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Hywel Dda
University Health Board

Partnership Working - Commissioning Arrangements

Finance and Performance Committee – 16 December 2025

Introduction

External commissioning and contracting arrangements form a significant and established part of Hywel Dda University Health Board's (HDdUHB) expenditure. They secure access to specialist services that are not delivered in-house; but also create exposure to financial and operational risk if tariffs, activity and service models are not aligned. A sustained programme of work has been in place to monitor, test and, where necessary, challenge these arrangements. This paper provides an update on that work across several material contracts and pathways, and sets out the current position, areas of agreement and disagreement with providers, and the proposed next steps.
The scope of the paper covers:

- The Swansea Bay University Health Board (SBUHB) Long Term Agreement (LTA), with a focus on emergency coding and tariff application, the elective orthopaedics block and neurology arrangements.
- The Termination of Pregnancy (ToP) contract and associated shift in activity to HDdUHB.
- The South-West Wales arrangements via the NHS Wales Joint Commissioning Committee (NWJCC), in particular cardiac pathways including Transcatheter Aortic Valve Implantation (TAVI) and the drivers of the current overspend.
- Cardiff and Vale University Health Board (CVUHB)-hosted paediatric scoliosis surgery and the introduction of 3D printed surgical guides.
- The developing position in relation to severe acute pancreatitis, as an example of a low-volume, high-cost specialist pathway where there is dispute about commissioning scope and price.

The main body of the report deliberately focuses on the key issues and the principles we are proposing to apply, rather than reproducing all of the underlying analysis. The detailed contractual, activity and financial information that underpins each section is set out in the appendices. This includes the coding reviews, tariff comparisons, block and SLA breakdowns, trend data and worked-through options. The appendices are provided both to support ongoing negotiations with SBUHB, NWJCC and CVUHB, and to give the Committee further assurance and a deeper level of detail on the issues summarised in the report, should members

SBUHB Emergency Admissions and Coding

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Contract: £44.4m Budget | Month 6 Position

Uncoded Activity – Contract Breach

Coding remains critically low at Month 6. Many patients discharged as early as April remain uncoded:

83%	82%	25%
Emergency uncoded	Elective uncoded	Daycase uncoded

Contract requires 95% coded within one-month post-episode. Default tariffs create significant financial exposure (e.g. emergency ortho defaults £10,024 vs potential coded £3,918). Potential risk of NWJCC misallocation.

SDEC Coding Errors – Acknowledged

HDdUHB analysis identified patients incorrectly coded to SDEC-type pathways, inflating activity and costs. SBUHB acknowledged and applied provisional adjustment:

£367k full-year adjustment at M6

Resolution timelines remain unclear whilst SBUHB works with informatics to correct recording process.

Proposal

No payment for uncoded activity breaching 95% requirement. Apply 23/24 emergency activity levels until SDEC issue resolved.

Zero-Day LoS – Full Tariff for Short Stays

Analysis of zero-day emergency cases found:

764	44%	59%
Zero-day cases	of emergency activity	discharged under 4hrs

Admissions as low as 8 minutes. Charges for 0 LoS range from £1,153–£10,024. Total cost: £1.2m–£1.7m. Key specialties: Oral/Maxillofacial (141), Midwifery (99), General Surgery Uncoded (91), Vascular (79), Obstetrics (77).

Short-Stay Tariff Proposal

Option 1 – Banded tariff (0 LoS, 764 cases):

Under 4hrs	4–8hrs	Over 8hrs
£450	£900	£1,400

Total = £538k vs current £1.2m–£1.7m

Option 2 – 20% of full tariff (0–1 LoS, 1,063 cases: Total = £345k–£494k (similar to English approach)

Potential saving: £0.9m–£1.4m annually

SBUHB Orthopaedics, Neurology and High Cost Drugs

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Elective Orthopaedics

LTA £2.68m + Regional £21.7m

The Issue

SBUHB received £18m regional orthopaedic funding yet underperforms against LTA which was not uplifted for regional activity:

Daycase: **70 below plan**

Elective IP: **23 below plan**

New OP: **260 below plan** (not part of regional funding inc for completeness)

Follow-up OP: **609 below plan** (not part of regional funding inc for completeness)

Activity not materially above 2018/19 levels. HDdUHB also outsourcing orthopaedic cases at premium cost. OP underperformance only reimbursed at 70% marginal rate, with the £1.58m blocked.

Progress & Proposal

£1.1m credit secured for 24/25 and 25/26. Continue to pursue full £2.68m removal (additional £1.58m) OR extend full tariff adjustments to all elective activity (additional circa £900k mitigation).

Neurology – Double Charging and Tariff

Significant LTA cost driver

A. Locally Provided Services

Activity charged through both LTA and SLA – consultant time via SLA, patient activity via LTA. All work takes place on HD sites by SBU consultants. Historical arrangement (10+ years) lacking transparency.

Infrastructure costs also included which HD considers inappropriate relating to patients going to SBUHB for HCD administration.

B. Daycase vs RDA Tariff

Since 19/20, daycase admissions increased by circa 160% whilst RDAs decreased. Many patients regularly attending for treatment (e.g. immunoglobulins – 8 patients had 105 daycase episodes) should meet RDA definition.

Daycase tariff: **£942**

RDA tariff: **£381**

DC YTD: **518 above plan** (175 total in 18/19)

RDA YTD: **157 below plan** (zero activity)

Proposal

Cease locally provided services component of LTA; implement robust SLA for all HD site work. Apply RDA tariff for patients with multiple attendances for same treatment.

