

**Publication:** [www.buildingbetterhealthcare.com](http://www.buildingbetterhealthcare.com)  
**Publication Date:** 22<sup>nd</sup> September 2016  
**Periodicity:** Daily



## COMMENT: CHC placements: time to modernise purchasing processes

22-Sep-2016

*FINANCE | IT*

Ray Hart, director at Valuing Care, explains why it is now time to step up CHC purchasing processes and ditch the burdensome methods that commissioners have battled with for years

As the NHS keeps having to find efficiencies, while also trying to identify new and better ways of working, many processes within healthcare have been examined to see what improvements can be made and what steps are needed to get them into better shape.

The cost of purchasing and managing Continuing Healthcare (CHC) placements is one of the few areas that has unfortunately been somewhat overlooked and overshadowed in favour of other procurement areas. And yet the purchasing process currently in place is long overdue an upgrade.

As CCGs and CSUs continue to deal with ever-increasing CHC spend and care provider pressure, is now the time to update the systems used to purchase placements and move to an evidence-based approach using the latest on-line cost models?

“ The current approach to purchasing Continuing Healthcare placements is particularly paper-based or reliant on individual spreadsheets. As a result, this lack of investment is hampering the progress so desperately required to control costs

Commissioning managers and nurses often voice the key functions needed in creating a system to manage and purchase better, and more-cost-effective, CHC placements. This includes:

A system that creates a standard cost model database to enable consistency across a CCG area

Cloud-based infrastructure to enable both nurses and commissioners to complete and access the same patient record

Web access so that a system could be used while negotiations with the providers are being undertaken, either

at the care home or in the office

- A clear audit trail of purchasing calculations and decisions made
- A workflow model that enables purchasing information to be collected once
- The ability to tailor any national cost drivers to a more local level to deal with any issues such as carer shortages
- The ability to build up a data set that can be used for reviewing contracts with providers and dealing with inflationary uplift

Most current systems that are not ‘home grown’ ones, record the outcomes of purchasing decisions made after they have been completed. These do not actually aid the purchasing decision, either through calculating the correct price or by helping find available vacancies.

To alleviate this problem, and improve the skill set and working practices, technology has been developed. Valuing Care, for instance, has turned its cost models and datasets into an online system.

Working with commissioners the company has built up standard models for care home purchasing that pull out the relevant data from the company’s national cost model to populate key cost fields. Applying technology in this way is a significant breakthrough for this area.

In addition, this national information can be tailored to a local cost model. This can either be populated before implementation, through a survey, or built up over time through data collected from actual negotiations.

The local cost data can be readily compared to the national database that has been created to ensure reasonableness. This will, over time, create an aggregate data set that will standardise the rates paid in a local area.

The more data that is collected, the better the data set, and the better the decision-making process.

“ The cost of purchasing and managing Continuing Healthcare placements is one of the few areas that has unfortunately been somewhat overlooked and overshadowed in favour of other procurement areas. And yet the purchasing process currently in place is long overdue an upgrade

The costs of CHC placements is a highly-complex area as individuals entitled to the service require different levels and types of care.

It has remained relatively unchallenged in some areas of the country, as has the way in which placements are purchased.

In fact, the current approach to purchasing Continuing Healthcare placements is particularly paper-based or reliant on individual spreadsheets. As a result, this lack of investment is hampering the progress so desperately required to control costs.

Any new ways of working would need to reduce the amount of time spent on dealing with the paperwork of provider requests, and also create a solid basis to justify the prices providers are demanding for nursing places as costs continue to rise.

Automating the current process on its own would not be enough though. Decisions made to pay for placements need to be based on solid business intelligence that understands the underlying cost of care and forms the basis for smart negotiation with care providers.

“ Purchasing processes across different departments vary enormously in the health and social care sector, and it is time CHC processes were brought in line with the best

It is an ever-pressing issue due to the fact that the number of CHC placements to the NHS continues to rise, with 62,000 people eligible for Continuing Health Care funding in 2015/16.

The reasons for this increase are well known; primarily an ageing population with varying medical conditions requiring health intervention, and therefore funding for a variety of care packages. This has also been compounded by an increased awareness of CHC funding, and a number of legal test cases over the last 20 years.

With such a growing number CHC placements to process year on year, it is vital to move beyond this outdated, time-consuming, paper-based model of the past to a process that can cope with the ever-changing demands.

Automating the process would lead to enormous improvements in staff efficiency.

Heavily dependent on manpower, the current situation means that commissioners are tangled up completing excess paperwork and dealing with provider requests for uplifts.

A technology-based solution here could free up time, meaning that CHC placements could be processed through the system much quicker, leading to a better service.

This allows more-effective commissioning as staff are able to reallocate their time to their primary duties.

It would also allow commissioners to gain a better understanding of costs, and be clearer on the price they should be paying for all elements of the care including any additional services.

Through being more price aware, this, in turn, helps commissioners secure value-for-money care placements and perhaps also consider other techniques to reduce costs.

For instance, commissioners are increasingly using negotiating techniques for individual packages, and report significant success in doing so.

As some patients require funding for a number of years, which can easily cost thousands of pounds per week with even a small saving on those costs soon adding up to a significant amount over the course of the placement, any improvement that reduces expenditure is crucial for future sustainability.

“ There is a better way to work here, and technology, coupled with business intelligence, can deliver the change so desperately needed

Using technology throughout the purchasing process also improves visibility, and management and control of costs, and can really overcome the inefficiencies that commissioners face with the current system.

Purchasing processes across different departments vary enormously in the health and social care sector, and it is time CHC processes were brought in line with the best.

There is a better way to work here, and technology, coupled with business intelligence, can deliver the change so desperately needed.



## Companies

- Valuing Care