CCAPS Costs) | CCAPS | £31,919.77 |
| Mental Health | Hywel Dda 100 % | Health Led CCAPS Contract (not secure services) | CCAPS | £32,752.81 |
| Learning Disability | Ceredigion LA | Residential & Nursing Care - Bespoke | 4.25% | £89,505.80 |
| Learning Disability | Ceredigion LA | Supported Living | 4.25% | £20,965.16 |
| Learning Disability | Ceredigion LA | Dom Care | 4.25% | £5,281.14 |
| Learning Disability | Ceredigion LA | Day Service - LA Provided | 4.25% | £2,916.83 |
| Learning Disability | Carmarthenshire LA | Residential - Bespoke | 3.85% | £119,876.11 |
| Learning Disability | Carmarthenshire LA | Residential -OP Standard Rate | 3.85% | £4,760.79 |
| Learning Disability | Carmarthenshire LA | Supported Living | 2.75% | £29,466.64 |
| Learning Disability | Carmarthenshire LA | Dom Care | 4.95% | £18,542.76 |
| Learning Disability | Carmarthenshire LA | Day Service - Private Sector | 4.34% | £22,422.45 |
| Learning Disability | Carmarthenshire LA | Day Service - LA Provided | 4.34% | £2,384.57 |
| Learning Disability | Hywel Dda 100% | Secure Services (CCAPS Costs) | CCAPS | £45,409.65 |
| Learning Disability | Pembrokeshire LA | Supported Living | 5.42% | £49,384.61 |
| Learning Disability | Pembrokeshire LA | Dom Care | 7.23% | £21,388.85 |
| Learning Disability | Pembrokeshire LA | Day Service - LA Provided | 5.42% | £2,776.36 |
| Learning Disability | Pembrokeshire LA | Day Service - Private Sector | 5.42% | £0.00 |
| Learning Disability | Pembrokeshire LA | Other | 0.00% | £1,404.09 |

£720,750.42

3. Children

There is a Regional Children's Framework in place with two care providers: Crossroads Sir Gar and Hafal Crossroads. The Framework contract commenced in June 2019 for a period of 4 years.

Based on the LA fee structure, the proposed uplift is 5.48%.

This equates to a proposed uplift for 2020/21 of £44,501, based on an average of LA Domiciliary Care uplifts.

Reserve Allocation

Following the Integrated Medium Term Plan (IMTP) process undertaken in 2019/20, £2.4m was allocated to CHC to support fee uplifts for 2020/21.

Growth was allocated to the Directorates in Month 1, based on the increase in average clients from 2018/19 to 2019/20, to be more reflective of actual growth and support any additional pressures e.g. Pembrokeshire uplift.

The FNC rate was uplifted from £172.96 to £179.13 for 2020/21, as communicated to the Board in 2019 when a paper was submitted detailing the uplift for the financial years 2019/20 and 2020/21.

The residual amount (£1.8m) is intended to fund the above uplifts and is set out below:

Table 4 – Reserve Allocation

| | £ |
|--|------------------|
| RESERVE Opening Balance | 2,384,603 |
| <i><u>Already allocated</u></i> | |
| CHC Growth | -176,980 |
| MH Growth | -342,078 |
| FNC | -100,147 |
| Sub Total Reserves Remaining | 1,765,398 |
| <i><u>To be allocated - pending decision</u></i> | |
| CHC - Table 1 | -937,354 |
| MH&LD - Table 2 | -720,750 |
| Children | -44,501 |
| Remaining Resereve | 62,792 |
| Dom Care - Re-allocation of balance | -62,792 |
| Reserve Balance | 0 |

Options Appraisal:

There are two options for the Finance Committee to consider:

Option 1

Option 1 is a 2% inflationary based uplift. This is where 2% is applied to current rates (within NCCD) regardless of the Category of Care of a package or whether it is jointly funded with the LA.

| | General Nursing | EMI | Bespoke | Dom Care | TOTAL |
|--------------------------|-----------------|----------------|---------------|--------------|----------------|
| Carmarthenshire | 26,613 | 53,825 | 13,710 | 1,493 | 95,641 |
| Ceredigion | 22,344 | 13,981 | 5,210 | 1,302 | 42,837 |
| Pembrokeshire | 47,941 | 44,574 | 8,551 | 5,621 | 106,687 |
| TOTAL Uplift Cost | 96,899 | 112,380 | 27,471 | 8,416 | 245,166 |

The call on reserves would be **£245K** should Option 1 be the preferred option.