High-Cost Drugs (NICE/HCD)

Growing cost pressure across LTAs

Context

High-Cost Drugs and NICE-mandated treatments represent a significant and growing element of LTA costs. These are largely non-discretionary expenditures driven by clinical need and national guidance yet create material financial pressure on commissioning budgets.

Link to Activity Growth

The increase in Neurology daycase activity is partly driven by patients requiring regular high-cost drug infusions (e.g. immunoglobulins). This creates a compound effect – tariff inflation from daycase classification plus drug costs.

Financial Impact

NICE/HCD costs are increasing across multiple specialties within the SBUHB contract. Detailed analysis of HCD impact is included in appendix.

Monitoring Action

Continue to review HCD trends and ensure appropriate pass-through arrangements are in place. Challenge any HCD charges where clinical pathway does not support usage.

Wider Commissioning: NWJCC, CVUHB and SAP Pathway

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NWJCC – Month 7 Position

£4.4m	£7.7m	£627k
M7 overspend	Forecast	HD share

Key Drivers for HDdUHB

PICU and NICU at UH Bristol. TAVI and Specialised Cardiology at SBUHB – 149 cases to date vs 125 plan (60 HD residents, up from 48 same period 24/25).

IMTP Concerns Raised

Draft plan focuses on risks and additionality, not efficiencies or resource reallocation required under flat cash. Limited time for decisions – substantial proposals requiring QIAs may not align with planning timelines.

Action

Continue engagement. Cardiac review underway to rebase activity and tighten TAVI referral criteria. Monitor that criteria being applied.

C&VUHB – Paediatric Scoliosis

C&V contract: £6.8m | 15 scoliosis cases/year

The Issue

Following Spinal Network meeting (16 Sept), C&VUHB confirmed consultant team will not undertake scoliosis surgery without 3D-printed surgical guides, citing patient safety and quality. Successfully tested to reduce screw malposition rates.

Financial Exposure

Costs from 1 January 2026. Average £5k per guide, ranging up to £10k.

Contract: 15 cases/year (14 in 24/25)
Potential exposure: **up to £150k annually**
Not factored into current contract

Proposed Mitigation

Reallocate from orthopaedic underperformance (140 below plan YTD, only 100 cases to date). Note: overall contract already overperforming, limiting flexibility as this would reduce areas of underperformance.

Severe Acute Pancreatitis Pathway

Regional commissioning gap

Background

HDdUHB holds £173k LTA with SBUHB for pancreatic surgical services (baseline 32 cases). SBUHB has clarified their HPB service is commissioned for pancreatic cancer surgery only.

The Gap

SAP support was provided historically on "goodwill basis" pending a Service Delivery Network programme that no longer exists. SBUHB states they lack infrastructure (24/7 IR, interventional EUS, dedicated MDT) for sustainable delivery. Activity data: 3 cases of pancreatic other vs 16 planned; consistent underspend.

Proposed Solution

Rebase SBUHB contract explicitly to cancer-only, reflecting actual scope. Establish direct SAP pathway with CVUHB (who have offered interim prior approval support) within existing £173k envelope contained within the Swansea Bay contract.

Potential funding required but this approach mitigate the full financial risk.

Successes and Systemic Issues

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Oncology/Neurology Challenge – SBUHB agree

HDdUHB analysis identified Oncology and Neurology outpatient activity being charged via the LTA despite being carried out on HDdUHB sites by HDdUHB staff. SBUHB has acknowledged this was inappropriate and agreed to exclude from Month 7 monitoring onwards. This demonstrates the value of detailed contract scrutiny.

ToP Contract – Terminated

Post-COVID, SBUHB lost ward access and ToP activity ceased, yet funding was never repatriated. HDdUHB has developed in-house provision up to 20 weeks gestation. Six-month notice served (ends January 2026) with funding to transfer back to support continued service development and address quality/safety for time-sensitive cases.

Orthopaedic Credit – £1.1m Secured

Successfully negotiated credit within SBUHB LTA for 24/25 and 25/26, recognising the overlap between LTA funding and regional orthopaedic investment. Negotiations continue for full removal of £2.68m LTA element or extension of full tariff adjustments to all elective activity (additional circa £900k mitigation as we would only pay on actual instead of the current block).

Systemic Pattern – Provider Behaviour Under Financial Pressure

The Health Board is experiencing an increasing pattern of providers issuing formal notices to cease or restrict services, citing insufficient funding or lack of formal commissioning arrangements. Three recent examples illustrate this concerning trend:

1. HPB/SAP – SBUHB clarifying service is cancer-only after several years of assumed coverage
2. Orthoplastic referrals – SBUHB expecting prior approval for revisions/infections
3. 3D surgical guides – CVUHB mandating funding for research project without commissioning engagement

The Marginal Rate Problem

Current arrangements mean providers retain 30% of underperformance whilst demanding full funding for new requirements. However, the commissioner does benefit from marginal rate where there are material areas of over-performance. ITU Bed Days £1400 per day marginal rate vs £2000 at Full Cost.

