Department of Health & Social Care

NHS England

Training pack for practices

Prototype remuneration system

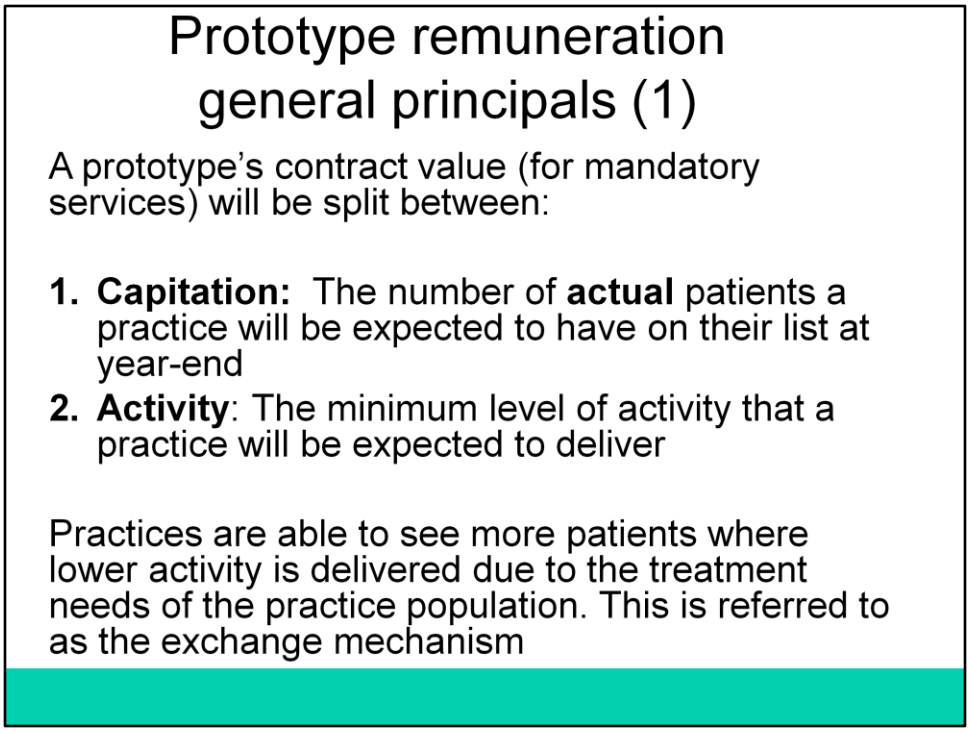
Contents

- Remuneration – general principals
- Capitation
- Activity
- Process for the calculation of capitation and activity elements
- Remuneration year-end adjustments
- The modelling tool

Prototype remuneration – general principals

This section will cover:

- The key principles underpinning the remuneration mechanism for prototypes



Capitation

- Capitation is the term used to describe the element of the contract value that relates to the number of patients cared for.

- A practice will have a number of patients they are expected to provide care for. For simplicity, this is referred to throughout this document as the "expected patient list" but in other documents such as the Statement of Financial Entitlements for the prototypes (SFE) you will see this referred to as the "expected capitated patient list" or the "Contractor's Expected Capitated Population (CECP)". **These are the same**.

Activity

- Activity will be measured in units of dental activity (UDAs) for the prototypes.

- Practices will be expected to deliver all necessary care to each patient on their list. If more activity than the practice's minimum expected level is required to be delivered to their patients, practices must deliver this within their overall contract value.

Exchange mechanism

- Further detail on the use of the exchange mechanism is included in later slides.

Prototype remuneration general principals (2)

- The value of the capitation and activity elements are based on the value of the mandatory services provided under the contract
- A practice may also have additional services included in their GDS contract /PDS agreement, for example orthodontics, sedation, domiciliary services
- These elements do not form part of the calculation for capitation and activity values and should continue to be delivered as per the contract

Contract value

- A practice's contract value will remain unchanged in the prototype.
- Practices will continue to be paid 1/12th of their total contact value each month.
- The contract value that will be split between capitation and activity is the mandatory services (general dentistry) element of the contract.
- The contact value for general dentistry excludes the value of any additional services:
    - advanced mandatory services,
    - dental public health services,
    - domiciliary services,
    - orthodontic services, and
    - sedation services;
- Where a practice has additional services such as orthodontics or sedation the value of these items are not included in the value that is split between capitation and activity.

Example:

Total contract value = £700,000
Orthodontics =£ 75,000
Sedation = £ 25,000

In this example the contract value that will be split between capitation and activity is £600,000 . The orthodontic and sedation element is subtracted from the total contract value and the remaining value (for general dentistry) will be split between capitation and activity.

Prototype remuneration general principals (3)

- Contract values remain the same as your UDA contract value and practices are paid 1/12th each month
- The calculation of the actual remuneration for the year is based on a combination of capitation and activity delivered. This process is undertaken at year-end
- Up to 10% of the contract value is at risk where expected capitation and activity levels are not met
- Up to 2% of the contract value will be recognised where expected capitation and activity levels are exceeded

Practice remuneration and year-end adjustments

- A financial adjustment (recovery or additional payment) will be made at year-end once the figures for capitation (patient numbers) and activity are known.
- The calculations for this year-end adjustment are set out in the SFE for prototype agreements (Statement of Financial Entitlements).
- The SFE can be found at: https://www.gov.uk/government/publications/dental-prototype-agreements-directions-and-patient-information.
- Where forecast performance is persistently below 90% this may result in a practice being exited from the prototype scheme.

10% risk

- This is the maximum value that can be recovered from a practice at year-end for capitation and activity adjustments
- Therefore a practice knows that the minimum level it will be paid is 90% of their contract value. This is known as the CAAML (Capitation and Activity Adjustment Minimum Level).

Exceeding the expected level

- The maximum value that will be recognised for exceeding the combined expected activity and capitation levels is 2% irrespective of the actual year-end position.
- This value may be paid by the commissioner or carried forward.

Prototype remuneration general principals (4)

There are two blends of remuneration being tested in the prototypes:

- Blend A – the capitation element covers band 1 care and the activity covers band 2 and band 3 care
- Blend B – the capitation element covers band 1 and band 2 care and the activity covers band 3 care

Practices will be expected to deliver all necessary care to each patient on their list within their overall contract value

Blend A and Blend B

- Practices were allocated their blend type at the point of selection.

Treatment bands

- Band 1: This covers oral health assessments / reviews and preventive care. This will be part of the capitation element in both blends.

- Band 2: This covers routine treatment such as fillings and extractions In blend A this will be part of the activity element. In blend B this will be part of the capitation element.