Risks

- From a provider perspective, the CHC rate would generate less income than an FNC client.

- The HB would not be aligned to the LA rates which would cause significant market issues.
- Providers would find it difficult to maintain staffing levels.
- The sector and Care Forum Wales are likely to challenge this uplift, with potential legal challenge around whether the HB has taken “usual cost” into full consideration.

Benefits

- The total sum is clearly within the quantum of reserves, with residual monies retained for other potential CHC issues/ pressures.

Option 2

Option 2, (previously referred to as the ‘*Status Quo*’ option), is calculated by applying a percentage uplift to the Base Rate in line with LAs, adding FNC and LA Elements (as per Table 1 earlier in the report):

| | General Nursing | EMI | Bespoke | Dom Care | TOTAL |
|--------------------------|-----------------|----------------|---------------|---------------|----------------|
| Carmarthenshire | 60,621 | 137,635 | 33,727 | 3,695 | 235,678 |
| Ceredigion | 46,437 | 39,572 | 12,499 | 2,767 | 101,274 |
| Pembrokeshire | 259,107 | 299,939 | 21,035 | 20,322 | 600,402 |
| TOTAL Uplift Cost | 366,165 | 477,146 | 67,260 | 26,783 | 937,354 |

The call on reserves would be **£937K**, should Option 2 be the preferred option. This is within the reserve amount and would be more acceptable to LAs and providers.

Risks

- There would be no difference between FNC and CHC rates.
- Ceredigion homes have rejected this fee model for CHC patients in the past, resulting in a lack of local care provision in the county.
- Increases in care needs may continue to trigger 1:1 requests and additional costs over and above base rate fees.
- Fees may not be sufficient to attract new entries into the market or to sustain current providers who have signalled an intention to de-register nursing beds.
- The consequence of having differential uplifts i.e. not aligned to the Pembrokeshire uplift may have a detrimental impact on finding suitable CHC placements.

Benefits

- The total sum is within the financial allocation held in reserves.
- The statutory requirement to take ‘usual costs’ into consideration when setting fees has been undertaken by the respective LA.
- LAs have engaged extensively with the market throughout the fee-setting process, therefore the risk of Judicial Review is reduced.

Outcomes Based Commissioning

As part of the financial uplifts being proposed, it is the intention of the teams to work on developing a set of Patient Reported Outcome Measures (PROMs). This will allow HDdUHB to monitor the quality outcomes for each patient. The proposal would be to focus on Pembrokeshire in the first instance, as the fee increase is significantly higher than in Carmarthenshire and Ceredigion.

Finally, it is worth noting that the HB is actively reviewing the fee structure and accompanying methodology for 2021/22. This is going to be a complex piece of work; however, it is the intention of the team(s) to keep all parties fully abreast of the developments.

Argymhelliad / Recommendation

The recommendation is for Finance Committee to support Option 2.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

| | |
|--|---|
| Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor: | 4.4 Regularly review contracts with key delivery partners |
| Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score: | N/A |
| Safon(au) Gofal ac Iechyd: Health and Care Standard(s): | Governance, Leadership and Accountability 3. Effective Care 5. Timely Care All Health & Care Standards Apply |
| Amcanion Strategol y BIP: UHB Strategic Objectives: | 4. Improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners. |
| Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement | Improve efficiency and quality of services through collaboration with people, communities and partners |

Gwybodaeth Ychwanegol:

Further Information:

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| Ar sail tystiolaeth: Evidence Base: | Contained within the report |
| Rhestr Termiau: Glossary of Terms: | Contained within the report |

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| Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee: | This report is intended for Executive Discussion |
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| Effaith: (rhaid cwblhau) Impact: (must be completed) | |
|---|--|
| Ariannol / Gwerth am Arian: Financial / Service: | The proposed financial modelling would create a cost pressure, as the monies requested are over and above the available quantum within the reserves. |
| Ansawdd / Gofal Claf: Quality / Patient Care: | The Quality and Patient Care aspect is the key reason for this paper. |
| Gweithlu: Workforce: | N/A |
| Risg: Risk: | N/A |
| Cyfreithiol: Legal: | N/A |
| Enw Da: Reputational: | N/A |
| Gyfrinachedd: Privacy: | N/A |
| Cydraddoldeb: Equality: | N/A |