Balanced View Between Commissioner and Provider

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Where you sit determines what you see – all parties face the same financial pressures

Issue	HDdUHB Position	Provider Counter-Position
SBUHB Emergency Tariff & Coding	Short-stay admissions (59% under 4hrs) should not attract full tariff. 83% uncoded breaches contract. 20% approach saves £0.9m–£1.4m.	If full HRG basis applied, SBUHB would pursue English tariff adjustments for complexity and comorbidities – potentially increasing charges overall.
SBUHB Neurology	Daycase tariff (£942) includes infrastructure; RDA (£381) appropriate for regular attenders. Double-charging via LTA + SLA for HD-site work.	MS infrastructure costs require additional funding beyond tariff. Complex patient cohort justifies daycase classification and current arrangements.
SBUHB Orthopaedics	£18m regional funding overlaps with £2.68m LTA. Activity not above 2018/19 levels. Never exceeded LTA baseline – this is double charging.	Regional funding was for additional capacity, not replacement of existing LTA. Costs have increased; baseline should be maintained separately.
NWJCC / TAVI	TAVI cases rising (149 vs 125 plan). Patient criteria should govern access – unclear whether protocol being followed. Costs escalating unchecked.	Clinical need drives referrals. Patient criteria met on case-by-case basis. Questioning clinical decisions risks patient access to evidence-based treatment.
C&VUHB Scoliosis	3D guides introduced via research without commissioning engagement. £150k unfunded cost being imposed unilaterally on commissioners.	Patient safety and quality mandate 3D guides – reduces screw malposition. Cost differential reflects genuine service improvement.
SAP Pathway	£173k LTA should cover SAP or be rebased. Provision exists within contract; discussing cost differential, not entirely new funding.	HPB service commissioned for cancer only. SAP requires 24/7 IR, interventional EUS, dedicated MDT – infrastructure not funded.

Key Insight: Each party's position is internally consistent and defensible. The fundamental tension is that all Welsh health boards face the same financial pressures – every pound saved by one commissioner is a pound lost by another provider. Resolution requires either agreed methodology and a commissioning framework or escalation to all-Wales arbitration.

Wider Considerations and Looking Ahead

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The Commissioning Environment

Whilst HDdUHB has achieved several positive outcomes this year, we recognise these negotiations are becoming increasingly difficult. Every Welsh health board faces the same financial constraints- our gains often become provider losses (and vice versa). This creates an adversarial dynamic contrary to collaborative principles.

2025/26 and Beyond

Financial pressures will intensify. Flat cash, rising costs, and workforce challenges mean contract negotiations will become harder. Providers will challenge commissioner positions with equal force, and service withdrawal notices may become more common.

Risk of Perception

HDdUHB's robust approach to contract challenge could be perceived as adversarial or non-collaborative by partner organisations. We must balance legitimate financial protection with maintaining collaborative relationships essential for patient care across boundaries.

Implications for Committee

The positions in this report represent HDdUHB's legitimate interests. However:

1. Provider counter-arguments have merit within their own frames
2. Resolution may require compromise rather than outright wins
3. Some disputes may need escalation to all-Wales forums
4. The cost of protracted disputes may exceed the sums at stake and risk wider progress

Suggested Approach

Pursue with conviction: Emergency tariff reform and coding enforcement – clear contractual matters with quantifiable impact.

Seek agreed methodology: Orthopaedics, Neurology – jointly-agreed costing models rather than unilateral positions.

Escalate appropriately: NWJCC/TAVI criteria adherence – through formal governance with evidence.

Negotiate pragmatically: SAP pathway, 3D guides – focus on cost differentials and realistic envelopes.

Recommendations

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The Committee is asked to:

NOTE

The LTA financial position at M6, including HDdUHB's identified challenges and the counter-positions held by provider organisations operating under the same financial pressures.

DISCUSS

The balance between robust contract enforcement and maintaining collaborative relationships with partner Health Board, recognising that resolution may require compromise on some issues.

SUPPORT

With conviction: Emergency tariff reform and coding enforcement as clear contractual matters. **Through negotiation:** Orthopaedic and Neurology arrangements via jointly-agreed methodology where possible.

RECEIVE ASSURANCE

That the approach to commissioning challenges are robust - pursuing legitimate interests whilst recognising provider perspectives and the wider context of NHS Wales financial sustainability.

ACKNOWLEDGE

That these negotiations will become harder in 2026/27 and beyond, and that escalation to all-Wales forums may be required where bilateral resolution proves impossible.

Prioritised Actions

PURSUE WITH CONVICTION

- Short-stay emergency tariff (April 2026)
- 95% coding enforcement

SEEK AGREED METHODOLOGY

- Orthopaedic LTA / regional funding overlap
- Neurology SLA structure and tariff basis

ESCALATE APPROPRIATELY

- TAVI criteria adherence via NWJCC governance
- IMTP efficiency focus through formal channels

NEGOTIATE PRAGMATICALLY

- SAP pathway - cost differential within £173k
- 3D guides - realistic envelope discussions

Appendix (Slides 9–25): Full LTA tables, detailed analysis, and supporting data

Detailed Appendices and Information

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These appendices are provided not for line-by-line review at the meeting, but to give the Committee further assurance that the proposed approach is grounded in robust evidence, and to offer additional detail on trends, assumptions and options should members wish to explore any of the issues in more depth or refer back to them as negotiations progress.

Overview of Challenges, Actions and Proposals - Swansea Bay University Health Board (SBUHB)

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i. Uncoded activity

High proportion of uncoded episodes (based on HRG - Emergency 83%,Elective 82%,Daycase 25%). Financial exposure due to default tariffs in certain specialties and risk of misallocation between contracts ie NWJCC activity.

