

Using market management and buying to build better health services

About this document

This document explains how we are going to use competition between providers of healthcare services to drive up standards and quality and improve patient care. More detailed information is available in the following documents which are on the NHS West Sussex website: www.westsussex.nhs.uk:

- NHS West Sussex policies on market management and buying for healthcare services
- NHS West Sussex Willing Provider Policies
- Dispute Resolution Process

There are some terms used throughout this document which may be unfamiliar, so we have provided definitions below:

Any Willing Provider Principle (AWPP)	This is an accreditation process where any provider that has been approved by the process to provide specified services can compete for business within the healthcare market
Commissioner	Primary Care Trusts have an annual budget to commission or buy the range of healthcare services needed from healthcare providers to meet the health needs of their local population. Through Practice Based Commissioning, groups of GPs will also have budgets to commission some services.
Contestability	Contestability is about opening up the health care market so that more organisations can bid to provide healthcare services. A contestability framework helps establish which contracts should be open for competition. Organisations can also contest the way a service is provided and suggest an alternative way to provide it.
Decommissioning	When a specific healthcare service is stopped. Usually because it is redundant, provides a poor quality of service or poor value for money
Health Economy	Organisations which provide healthcare for a specific population
Healthcare Market	Describes the organisations commissioning and providing care for a population within a designated geographical area eg West Sussex
Market Management	Market management defines an approach to structuring and maintaining market sources of supply to secure the delivery of stated outcomes. It includes developing competition and choice in the way healthcare services are provided to the NHS. This is a national initiative to improve and deliver better quality health services and to reduce health inequalities. It increases the opportunity for a wider range of organisations, including non-NHS organisations, to bid for contracts to provide some healthcare services.
Provider	A provider of healthcare services has a contract with a commissioner to provide those services. Providers can include: <ul style="list-style-type: none"> ▪ A current NHS organisation ▪ Groups of GPs working together ▪ Providers from the independent sector or third sector (voluntary and not for profit organisations) ▪ Patient groups ▪ Social enterprises; for example groups of individuals or members of staff
Tendering	When an organisation bids competitively for a contract
World Class Commissioning	The NHS World Class Commissioning (WCC) programme is designed to 'add life to years and years to life' through far reaching improvements in the way health and healthcare is commissioned. It's about driving up standards and improving patient care. NHS West Sussex intends to be a world class commissioner for the benefit of everyone living in the county, to make sure they receive the best health outcomes for the resources we have available.

What is market management and why is it important?

The NHS World Class Commissioning (WCC) programme is designed to 'add life to years and years to life' through far-reaching improvements in the way health and healthcare is commissioned. It's about driving up standards and improving patient care. West Sussex Primary Care Trust intends to be a world class commissioner for the benefit of everyone living in the county, to make sure they receive the best health outcomes using the resources we have available. To help us to achieve this, we have developed our policies for market management and buying.

Market management is about managing and maintaining the structure of healthcare provision. Effective market management and using competition amongst healthcare providers where appropriate will increase innovation and creativity, leading to higher standards in the quality of care they provide and greater value for money. It involves increasing the opportunity for a wider range of organisations, including non-NHS organisations, to bid for contracts to provide some healthcare services. This is part of a national initiative to improve and deliver better quality health services and to reduce health inequalities.

The more providers there are, the greater the choices we will have as a commissioner finding providers that deliver the best care but at the most competitive price. This means a healthcare system that will provide the best care for patients and the best value for taxpayers.

Developing and increasing competition locally to improve patient care

In West Sussex, health care services for patients have been provided by the same providers (usually the same local NHS organisations) over many years and this status quo has not been challenged. In redesigning the way local services are provided, we think it is important to:

- Improve patient choice
- Look at non-NHS organisations to provide some healthcare services.

However, developing new contracts to provide services is costly both for us as a commissioner and any organisation bidding for a contract. So we have developed a contestability framework which will help us to decide which contracts should be open for competition.

The contestability framework has a number of key principles to help us to do this:

We will stimulate the local market where appropriate – this is one of the key elements of World Class Commissioning. It means we must make sure that we have the right health services in place to deliver high quality care which meets the health needs of our population. To do this we must be aware of all the potential service providers locally who could work with us. It is important to identify them and develop on-going relationships with them. They may be very different from current service providers for example they could include the independent or third sectors (voluntary and not for profit organisations) or groups of GPs or patients.

