North Tyneside CCG

An Accountable Care Organisation (ACO) approach to the delivery of high quality, patient-centred, integrated and financially sustainable care to the communities within North Tyneside

Context

North Tyneside CCG's (NTCCG) poor financial performance, partly inherited from the outgoing NHS North of Tyne, has masked its successful delivery of high quality, safe and patient-centred care. The CCG performs well in the vast majority of NHS constitution standards and of note, is the portfolio of integrated care programmes developed (and developing) with its close partner, North Tyneside Council (NT Council), and overseen by the local Integration Board on behalf of North Tyneside Health and Wellbeing Board (HWB). These programmes, which include a commitment to deliver 'New Models of Care' in North Tyneside have been based on examples from successful USA ACO approaches and are showing positive early results.

Whilst the CCG considers its dynamic commissioning approach with the local authority as not only delivering far better and patient co-designed health services but also a means to achieving financial stability in the medium term, it recognises that the speed of financial recovery does not meet its statutory duties in an acceptable timeframe.

North Tyneside CCG is fortunate in commissioning from a range of excellent providers, its main contracts being with

- Northumbria Healthcare NHS Foundation Trust (NHCFT) - £102.9M acute, £25M community;
- Newcastle Healthcare NHS Foundation Trust (NHFT) - £59 acute, £0.9m community;
- Northumberland Tyne and Wear NHS Foundation Trust (NTW) £21.8m;
- North East Ambulance Service (NEAS) £6.8m.

In addition NTCCG commissions a range of other services jointly or with the LA such as continuing health care and through the Better Care Fund.

Taking the local health economy as a whole, there appears to be sufficient health funds for sustainability, but a growing elderly population and year on year efficiencies in social care mean that care models and pathways need continuing development to move more care away from hospital facilities and provide much more person-centred and integrated services closer to home.

The CCG Directors and Governing Body, and authorised by the CCG membership, have further considered the options for commissioning affordable and sustainable quality health care that is fit to meet the future needs of its communities. Whilst the CCG would ideally want more time to consider its direction and obtain further evidence of its successful commissioning of integrated health and social care, it has concluded that it should now develop the concept of commissioning services through an Accountable Care Organisation, appropriate for North Tyneside. If approved, the

CCG will aim to run a shadow ACO contract for 2016/17 with full system sign off and model evaluation complete for April 2017.

What is an ACO?

The term ACO is used today to describe a whole range of managed care options which mean different things to different people. For the purposes of its deliberations and for clarity, the CCG has taken the following description:

'The basic concept of an ACO[1] is that a group of providers agrees to take responsibility for all care for a given population for a defined period of time under a contractual arrangement with a commissioner:

- Accountable: the ACO model is based on the premise that those who are accountable for the cost and quality of care for a whole population will be incentivised to improve care. Accountability refers to both clinical and financial accountability – the ACO is contracted to achieve on a range of quality and outcome measures, typically within a defined budget.
- Care: an ACO delivers care; it doesn't commission it. This is how it can minimise its risk, by taking control of the way care is delivered for a whole population. The ACO is able to develop and deliver preventive interventions for patients with a high-risk profile, as well as reactive interventions to avoid unnecessary hospital admissions.
- Organisation: to organise and deliver this care, accountable providers come together in a formal organisational structure. It is through this structure that the ACO is able to build a leadership team and appropriate governance arrangements to manage risk across diverse providers, holding them to account for their part of the care pathway. If part of the organisation is not performing well, leaders have a range of structures and mechanisms at their disposal to incentivise improvement.'

The CCG has considered alternative arrangements that have been/are being considered elsewhere including a 'simple' primary and acute care system (PACS), multispeciality community provider (MCP), prime contracting, appointing a prime system integrator and alliance contracting (not amounting to an ACO). Whilst these all have merits, the imperative to rapidly bring the CCG and the local health economy into financial balance, makes their consideration in detail difficult within the required time frames.