- Band 3: This covers more complex treatment such as crowns, dentures and bridges. In both blends this will be part of the activity element.

Prototype remuneration general principals (5)

- A practice's expected patient list excludes patients last seen by a foundation trainee (FT) at the practice
- A practice's minimum activity requirement excludes activity delivered by an FT

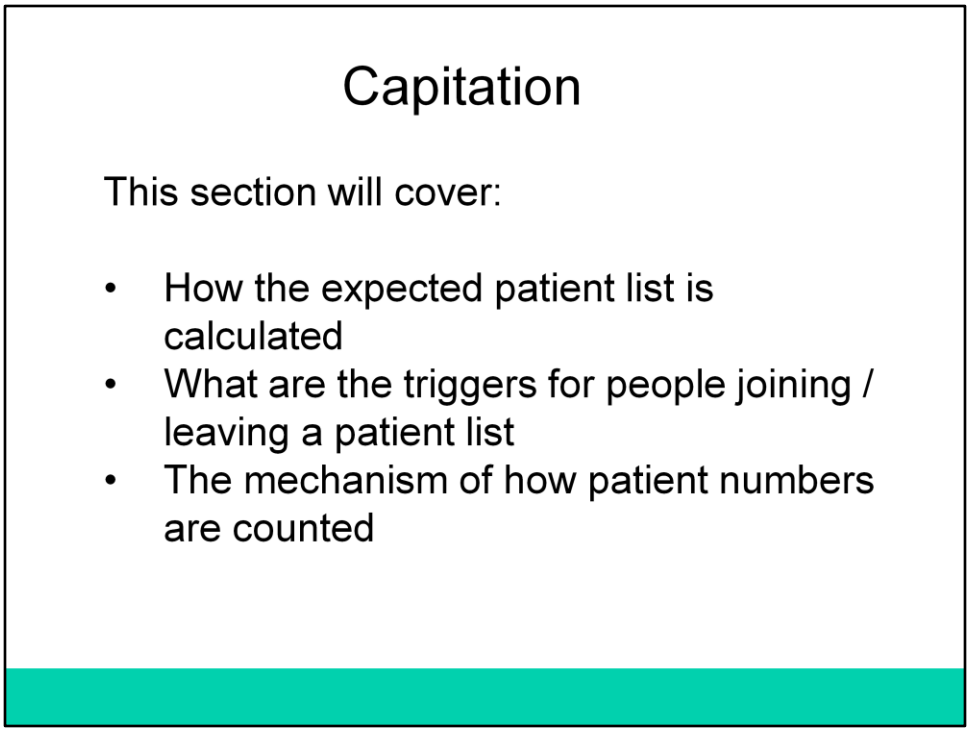
Patients seen by FTs

- Ongoing monitoring of the capitated patient numbers will exclude patients last seen by the foundation trainee (FT) at the practice

Activity delivered by FTs

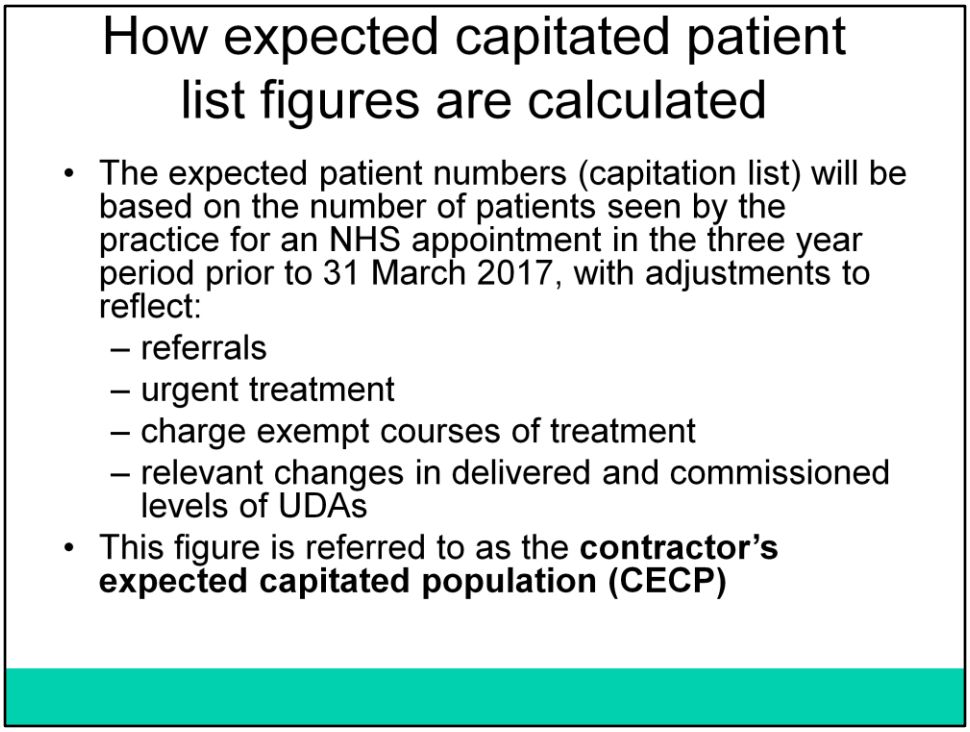
- This mirrors the GDS / PDS system with activity delivered by the FT being discounted from the practice's expected activity levels

Therefore we are monitoring like with like in both capitation and activity



- The term capitation refers to the element of the contract value that relates to the number of patients cared for.

- A practice will have a number of patients they are expected to provide care for. For simplicity, this list is referred to in this document as the “expected patient list” but in other documents such as the SFE you will see this referred to as the “expected capitated patient list” or the “Contractor’s Expected Capitated Population (CECP)”. **These are the same**.



Expected patient list

- An element of a practice's contract value will be identified to cover capitation.

- A practice will have a number of patients they are expected to provide care for over a rolling three year period. For simplicity, this list is referred to in this document as the "expected patient list" but in other documents such as the SFE you will see this referred to as the "expected capitated patient list" or the "Contractor's Expected Capitated Population (CECP)". **These are the same**.
- To clarify - a practice is NOT expected to see all the patients on their list in one year.