Action – Enforce contract requirement: 95% coding within one month post episode. **Proposal** - no payment for uncoded activity that breaches this requirement.

ii. Emergency Admissions – A. Coding & B. Tariff

A. Incorrect coding (SDEC- type pathways) inflates activity and costs. B. Zero-day and 1 day LoS admissions attract full tariff despite very short stays.

Action – Continue to data review and challenge (financial crude FY adj of £367K applied by SBUHB for incorrect coding). **Proposal** – A. apply payments based on previous years emergency activity until resolved. B. Move to short-stay tariff (banded or 20% of full tariff) to reduce future cost implications.

iii. Elective Orthopaedics – Regional Monies (£18m) Vs LTA (£2.68m)

Underperformance against LTA plan, whilst also in receipt of regional monies (£18m). HDdUHB received £1.1m credit for 24/25 and 25/26.

Action – Continue to negotiate removal or adjustment of LTA elective/daycase amount. **Proposal** – Remove full LTA amount *or* Continue with £1.1m credit and apply full tariff adjustments for elective activity.

iv. Neurology – A. Locally provided services Double Charging & B. Tariff Misalignment

a. Activity and Consultant time undertaken in HD charged under both a LTA (Locally provided services) and SLA arrangement. B. Daycase Vs Regular Day Admission/Attender inflates costs (Daycase £942 vs RDA £381). Reduces transparency and financial control.

Action - Continue to negotiate the removal of LTA. **Proposal** – A. Cease current local arrangement; implement robust SLA for all HD site work. B. Move to RDA tariff for multiple attendances.

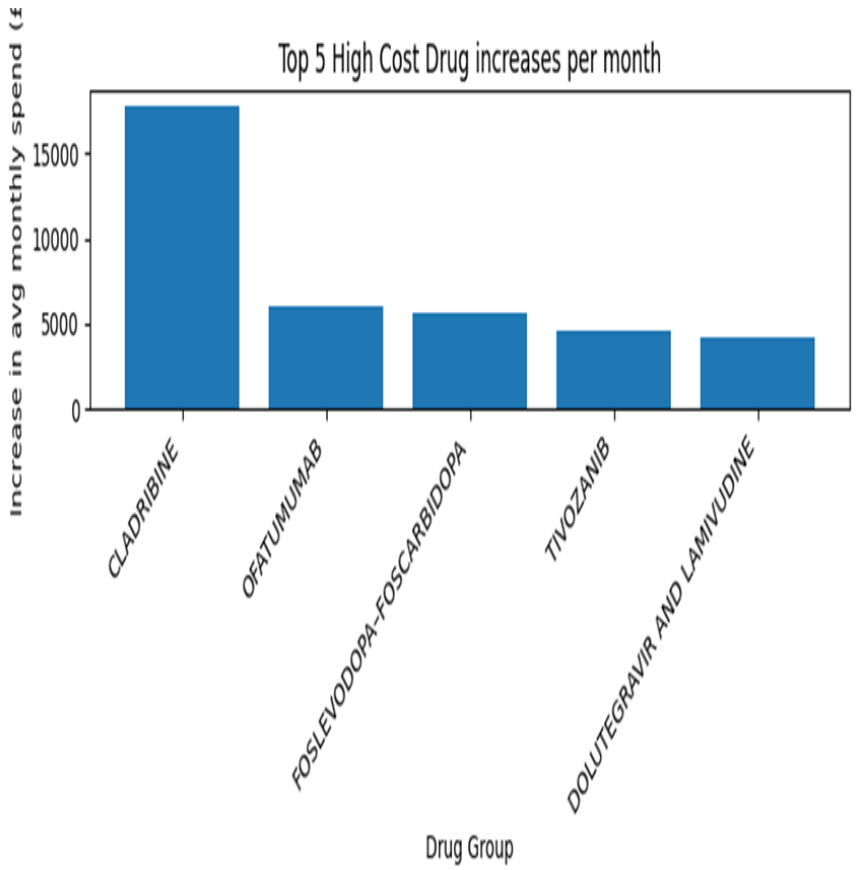
V. Termination of Pregnancy

Activity at Swansea ceased post-COVID, but funding not repatriated to HDdUHB, internal cost pressures and quality risks for time-sensitives cases. Outsourcing to private provide at a premium.

Action – 6-month notice served to terminate contract – due to end Jan 2026.

Overview of Challenges, Actions and Proposals - Swansea Bay University Health Board (SBUHB)

VI. High Cost Drugs (NICE/HCD)



Interpretation and correlation with activity

Neurology and MS drugs: The largest increases in high-cost drug spend are driven by multiple sclerosis and other neurological therapies (Cladribine, Ofatumumab, Ublituximab, Foslevodopa-Foscarbidopa). This aligns closely with the growth in day-case neurology activity (+7.4 spells per month) and suggests that the higher neurology spend is due in part to more patients receiving biologic therapies or new formulations.

Oncology: Tivozanib and Trastuzumab show increases consistent with the rise in emergency oncology spells (+6.3 per month). However, overall oncology spend is partly offset by reductions in drugs such as Olaparib, Dabrafenib, Niraparib and Osimertinib. This mixed pattern suggests that while some tumour types are driving higher cost, others are stabilising or declining.

HIV and other conditions: Antiretroviral spend is shifting (increase in Dolutegravir + Lamivudine), indicating a change in regimens rather than an increase in patient numbers. Tocilizumab and Upadacitinib point to growth in severe inflammatory diseases.