North Tyneside CCG Principles

Discussions within the CCG Governing Body, and loose testing with its membership and the local authority, have formulated some key principles to guide the development of an ACO commissioning model:

- As a statutory member organisation, the Council of Practices[2] (CoP) must be fully engaged in the development of an ACO commissioning model and constitutionally approve the final proposal

[1] Kings Fund (2014): Can CCGs become accountable care organisations?

- North Tyneside Council and key partner endorsement is vital both to the success of the approach and to minimise the very real risk of challenge
- The CCG will commission for health outcomes[3] through a capitated funding contract with the ACO (as defined above)
- Form should follow function, but the ACO should comprise all main service providers (including primary care), committed to working in partnership to agreed values in some form of alliance approach. Service integration and the delivery of care 'closer to home' will, in the CCG's opinion, only be achieved through joint ownership and collective responsibility
- The CCG is aware of ACO development in Northumberland and will use their thinking to test-bed the benefits and disadvantages of the CCG's preferred ACO approach
- The ACO will appoint (with CCG agreement) a lead provider to act as system integrator and day-to-day manager of the ACO and its functions. It is likely for capacity and risk avoidance reasons that this will be one of the large Foundation Trusts.
- The CCG will significantly reduce its overhead costs by devolving transaction responsibilities to the ACO and potentially through co-commissioning with North Tyneside Council, NHS England, or another CCG
- The ACO approach is new to the UK, has had mixed success internationally (including, for example, early cost containment followed by overheat) and is untested for challenge by other bodies as anticompetitive/monopolistic. It is imperative therefore that risks are fully assessed and mitigated and that early intervention measures are agreed as part of the sign off process with NHS England

Timescale and Outline Programme of Work

To ensure the CCG discharges its statutory duties, complies with its Constitution and minimises the risk of challenge, there is a significant and ambitious programme of work to be undertaken both to April 2016 and to April 2017. The high level elements are:

Overarching

- Engagement 1
    - CCG members, Key partners (NT Council; NHCFT; NHFT; NTW; TyneHealth GP Federation
- Engagement 2
    - Key stakeholders (CCG CoP; NHS England; LMC; HWB; HealthWatch; patient forum; third sector; North of England Commissioning Support)
- Programme management
    - CCG ACO task force and ACO partnership development board:
    - Establish working groups for:
        - engagement and consultation
        - ACO development

[2] Council of Practices: GP practice membership body

[3] The CCG will develop with other interested organisations a set of key outcome metrics based on population health and patient/user expectations and experiences

        - CCG development
        - Legal and regulation
- Risks and mitigations, including potential cooperation and competition challenges
- Staff briefing and consultation
- Formal consultation
- Red Line Reviews, conflict resolution and escalation process

Streams of Work

- Option appraisal based on the CCG key principles, taking into account the framework of the Northumberland proposal.
    - Identify the preferred option and preferred system integrator
    - Agree Heads of Terms
- ACO
    - Legal entity
    - Ways of working
    - Incentives and penalties
    - Governance arrangements
- Regulation
    - Review and seek changes to the national regulatory framework (supported by the work Vanguards are doing) with Monitor, CQC and NHS England.
- CCG
    - Legal configuration and revised Constitution options post ACO
    - Capitated budget deliberations
    - Commissioning framework based on population health outcomes
    - Contract form, caveats/restrictions and incentive payments
    - TUPE implications for CCG and NECS staff
- Transitional arrangements, both to April 2016 and April 2017 including how to manage 'work in progress' e.g. planned procurements, implementation following public engagement regarding urgent care.

Conclusion

This Paper sets out the context, principles and approach for the establishment of an ACO commissioning model for North Tyneside.