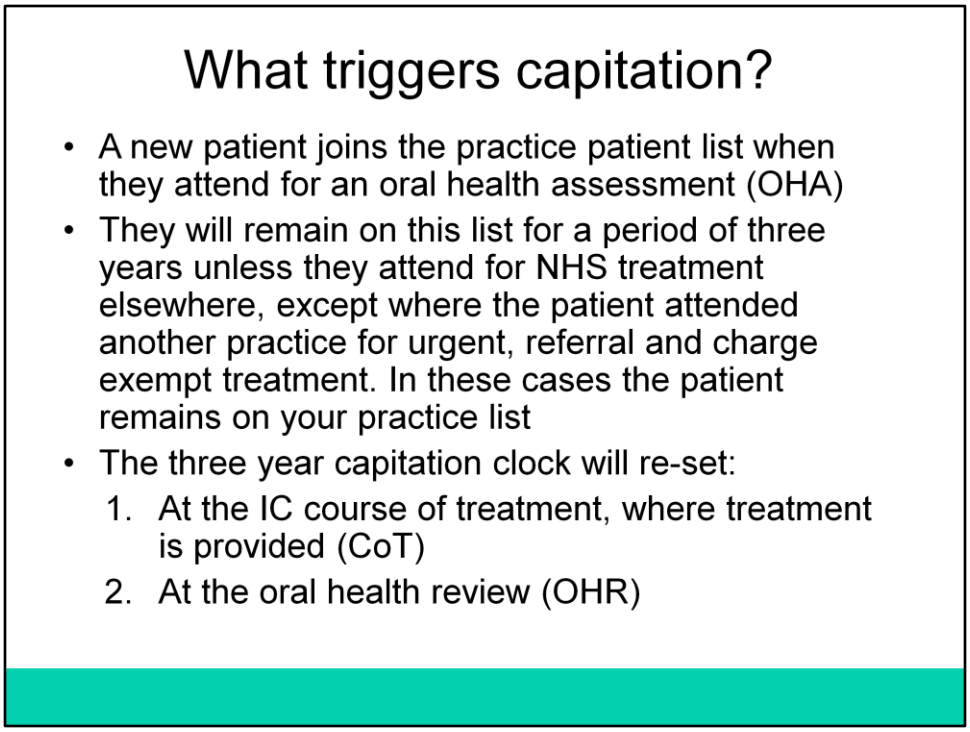
Calculation of the expected patient list

- Each practice has their own expected patient list which is calculated using the number of actual patients who attended the practice for an NHS appointment in the three year period prior to 31 March 2017.

- The patient list will then be adjusted to remove patients where their **only** attendance at the practice in the three year measurement period was for:
    - referral appointment(s)
    - urgent appointment(s)
    - charge exempt course(s) of treatment

- The patient list will then be adjusted to add back in patients who had been seen in the practice in the three year measurement period but had **one –off** attendance elsewhere for:
    - referral appointment(s)
    - urgent appointment(s)
    - charge exempt course(s) of treatment

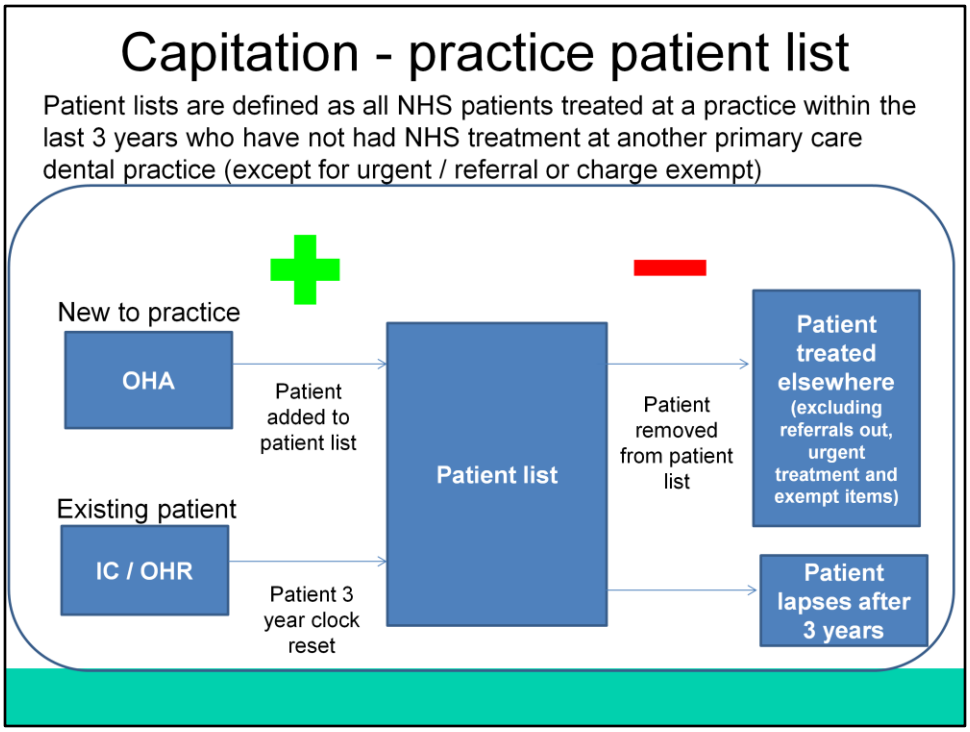
- Following the adjustments above the final adjustment would be to reflect any changes in delivered and commissioned UDAs.



- A patient should first join the capitated patient list of the practice when they attend for a OHA. They will remain on the practice list for a period of three years from the date of this appointment, unless they attend for NHS treatment elsewhere, or their three year capitation clock is re-set (see below).
- If the patient however attends another practice for an urgent, referral or charge exempt course of treatment they will not leave the practice list.
- If the patient requires an IC CoT, the first appointment of each IC CoT will re-set the three year capitation period.
- The clock will be re-set once again when the patient returns for their OHR.
- This is shown in the example below and graphically on the next slide.

Example:

- Fred attends for an OHA appointment on 15 June 2018. His three year capitation period starts on **15 June 2018.**
- He attends for further appointments for fillings and extractions on 16 July 2018 and 25 July 2018. This is delivered under the same course of treatment as the initial OHA appointment, therefore his three year capitation period continues to be counted from 15 June 2018
- Fred needs an IC course of treatment and returns for this later in the year for this and the date of this 19 August 2018. Fred's three year capitation period is re-set from **19 August 2018.**
- Fred goes on holiday in on 30 August 2018 and has toothache. He attends another practice for an urgent course of treatment whilst on holiday. This appointment does not remove Fred from the practice list and he remains as part of the capitated patient list.
- Fred is due to return for his OHR in June 2019 – at which point his three year capitation period will re-start once again.



