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In Regulatory Advice

CASE STUDY Review of Multi-Year National Tariffs



SITUATION:

As sector regulator, Monitor has joint responsibility with NHS England for the overall design of the payment system underpinning contractual relationships between providers and commissioners. This payment system must be set out in the national tariff document published by Monitor.

Monitor's current cycle for setting the national tariff is annual – an approach inherited from the Department of Health. The annual cycle creates a number of identified problems, in particular, changes in prices from year to year make it difficult for providers and commissioners to plan, and discourage long-term decision making around investment. The annual production and implementation of the national tariff also generates considerable administrative costs throughout the system.

FTI Consulting was commissioned by Monitor and NHS England to assess the optimal duration of the national tariff.

This work included:

- Assessing the current (yearly) cycle of the national tariff and the associated strengths and weaknesses of that approach.
- Developing a framework to assess the merits of moving to a different (longer) national tariff cycle, particularly bearing in mind other, related cycles in the healthcare sector (e.g. contracting and cost collection) and recommending a transition path.

“
The outputs of your work provide Monitor and NHS England with a transparent evidence base that will support the continued development of our long-term payment system design.”

—Monitor's feedback



Schellion Horn

+44 (0) 20 3727 1815
schellion.horn@fticonsulting.com

IMPACT:

Our report was published by Monitor in December 2014.

Our analysis is being used by Monitor and NHS England to support internal decision-making and is helping to inform long-term policy in this key area.

About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.