Clarification on HIV spend: Reductions in spend on some HIV drugs reflect switching to newer regimens rather than a net fall in HIV-related costs; overall spend in this category is broadly flat

Aggregate effect: Despite significant increases in specific drugs, the overall high-cost drugs position is largely flat. Using the total expenditure after adjustments line, spending in Month 6 is about £30 k per month lower than last year, and the full-year forecast indicates only a £59 k reduction for 2025/26. The benefit is therefore modest and could disappear if prescribing of newer drugs (e.g. MS biologics) accelerates. The cost pressure arises from targeted high-growth drugs, particularly MS therapies, rather than a broad reduction.

Overview of Challenges, Actions and Mitigations

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NWJCC Financial Position – £627k forecast overspend.

Overspend of £4.4m at month 7; forecast £7.7m. HDdUHB share £627k. Main areas of overperformance for HDdUHB is PICU and NICU at UH Bristol Hospital, TAVI and Specialised Cardiology at SBUHB.

Draft IMTP shared with NWJCC subgroups, HDdUHB has raised the issue that the plan seems to focus on risks and additionality, not on efficiencies or resource reallocation, which will be essential under a flat cash allocation. Furthermore, a concern is that there is limited time to make decisions for next year, increasing risk of reactive choices.

Actions/Proposal - Continue to engage in discussions on mitigating actions re plan. Continue to monitor activity and ensure that the TAVI criteria is being applied and met.

Paediatric Scoliosis 3D-printed surgical guides at CVUHB – additional cost exposure £150k

Consultant team will not undertake scoliosis surgery without the use of 3d printed surgical guides, citing patient safety and quality of care. Consequently, following a Spinal Network meeting (16 Sept), CVUHB will recover costs for the introduction of these guides from 1 January 2026.

HDdUHB current contract for paediatric scoliosis is 15 cases per year (14 carried out in 24/25) and the average cost for each guide is £5k, however do range up to £10k. Therefore, the potential additional cost exposure is £150k annually if all 15 cases require the most expensive. This additional cost pressure is not currently factored into the contract.

Actions/Proposal – Reallocate resources from the underperformance seen in the orthopaedic element of the contract. However, please note as the contract overall is already overperforming, such reallocation would heighten pressure across the broader contract.

Successful Challenge – Oncology and Neurology Outpatient activity at SBUHB

Analysis undertaken illustrated that an element of the Oncology and Neurology LTA outpatient activity, was being carried out within a HDdUHB setting by HDdUHB staff, therefore appeared to be inappropriate/incorrect charging. SBU agree with this position and have inserted a step into the monitoring process to ensure that this excluded going forward, will be reflected in the month 7 monitoring report.

Uncoded Activity at Swansea as of Month 6

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Uncoded Activity

Uncoded activity remains high: Based on Healthcare Resource Group – Emergency 83%, Elective 82%, Daycase 25%, RDA 12%. Many patients discharged as early as April.

Impact

Difficult to understand patient pathways. Financial exposure due to default tariffs (e.g. emergency orthopaedic defaults £10,024 vs potential coding of £3,918). Risk of misallocation between contracts i.e some coded cases will subsequently transfer across to NWJCC.

SBUHB advise that they have a plan, overseen by their Audit Committee, to increase coding completeness through service modernisation and use of AI, which is underway. HDdUHB acknowledge the challenges within coding, however as per the contract "*95% of episodes clinically coded within one month post episode end date*." Therefore, it is important that coding strictly adheres to these contract rules.

Proposal

No payment to be made for any uncoded activity that does not comply with contract obligations (95%).

Unscheduled care continues to generate the largest cost pressures. Table below summarises the average monthly spells and cost for the key categories in 2024/25 and 2025/26 and shows the annual consequence if the current trends persist. All figures are adjusted for the 1.77 % uplift.

Category	Avg spells FY 24/25	Avg spells 25/26 (M6)	Change in spells per month	Avg cost FY 24/25 (£)	Avg cost 25/26 (£)	Annual cost increase after uplift (£)	Interpretation
Emergency General Surgery - Uncoded	22.2	34.2	+12.0	£53,102	£83,973	+£359,172	New classification with high tariffs; spells doubled; reflects coding step change rather than organic growth; this category alone adds £360 k per year above inflation.
Emergency Orthopaedics - Uncoded	8.4	9.8	+1.4	£56,880	£67,826	+£119,281	Another new line with modest volume growth but high cost per spell; should be challenged as likely short-stay admissions.
Emergency General Surgery - Vascular other	27.4	33.3	+5.9	£46,857	£61,677	+£167,887	Genuine growth in vascular emergencies (?); further analysis needed on case mix and capacity.

SBUHB – Emergency Admissions (Incorrect Coding) as of Month 6

Emergency Admissions (Incorrect Coding)

Analysis by the HDdUHB team identified that a number of patients were incorrectly coded to an SDEC-type pathway, impacting activity and financial reporting. SBUHB has acknowledged the issue and, as of Month 6, applied a provisional full-year financial adjustment of £367k.

However, the matter remains unresolved while SBUHB works with informatics colleagues to correct the recording process and ensure these cases are excluded from contracting data going forward. Resolution timelines remain unclear.

Impact

Creates difficulty in understanding true patient pathways and actual demand, inflates both activity and financial reporting.