Pictorial summary of previous slide

Capitation - exclusions

- Urgent treatment
  - ✗ A patient treated for an urgent course of treatment at practice A does not get added to their patient list
  - ✓ Practice A's patient treated elsewhere remains on their patient list
- Referral patients
  - ✗ A patient referred to practice A for specific treatment does not get added to their patient list
  - ✓ Practice A's patient treated elsewhere remains on their patient list
- Charge exempt items
  - ✗ A patient treated at practice A does not get added to their patient list
  - ✓ Practice A's patients treated elsewhere remains on their patient list

How capitated patient numbers are counted (1)

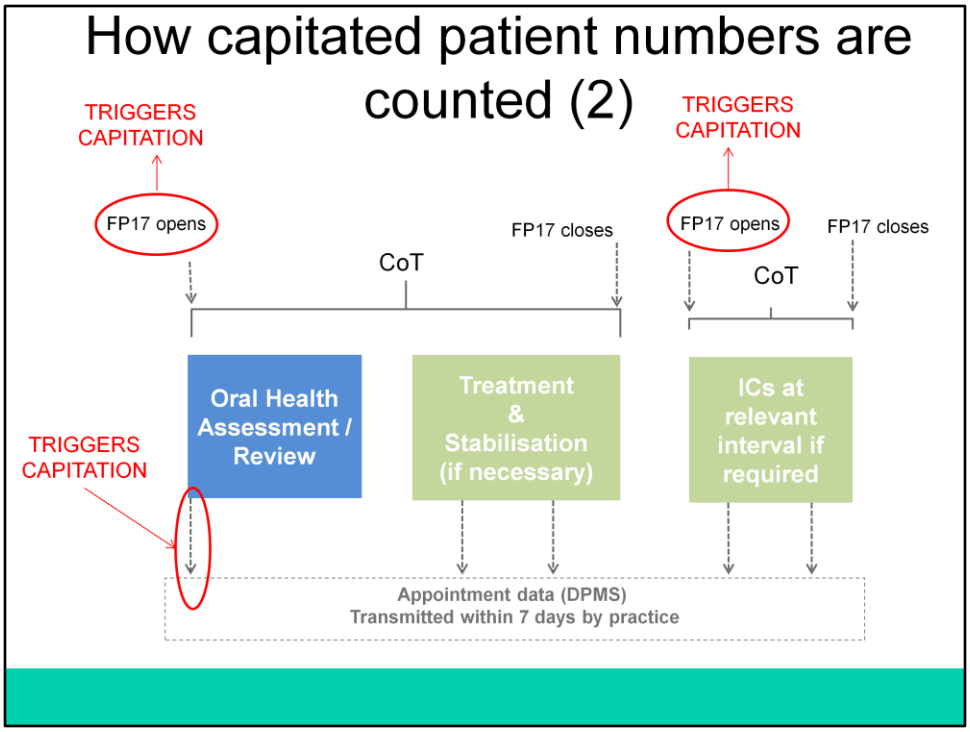
- During the year appointment transmissions from OHA / OHR appointments will be used to add and retain patients on a practice's patient list as well as FP17 information
- Therefore timely appointment transmissions will ensure that the patient list is as accurate as possible throughout the year
- Timely data transmissions are essential for prototype practices
  - FP17 submissions received within two months of completion of course of treatment
  - Appointment transmissions received within seven calendar days

- NHS BSA Dental Services will process and count all appointment transmissions and FP17 to calculate patient list figures.

- NHSBSA Dental Services will be the sole provider of capitated patient numbers used to assess the position of prototype practices and calculate year-end delivery.

- Patients will be removed from the practice list when treated elsewhere for NHS treatment (except urgent, referral, and charge exempt courses of treatment) when an FP17 is submitted by the practice that has most recently treated the patient. Therefore there may be some delay in patients leaving the practice list as it could be up to 60 days following the end of the course of treatment before the new practice submits the FP17 to NHSBSA for processing.

- This is shown graphically on the next slide.



- Although the capitation trigger date will be the acceptance date (first appointment date of the CoT) this is not reported to NHSBSA until the CoT is complete and the FP17 submitted and processed.

Capitation scenarios

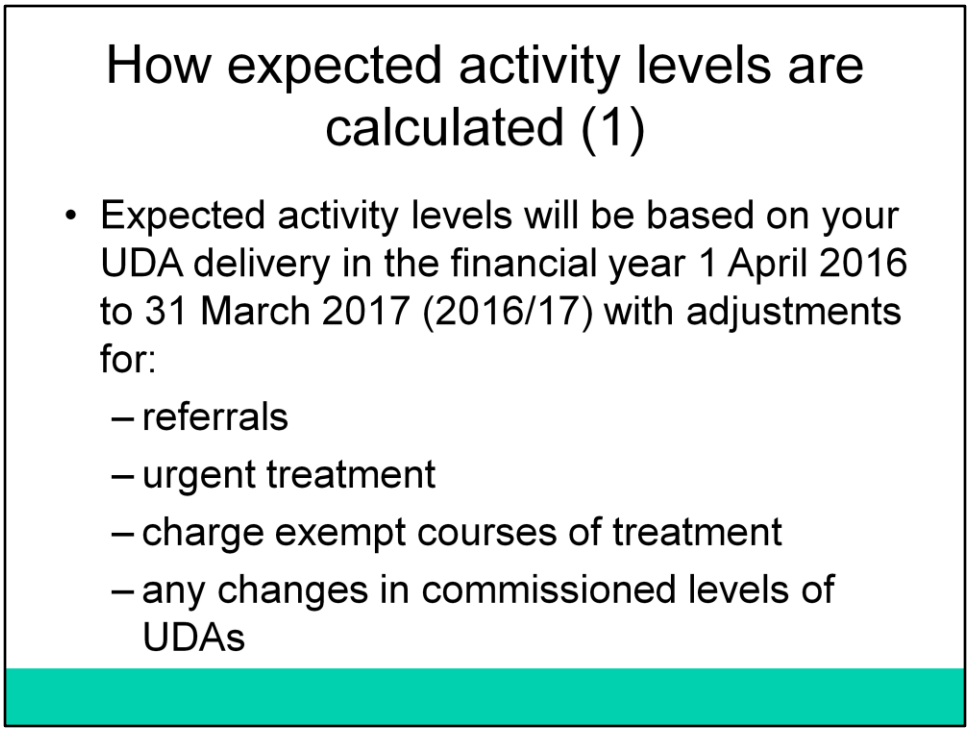
Fred attends for an OHA on 1 August 2018. Is Fred added to the practice's patient list?	YES
John is a patient of Smiley Dental and has toothache whilst on holiday in Devon. He attends a dental practice for an urgent course of treatment. Does John get removed from Smiley Dental's list?	NO
Wendy gets referred from her own practice to Jones Dental Ltd for treatment. Will she get added to Jones Dental's patient list?	NO
Doris is a patient at Thompson Dental practice but attends your practice for a denture repair. Does she get added to your practice list?	NO

