

PCT, Mental Health Trust and Foundation Trust Chief Executives
Directors of Adult Social Services
Mental Health, PCT and SHA Directors of Finance
SHA Directors of Commissioning
SHA Mental Health Leads

1 April 2010

Gateway No: 14094

Dear Colleague,

This letter provides an update on the latest developments on Payment by Results (PbR) for Mental Health, as well as clarifying the timescales for its implementation.

On the 22nd February, we published a suite of documents on the Department of Health¹ website, including:

- *A Clustering Booklet for Mental Health PbR (2010/11)*, outlining the Care Clusters (which are the currency used in mental health PbR) and the supporting Mental Health Clustering Tool.
- *The Payment by Results guidance 2010-11* (section 9 relates to mental health) looking at operational issues in using the currencies.
- A revised version of *Practical Guide to Preparing for Mental Health PbR*, which sets out ten actions that can be taken locally to prepare for mental health PbR.

The publication of these documents means that we have now met the commitment in *High Quality Care for All* to make a mental health currency available for use in 2010/11.²

We are therefore moving into the implementation phase of mental health PbR, and we thought it would be helpful to clarify the expected pace of implementation.

¹ The link is:

http://www.dh.gov.uk/en/Managingyourorganisation/Financeandplanning/NHSFinancialReforms/DH_4137762

² *High Quality Care for All*, Chapter 4, Paragraph 23.

Timescales:

Having discussed with stakeholders, we are clarifying the timescales in the *Operating Framework 2010-11* by proposing the following:

- 2010/11 – The clusters are available for use. Reference costs are returned on a cluster basis.
- 2011/12 –
 - All service users accessing mental health care (post GP or other referral) that have traditionally been labelled working age (including early intervention services from age 14) and older people's services, should be allocated to a cluster by 31 December 2011.³
 - Local prices should be agreed for use in 2012/13 and this will require understanding of local costs per cluster
- 2012/13 – The clusters (with local prices) become mandatory for contracting and payment purposes.
- 2013/2014 – The earliest possible date for a national tariff for mental health (if evidence from the use of a national currency presents a compelling case for a national price).

These are the minimum requirements – local areas may choose to implement faster, although we would encourage health economies to establish a robust baseline to ensure the effects of implementation are understood.

Development work is underway considering the PbR approach to other areas of mental health services (e.g. secure services). As this work progresses, we will communicate expected timetables for the implementation of clusters in these areas.

Conclusion:

Mental Health PbR will bring significant benefits, from helping to tackle the Quality, Innovation, Productivity and Prevention (QIPP) challenge to offering a framework for the implementation of *New Horizons*. However, the amount of work needed to realise these benefits will be considerable, and this means that 2010-11 will be a crucial preparatory year.

If you feel your organisation needs more support in helping to prepare, please contact pbrcomms@dh.gsi.gov.uk.

Yours sincerely,



Bob Alexander
Director, NHS Finance



Bruce Calderwood
Director, Mental Health Policy

³ See the paragraphs 383-385 of Section 9 of the *PbR Guidance for 2010-11* for more details on the coverage of the clusters and the service users affected.