Proposal

Until issue is resolved, payments to reflect 2023/24 emergency activity levels. The HDdUHB Commissioning and Contracting Teamwill continue to review data and challenge any further coding or charging discrepancies

SBUHB Emergency Admissions (Tariff) - Zero LoS as of Month 6

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Specialty	CAT2	<4hrs	4-8 hrs	>8hr	Grand Total
Cardiology	Other	2	1	2	5
	Pacing			1	1
Clinical Oncology	(blank)	11	15	6	32
Medical Oncology	(blank)	7	9	4	20
ENT	(blank)	18	8	5	31
Gastroenterology	(blank)	4	2		6
General Medicine	(blank)	19	9	7	35
General Surgery	Other	1	2	1	4
	Other Major			1	1
	Uncoded	47	28	16	91
	Vasc Other	38	28	13	79
Gynaecology	Other	6	2	4	12
Haematology	(blank)	1	1		2
Medicine For The Elderly	(blank)	2			2
Midwifery	(blank)	84	12	3	99
Obstetrics	(blank)	62	10	5	77
Ophthalmology	Ophth	1	1		2
Oral/Maxillo Facial Surgery	(blank)	83	38	20	141
Paediatrics	(blank)	33	17	5	55
Trauma & Orthopaedic	NP	1			1
	Orthopaedic other	4	2		6
	Spinal Other	1		1	2
	Trauma Other	3	7		10
	Trauma Very Major		2		2
	Uncoded	4	4	8	16
Urology	(blank)	17	13	2	32
Grand Total		**449**	**211**	**104**	**764**

As part of the review, HDdUHB examined zero-day LoS emergency cases and associated tariffs. The analysis found that:-

Activity

- 44% of zero-day cases accounted for the total emergency activity in Month 6 (764/1750).
- 58.8% were admitted and discharged in < 4hrs.
- A number of admissions were as low as 8 minutes.
- 83% lacked HRG coding

Costs

- Charges ranged from £1,153 to £10,024 per case.
- Between £1.7m (full cost) and £1.2m (marginal)

Note an element will relate to incorrect coding/charging of SDEC activity, which SBU have acknowledged.

SBUHB Emergency Admissions (Tariff) - Zero to 1 Day LoS as of Month 6

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Impact

Current tariff structure results in highly inflated costs for very short stays, this approach diverts funding from areas where it could deliver greater clinical benefit and improved patient outcomes.

Proposal

To move to a short stay tariff (0 LoS or 0-1 Los) and either to a banded tariff or a 20% of full extant tariff (similar to English approach). Both methods would significantly reduce the financial impact.

i. Short-Stay Emergency Tariff, 0 LoS Banded Tariff

Based on Month 6 data, 764 counts of activity:

- **<4 hrs**: £450 = £202k
- **4–8 hrs**: £900 = £190k
- **>8 hrs**: £1,400 = £146k

Total = £538k vs current costs of £1.2m–£1.7m.

ii. Short-Stay Emergency Tariff 0–1 LoS 20% of full unit tariff

Based on Month 6 data, 1063 counts of activity (Includes 1 day LoS also):

Total = £345k- £494k vs current costs of £1.2m - £1.7m

Elective Orthopaedics at SBUHB – Regional Monies vs LTA Monies (circa 2.68m)

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Orthopaedic Regional Monies (£18m) vs LTA (£2.68m)

Orthopaedic elective inpatient and daycase activity is set as block funding within the LTA, supported by the regional arrangements outside the LTA (SBUHB £18.0m and HDdUHB £3.6m per annum).

Month 6 activity performance against the LTA YTD plan *(Note - LTA has not been uplifted for regional activity)* is:

- 70 below plan for daycases
- 23 below plan for elective in-patient
- Activity in recent years has not been materially above that undertaken by SBUHB in financial year 2018/19.

£1.1m credit exists in the LTA, but this is insufficient to offset underperformance in elective inpatient and daycase activity and achieve planned access to regional funding. To note HDdUHB are also outsourcing a number of orthopaedic cases at a premium cost.

Whilst not within the block funding, orthopaedic new outpatient appointments are 260 under plan, outpatient follow ups 609 under plan and outpatient procedures 6 above plan – note HDdUHB only receives 70% marginal rate reimbursement for under performance.

HDdUHB has continuously stressed the need for the whole £2.68m (LTA Elective and Daycase value), a further £1.57m to be removed from the contract, in line with the recognition of the recurrent recovery funding which has been provided on a regional basis. SBU, do not share the same view and therefore to date only the £1.1m credit has been enacted.

Elective Orthopaedics at SBUHB – Challenges and Proposals

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Impact

Persistent underperformance against planned activity and reliance on credit adjustment. This approach restricts access to regional recovery funding, creates financial strain through premium outsourcing, and prevents reinvestment into pathways that could improve patient flow and reduce waiting times

Proposal

i. **Remove the full LTA (elective and daycase) amount** - circa £2.68m. Remove the full LTA amount (residual £1.57m) for elective and daycase activity until activity levels exceed planned.

OR

ii. **Credit of £1.1m within the LTA to be continued, with full tariff rate financial adjustments for all elective activity**

In addition to the 1.1m credit, application of full tariff rate financial adjustments for all elective activity (inpatient, daycase and extending to outpatients). This would mitigate financial risk by a further circa £900m (full year) and allow HDdUHB to explore other opportunities to recover Orthopaedic waiting times for our population.

Neurology – Potential Double-Charging / Lack of Clarity

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Neurology Costs with the System at SBUHB

Neurology activity and costs under the LTA are significant, mainly driven by daycase admissions and outpatient follow-ups. Furthermore, there are a number of Neurology agreements, where HDdUHB consider double charging is being applied, such as locally provided services and infrastructure costs.