- Animated slide to check understanding

Activity

This section will cover:

- How the minimum expected activity level is calculated
- What and how activity is counted



Calculation of expected activity levels

- The expected activity levels will be measured in UDAs.
- The 2016/17 activity data has been analysed and discounted any activity for either urgent, referral or charge exempt courses of treatment where this has been done on capitated patients. However, any activity for urgent, referral or charge exempt courses of treatment is counted toward the expected activity levels where this was carried out on non-capitated patients.
- These are removed because these items will be covered by the capitation element.
- An adjustment will also be made for any changes in commissioned UDAs

How expected activity levels are calculated (2)

- Expected activity levels will depend on the prototype blend the practice is allocated to:
  - Blend A: Band 2 and band 3 activity
  - Blend B: Band 3 activity
- For prototype practices the activity element is known as a prototype UDA

Split of treatment between activity and capitation

In blend A:

- Band 1: This covers oral health assessments / reviews and preventive care. This will be part of the capitation element.

- Band 2: This covers routine treatment such as fillings and extractions This will be part of the activity element.

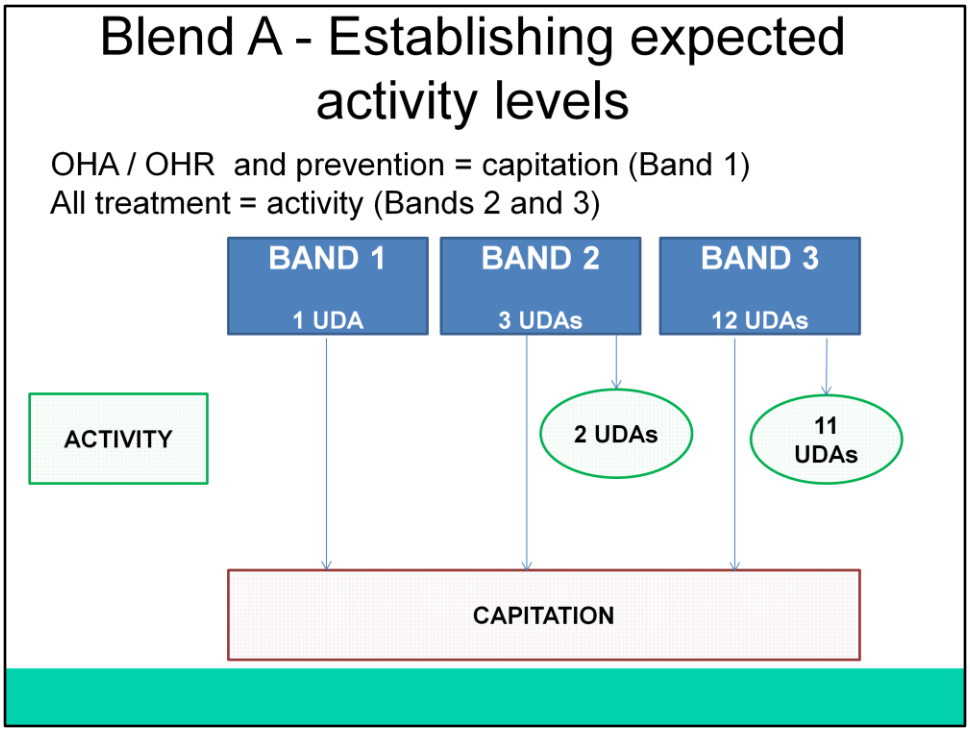
- Band 3: This covers more complex treatment such as crowns, dentures and bridges. This will be part of the activity element.

In blend B:

- Band 1: This covers oral health assessments / reviews and preventive care. This will be part of the capitation element.

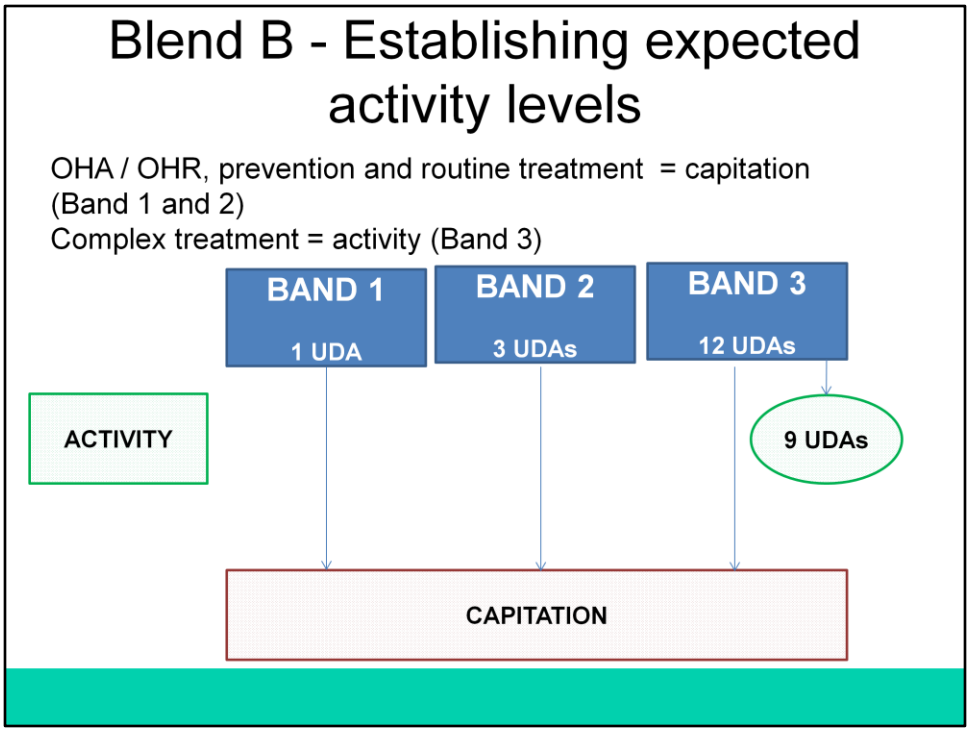
- Band 2: This covers routine treatment such as fillings and extractions This will be part of the capitation element.

- Band 3: This covers more complex treatment such as crowns, dentures and bridges. This will be part of the activity element.