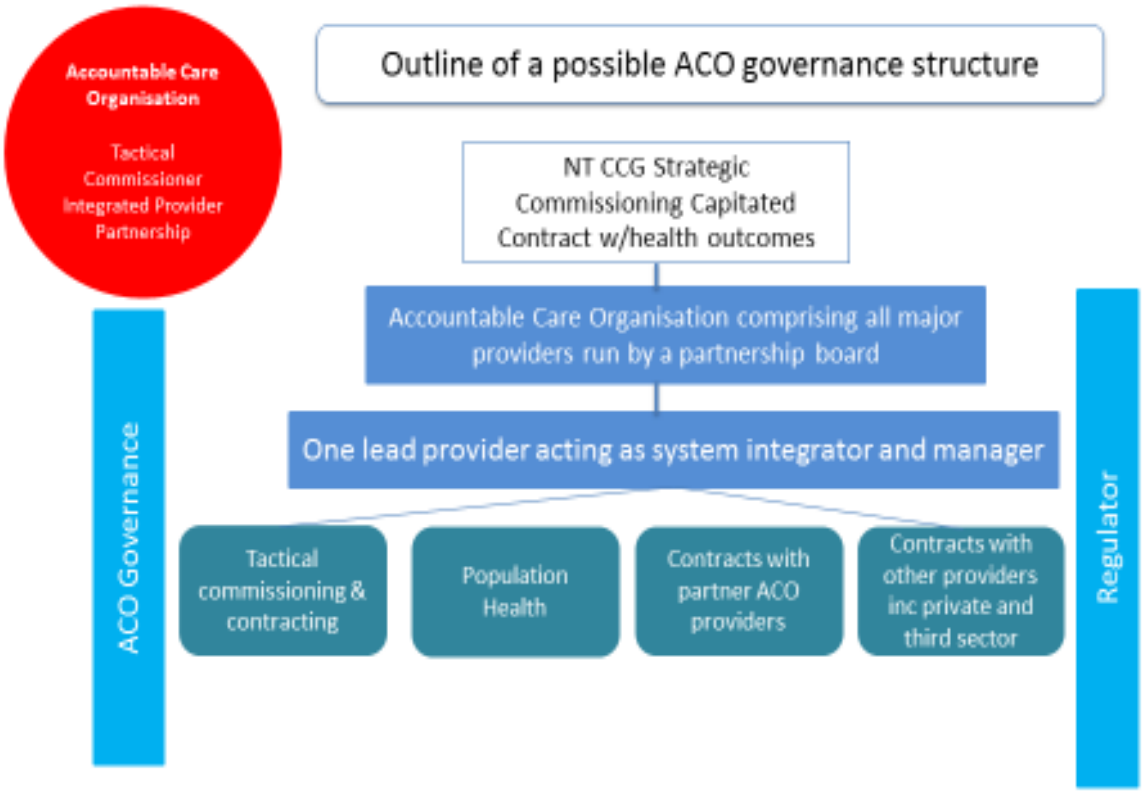
It is an ambitious programme which the CCG's external advisors believe is extremely challenging and not without risk. The CCG commits to delivering an ACO approach in shadow/pilot form by April 2016 if at all possible, but this will require appropriate resource, the full cooperation of, and inevitable compromise from, provider partners, the agreement of other key stakeholders and authorisation from the CCG's membership and NHS England.

Appendix 1

Accountable Care Organisations – References

1. Department of Health (2014): NHS Five Year Forward View
2. The Kings Fund (2015): Acute hospitals and integrated care
3. The Kings Fund (2014): Can CCGs become accountable care organisations?
4. The Kings Fund (2014): Accountable Care Organisations in The United States and England: Testing, evaluating and learning what works
5. NHS Confederation/NHS European Office (2015): EU Models of Care Package - Alzira Spain ACO model webinar 21July 15
6. NHS Confederation/NHS European Office (2011): The search for low cost integrated healthcare
7. Healthcare Management Review (2014): How accountable are accountable care organisations?
8. Smith and Smith (2015): Away from the past and to a sustainable future

Appendix 2


Accountable Care Organisation
Tactical Commissioner Integrated Provider Partnership
Outline of a possible ACO governance structure
NT CCG Strategic Commissioning Capitated Contract w/health outcomes
Accountable Care Organisation comprising all major providers run by a partnership board
One lead provider acting as system integrator and manager
Tactical commissioning & contracting
Population Health
Contracts with partner ACO providers
Contracts with other providers inc private and third sector
ACO Governance
Regulator