Locally Provided Services

A review of Neurology services under the LTA and SLA with SBUHB, identified that the activity for locally provided services is being charged through both the LTA and SLA arrangement. The Consultant time is charged for under the SLA and patient activity seen by these Consultants via the LTA - note all activity takes place on HD sites. This is a historical arrangement (> 10 years) that has led to confused payment mechanisms and lacks transparency and financial control.

Furthermore, there are a number of infrastructure costs relating to Neurology that are included within the LTA, which the HD Commissioning & Contracting team consider are inappropriate, although this view is not necessarily shared with SBU.

Impact

There is a lack of clarity regarding the allocation of costs and the scope of services these charges encompass. From a Hywel Dda perspective, there is concern that certain areas may be subject to duplicate charging, which could result in significant and avoidable financial expenditure. Additionally, the time and resources required to investigate and reconcile these discrepancies detract from strategic priorities and operational efficiency.

Proposal

Cease the current locally provided services arrangement and instead retain a formal Service Level Arrangement (SLA) for all work undertaken by SBUHB consultants on a HDdUHB site. The SLA must be robust, fit for purpose and accurately reflect current practice and service provision. This approach will ensure clear and distinct contractual arrangements, improve accountability, and enhance transparency in service delivery and cost management.

Neurology Daycase vs Regular Day Admissions Tariff

Since 19/20 whilst the number of patients bed days (Inpatient elective/emergency) and Regular Day Attenders/Admissions (RDA) has decreased, the number of daycase admissions has significantly increased (circa +160%). Note: daycase tariff (£942) significantly higher than RDA tariff (£381).

However, many of these patients will be regularly attending for a course of treatment and therefore would potentially meet the definition of an RDA

NHS data dictionary definition of a Regular Day Admission

> Patients admitted electively, during the day, as part of a planned series of regular admissions for an on-going regime of broadly similar treatment and who is discharged the same day. If the intention is not fulfilled and one of these admissions should involve an overnight stay, such an admission should be classed as an ordinary (inpatient) admission. The series of regular admissions ends when the patient no longer requires frequent admissions.
>
> Intermittent dialysis cases and patients on regular chemotherapy/radiotherapy are examples of regular day admissions.

Month 6 activity performance against the LTA YTD plan

518 above plan for daycases – note total of 175 daycase activity in 18/19
157 below plan for RDA - note – no RDA activity to date and a total of 368 RDAs in 18/19.
8 patients had a total of 105 counts of daycase activity, typically to receive immunoglobulins

Impact

Potential misalignment in coding and classification inflates expenditure and reduces the availability of funding for services that could deliver greater clinical benefit and improved patient outcomes.

Proposal

Work with SBUHB to look at the coding and tariff of these patients, who would meet the RDA definition. Or
Only pay RDA tariff for those patients who have a certain number of attendances for the same treatment within a month (TBA)

Termination of Pregnancy (ToP) at SBUHB

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Prior to COVID, HDdUHB would regularly refer ToP patients to SBUHB, and the activity would flow through the LTA contract. However, since the pandemic, the flow has significantly declined, and there is now no recorded ToPs activity for HDdUHB residents. This is due to a number of reasons, particularly:

- SBUHB lost access to their Pregnancy Advisory Service (PAS) ward and the access has continued to be restricted, which has naturally impacted upon the number that SBUHB can accommodate.
- New guidance introduced to allow patients under 10 weeks' gestation to access early medical abortion at home.
- HDdUHB has developed their service immeasurably, including service provision for patients up to 20 weeks gestation.

However, whilst the activity at SBUHB has been absent for a considerable period of time as it has been absorbed locally, the funding hasn't followed. This is causing significant service and cost pressures internally that HDdUHB cannot continue to sustain. Importantly, there are quality and safety issues for these women, as they are naturally time sensitive cases.

Consequently, HDdUHB has served 6 months notice (due to cease In January 2026) on the contract and expects the funding to transfer back (amount to be determined) to HDdHB in order to be repurposed.

It is acknowledged that, whilst the Health Board does not believe a six-month notice period is strictly required given the lack of delivery, the practical requirement to implement an alternative in-house solution necessitates a transitional period.

NHS Wales Joint Commissiong Committee (NWJCC) – Month 7

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The NWJCC financial position for 2025-26 reported as of Month 7 was an overspend of £4.4m with a forecast overspend of £7.7m against the Integrated Commissioning Plan financial plan. The HDdUHB share of this forecast overspend is £627k.

HDUHB Commissioner Contribution to JCC

Budgeted Income £'000	EOYF £'000	Total £'000
£148,181	£627	£148,808
EOYF Variance as a % of Budgeted Income		*0.42%*

Breakdown of EOYF Variance by Area:

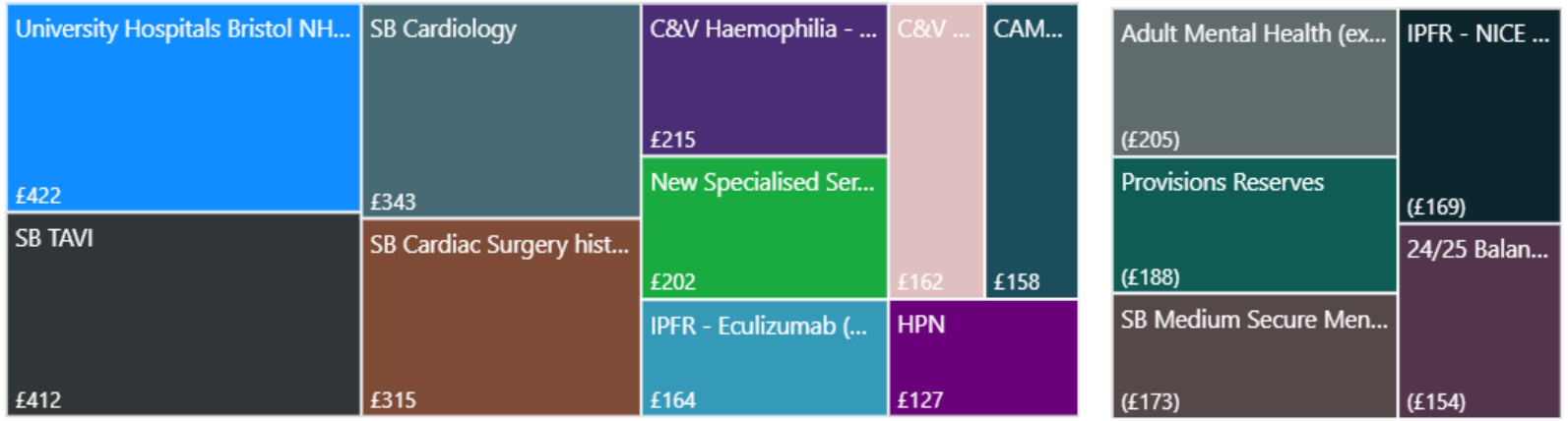
NHS Wales	IPFR	Non Welsh SLA	Savings	Renal	Direct Running Costs	Mental Health	Releases	CIAG & Prior Year Commitments	Total
£973	£512	£451	£31	£0	-	(£119)	(£154)	(£1,066)	**£627**

NHS Wales Breakdown

	YTD Variance £'000	EOYF Variance £'000
Aneurin Bevan	£16	£27
Betsi Cadwaladr	£27	£46
Cardiff & Vale	£14	£163
Cwm Taf Morgannwg	-	-
Hywel Dda	-	-
Swansea Bay	£571	£735
Velindre	£3	£1
WAST	-	-
Total	**£630**	**£973**

Top 15 Services by EOYF Variance £'000 - top 10 overspends and top 5 underspends

All



Comments/Notes:

Hywel Dda residents services come primarily from Cardiff & Vale UHB, Swansea Bay UHB, NHS England and private providers in relation to Mental Health individual placements.

The current year-end forecast variance of £627k overspent includes the following main components:

- University Hospitals Bristol - £422k of overactivity, primarily NICU and PICU
- Swansea Bay - TAVI overactivity of £412k
- HPN homecare drugs - overspend of £127k related to the newly procured contract

Transcatheter Aortic Valve Implantation (TAVI)

Within NWJCC, TAVI continues to present a financial challenge for HDdUHB, with activity exceeding the plan (total of 149 cases to date vs plan of 125), resulting in an overspend. Out of the 149 cases, it would appear that 60 cases relate to HDdUHB residents, which would align to HDdUHB current risk share of 40.25%. To note however, this is an increase in activity compared to the same period in 24/25 of 48 patients.

TAVI delivers clear cost and clinical benefits, e.g reduced hospital and ICU stays, lower complication rates, which help to offset the higher initial costs of TAVI (compared to the alternative), particularly for the providers and patients. Commissioners, however, do not typically experience the financial gains associated with these improvements.

The NWJCC Cardiac review will help to reduce the current TAVI related financial pressure by re-baselining cardiac activity so future contract values better match actual demand. Updated service specifications will tighten referral criteria. The review will also address regional service configuration to ensure activity aligns with population need.

Plan

HDdUHB continues to work with NWJCC around their plan. The draft IMTP appears to focus on risks and additionality, with limited emphasis on efficiencies or resource reallocation required under a flat cash allocation. There is concern about the short timeframe for decision-making, particularly for substantial proposals requiring QIAs, and whether these will be ready for when decisions need to made and how they align to the planning timelines.

Paediatric Scoliosis 3D-printed surgical guides at CVUHB

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In response to the growing risks associated with screw malposition, CVUHB has successfully tested the use of 3D-printed surgical guides for all paediatric scoliosis cases, which has significantly reduced screw malposition rates, improved patient safety, and enhanced surgical precision.

Consequently, CVUHB Consultant Team will no longer undertake scoliosis surgery without 3D-printed guides being available. Therefore, the Health Board will need to cover the additional cost of 3D-printed guides. Where this is not agreed, CVUHB will not proceed with scoliosis surgery for out-of-area referrals, including those already on the waiting list.

HDdUHB current contract for paediatric scoliosis is 15 cases per year (14 carried out in 24/25) and the average cost for each guide is £5k, however do range up to £10k. Therefore, the potential additional cost exposure is £150k annually if all 15 cases require the most expensive. This additional cost pressure is not currently factored into the contract.

Month 6 activity performance against the LTA YTD plan

Paediatric scoliosis – 6 below plan, 2 undertaken to date

Total Orthopaedics element – 140 below plan, 100 counts of activity undertaken to date.

Actions/Proposal – Reallocate resources from the underperformance seen in the orthopaedic element of the contract. However, please note as the contract overall is already overperforming, such reallocation would heighten pressure across the broader contract.

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