When identifying the expected activity for blend A, not all the UDAs are counted:

- Band 2 – 2 out of 3 UDAs counted. This is because the remaining 1 UDA is for the band 1 care provided under the band 2 treatment.
- Band 3 – 11 out of 12 UDAs counted. This is because the remaining 1 UDAs is for the band 1 care provided under the band 3 treatment.
- This is because the UDAs not counted in the expected activity levels are covered under the capitation element of the contract value.



When identifying the expected activity for blend B, not all the UDAs are counted:

- Band 3 – 9 out of 12 UDAs counted. This is because the remaining 3 UDAs are for the band 1 and band 2 care provided under the band 3 treatment.
- This is because the UDAs not counted in the expected activity levels are covered under the capitation element of the contract value.

How expected activity levels are calculated (3)

- The programme recognises that prevention takes time and fewer treatments will be delivered as a result. Therefore an adjustment is applied to reflect this
- Expected activity levels will be reduced by:
  - 20% for Band 2
  - 30% for Band 3
- Once all of these adjustments have been made this is then applied to the 2018-19 level of commissioned UDAs to establish the **expected minimum activity (EMA)** level for the practice

Adjustment for treatment volumes:

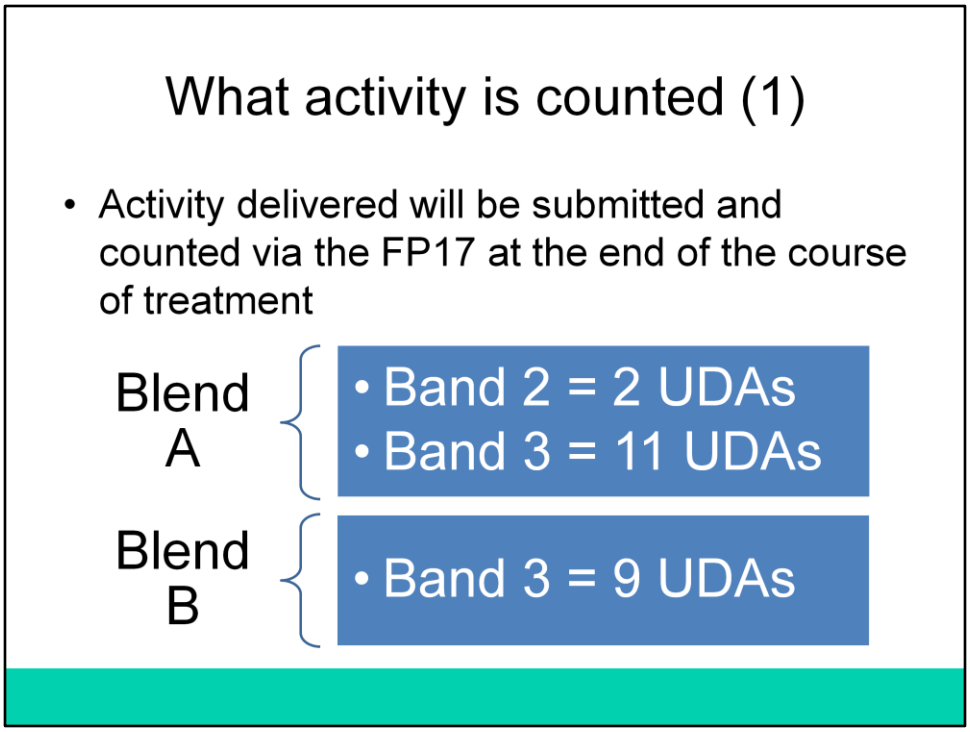
- This allowance adjusts the expected activity levels downwards, therefore reducing the expected activity levels and associated activity funding. The reduction transfers to the capitation element, and the overall contract value remains unchanged.

- The allowances for falls in treatment volumes is greater in Blend B than Blend A to reflect that there has been a greater fall in band 3 courses of treatment than band 2 courses of treatment in the pilots.

Minimum expected activity level:

- Practices will be expected to deliver all necessary care to each patient on their list. If more activity than the practice's minimum expected level is required to be delivered to their patients, practices must deliver this within their overall contract value.

- The money to provide the care for these patients is still included within the overall contract value, which remains unchanged.



Counting of activity:

- The activity that is counted will depend on which blend a practice is in.

What activity is counted (2)

Counting of activity for urgent treatment, referral patients and charge exempt courses of treatment will depend on whether this activity is provided to a patient who is on the capitated patient list or not:

- Where the patient is on the practice list:

  No activity is counted

- Where the patient is not on the practice list:

  Activity is counted

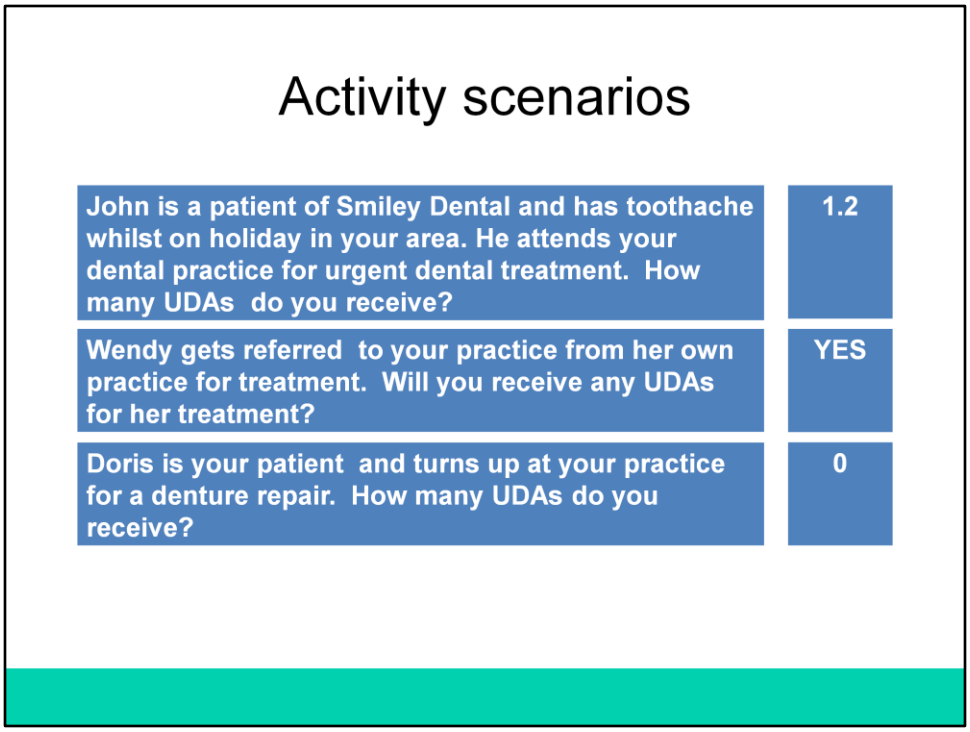
- Where a patient is part of the practice's capitated list – there is no UDA credit for urgent treatment. The practice will receive the capitation funding for this patient.

