

Working effectively with providers to stimulate the market

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Objectives of this session and areas we will cover

- **Key changes to C7, C9 and C10 for Year 2**
- **How PCTs move from facts about the market to a real understanding of the opportunities/challenges**
- **What 'stimulating' the market really means and implications for PCTs' relationships with providers at each stage of the contracting process**
- **The implications of the current economic climate on provider / commissioner relationships**

Main changes to Competencies 7, 9, and 10 for Year 2 of WCC

Competency 7

- Increasing choice:
 - PCT works with referrers to improve choice offer and increase uptake
- Market management:
 - Priority market segments are identified
 - Benefit of changing or working with providers is assessed by segment
 - Barriers to entry / exit are removed

Competency 3

- Rigorous contract negotiation:
 - Using locally defined negotiation variables which align to the PCT's strategic priorities
- Monitoring provider service quality and productivity:
 - For each provider, metrics are specified, incentivised and tracked

Competency 10

- Thorough and regular performance data collection on providers:
 - Includes quality and health outcome data
- Appropriately timed provider performance discussions:
 - Determined by scale of provider and potential risk
 - Informed by analysis of recent data to include identification of risks
- Proactive compliance management:
 - Tailored to all providers in each sector

Changes for Year 2 reflect

- Feedback from last year's evaluation and this year's consultation
- Need for contracts that deliver on local strategic priorities, ensure high levels of quality and productivity and allow for performance management
- Need for systematic market management to improve efficiency and effectiveness







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Outline steps needed to engage with providers

-  **Understand the outcomes you are trying to achieve**
-  **Understand your market(s) and your providers (current and potential)**
-  **Objectives for engagement with providers**
-  **Collecting and using right information to work with providers**

Understand the outcomes you are trying to achieve

- Patient need and the outcomes you are seeking are the key drivers
- You cannot talk to providers until you understand your need
- Understanding the need does not preclude
 - Discussions with providers
 - The refining of need through discussion with providers
- You have to be an informed commissioner to be an intelligent customer
- WCC outcomes and priorities should be aligned with market stimulation

Understand your market(s) and your providers (current and potential)

- Explicit requirement to understand all segments of the market (and all providers operating in those various segments)
- Many PCTs have been engaged in the last year in understanding key health markets – need to leverage that investment and the skills gained
- Need to recognise the providers in your markets will continuously evolve, so health market analysis needs to be continuous
- Knowing who can do what – at all levels of provision is a core skill for commissioners – specialist local as well as major acute
- Knowing current status and capability of providers is one thing – but real skill is knowing what providers could be challenged to deliver

Objectives for engagement with providers

Explain

- Explain need and outcomes you are seeking

Test

- Test your service plans – the providers have to deliver it

Listen

- Listen to ideas, concerns, and challenges of providers

Challenge

- Challenge providers to consider if they could deliver service
 - By themselves
 - With new skills
 - With local partners / clinicians / third sector / acute providers
 - Not respond – if not why not

Result

- Result – a tested and refined service improvement – but still 'owned' by the commissioner

Collecting and using the right information to work with providers

- **Changes to WCC 9 and 10 highlight the need to continue engagement with Providers post service commencement**
- **Vital to have (enough – but not too much of the) right information to**
 - Manage service delivery
 - Identify problems
 - Identify areas for improvement – especially patient experience and quality
 - Drive further improvements
- **Information is a key tool to ongoing stimulation of providers, effective contract management and continuing service improvement**



Market stimulation

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Three key messages

Develop and engage the market strategically

Share needs, objectives, constraints early,
openly, positively

Create the conditions for successful delivery and
actively support

Develop the market strategically

- Plurality is only just emerging and so provider capacity and competence is mixed
- Engage early – share your thoughts and challenges and get a dialogue going. Reconcile open market opportunity and procurement process obligation with selective dialogue
- Put your effort and resource into good analysis and realistic projections
 - Invite innovation
 - Pilots must be encouraged not stifled
 - Don't let procurement process be a block

Open sharing of needs and constraints

- Make it ambitious but realistic
 - Fit for purpose
 - Good analysis and assumptions
 - Realistic chance of success
- Be clear on the benefits and dependencies
 - Retain or transfer risk in accordance with ability to manage risk
 - Don't constrain unnecessarily, be realistic – omelettes and eggs
- Consider the incentives for all parties and ensure that there is a real and addressable opportunity
 - Build trust
 - Give and listen to advice on what will and won't work

Create the conditions for successful delivery

- Avoid or assertively manage predictable challenges
 - Most challenges are foreseeable but Nelson's syndrome prevails!
 - e.g. additionality, volume ramp up, guaranteed payments etc
- Manage the stakeholders
 - Realise that are closely aligned
 - Share the plan and drivers openly and boldly
- Give new projects your support
 - Demand pull is replacing supply push – what does this really mean?
 - New ideas may fail without active help



questions