We will consider any approaches from providers who want to contest the way a particular service is provided and compete to provide it– which could mean either developing a new service or opening up an existing service for competition. Organisations who might want to compete to provide a service include:

- Groups of GPs working together
- Providers from the independent sector or third sector (voluntary and not for profit organisations)
- Patient groups
- Social enterprises; for example groups of individuals or members of staff.

We may also choose to decommission or stop providing an existing service, particularly if it is redundant, provides a poor quality of service or poor value for money. If we decommission a service we will explain the reasons why. But if there is a continuing need for a service and the current provider is unsatisfactory, we will work with them in the first instance to help them to improve it. If they are still unable to provide the right quality of care we will find an alternative provider.

Where we think a service is not appropriate for contestability we will be clear about the reasons why – not all services may be appropriate for competition on the open market.

For example:

- Patient safety may be put at risk
- The existing health economy would be destabilised
- It is a specialist service and provision is decided at a national level
- It depends on another existing service
- The cost of a contested approach could not be justified in relation to the contract value.

We are responsible for managing the market and encouraging more healthcare suppliers to compete to provide services, including those that are new to the market –

this approach will deliver greater value for money, but should not be favourable to any particular types of suppliers. However, because third sector organisations might find it difficult to establish themselves as providers, the PCT will engage with and work closely with them to increase plurality of provision of healthcare within West Sussex.

We will ensure there is a 'level playing field' when using a competitive process – we will make sure that no preferential treatment is shown to in-house or other preferred providers.

We will not allow choice to be restricted because of collusive behaviour between organisations or through the formation of monopolies locally – because this does not support what we are trying to achieve, may stifle innovation and would not lead to improved patient care. However in some instances it will be acceptable for organisations to bid together as a joint venture to provide a service, although there will be others where there is a clear conflict of interest.

We have an obligation to work in partnership with other organisations – if we are going to improve and transform community services. We must work closely with local authorities so that health and social care provide a 'joined-up' service. We already pool some of our budgets with local authorities to do this. We will also make sure that our contestability framework is clear to partner organisations.

We must encourage patient empowerment through choice – this means providing patients with information about services so that they can make an informed choice about their care. Patients already have the right to choose their GP, and national initiatives like Choose and Book mean they can also decide place, date and time for their first outpatient appointment in a hospital or clinic. But we also need to involve patients in developing services, as they are often the experts on the care needed. Increasing contestability will increase genuine choice for patients, as it will increase the diversity of service providers.

We will support the principle of Any Willing Provider (AWP) – this is an accreditation process where any provider that has been approved by the PCT can compete for business within the market. It is an important way to strengthen contestability. The Department of Health wants all elective (or planned) hospital services to be procured through AWP.

AWP is not a tendering process, but a way of finding out whether a particular provider meets the specific service criteria required. As a commissioner we must provide clear and detailed service specifications. Contracts under AWP will be advertised through the national government procurement portal www.supply2health.nhs.uk. To become accredited, providers will follow a two-stage application process and will be assessed by a specialist PCT panel.

Ensuring competition is fair and dealing with disputes

Our procurement policy will ensure that we obtain value for money but without compromising safety and quality. It will also increase awareness of procurement best practice, including the need for commissioning staff to develop specialist procurement skills and knowledge, if they are to stimulate the local market in order to deliver robust, effective and viable contracts with providers.

It is based on core procurement principles including:

- Transparency and fairness
- Proportionality so that the procurement processes are proportionate to the value of the contract and isn't overly bureaucratic
- Non-discrimination – ensuring consistency in procurement rules
- Equity and equality – so all providers and sectors have an equal opportunity to compete where appropriate
- Sustainability – helping potential supplier increase their understanding of the requirements
- Value for money – quality should be on an equal footing to price in the decision – making process.

There is also a process in place to resolve any disputes that arise through contestability, and wherever possible we will seek to achieve this locally. Where this is not possible the dispute can be referred to the independent regulator the National Competition and Cooperation Panel.