- Where a patient is not part of the practice's capitated list – there is UDA credit for the above treatments. The practice will receive the UDA credit only:

- Urgent course of treatment
  - Urgent course of treatment = 1.2 UDAs

- Charge Exempt courses of treatment
  - Arrest of bleeding – 1.2 UDAs
  - Repair of appliance (denture) – 1.0 UDA
  - Repair of appliance (bridge) – 1.2 UDAs
  - Removal of sutures – 1.0 UDA
  - Prescriptions – 0.0 UDAs

- Referral into practice for advanced mandatory services
  - Band 2 course of treatment = 3 UDAs
  - Band 3 course of treatment = 12 UDAs



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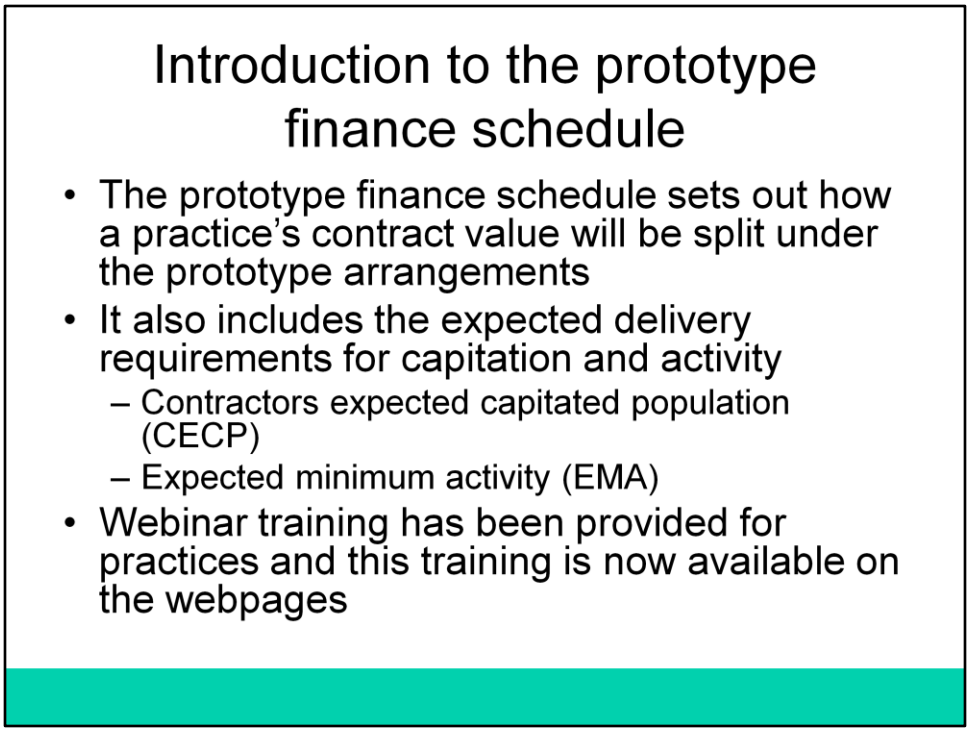
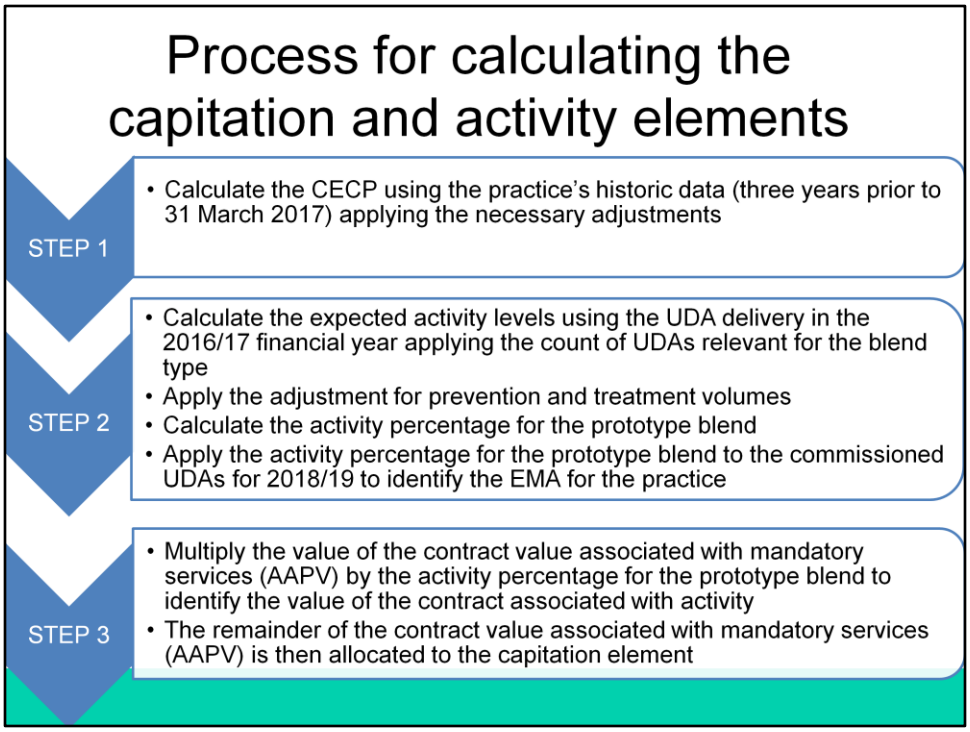
Calculation of capitation and activity

This section will cover:

- Process for the calculation of contractors expected capitation population (CECP) and expected minimum activity (EMA) elements

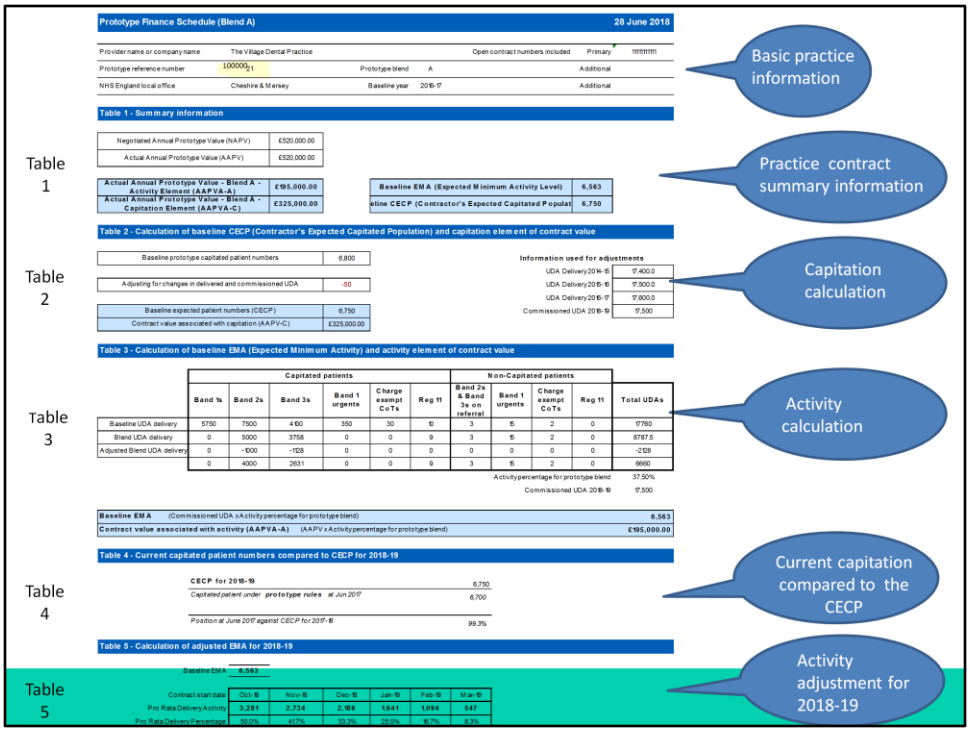


- The prototype finance schedule sets out further details of the calculations for the capitation and minimum activity requirements.
- The expected patient numbers (capitation) and minimum activity requirements for each practice have been established using a standard approach which has been applied consistently across all practices.
- The expected patient numbers (capitation) and minimum activity requirements are based on a practice's historic delivery in the baseline period:
    - Expected patient numbers: This is calculated using the number of actual eligible patients who attended the practice for an NHS appointment in the three year period prior to 31 March 2017, with the adjustments previously described in slide 10
    - Expected minimum activity level: This is calculated using the UDA delivery for the practice in the financial year 1 April 2016 to 31 March 2017 (2016/17)



- This process has been undertaken by the dental contract reform programme and practices have been provided with their individual capitation and activity figures.

- The following examples are provided for background information.



This is a copy of the prototype finance schedule.

Year-end adjustments

This section will cover:

- Remuneration year-end adjustments

Remuneration year-end adjustments

- Practices will receive 1/12th of their contract value each month
- At year-end financial adjustments (if applicable) will be made for:
  - Capitation (patient numbers) and
  - Activity
- Under prototype arrangements there is no financial adjustment associated with the delivery of the Dental Quality and Outcomes framework (DQOF) in 2018/19 or 2019/2020

- The calculations for year-end adjustments will be done by the contract reform programme with NHSBSA.

- Practices will be aware of their individual positions through the reports that will be made available throughout the year, so any year end adjustments should not be a complete surprise to practices.

Year-end process for capitation and activity (1)

- At year end a practice will be reviewed to assess whether:
  - Patient numbers are above or below the expected level (capitation)
  - Activity is above or below the expected minimum level
- The value of these year-end delivery positions are calculated and combined to determine the actual remuneration level for the year

Recap:
Practices receive 1/12th contract value each month
Adjustments are made based on combined delivery of capitation and activity for year ending 31 March
No financial adjustment for 18/19 or 19/20 relating to DQOF

Year-end process for capitation and activity (2)

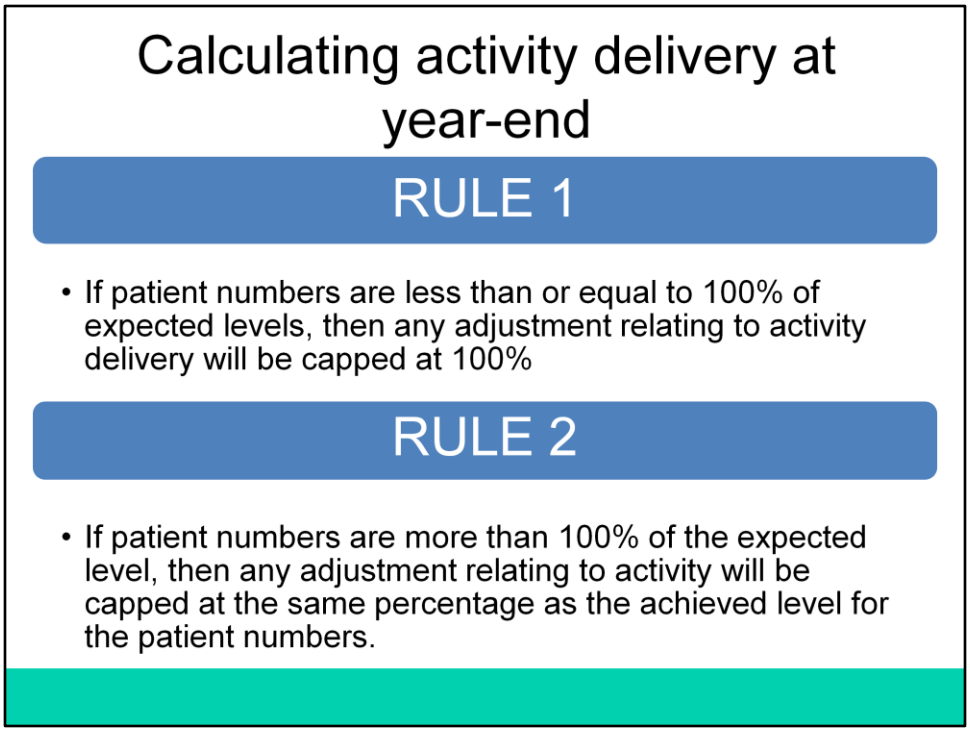
- The calculation of the year-end position will be calculated by NHS England and the programme
- This process will be undertaken after all year-end data has been received and processed by NHS BSA
- Practices will be notified of their year-end position and any associated financial adjustment or carry forward by NHS England
- Any financial adjustments will be applied and processed via Compass and reflected in a practice's monthly pay schedule

- As per the current arrangement year-end is 31 March.
- The year-end process will be undertaken after the end of May each year, this is because practices have up to 60 days following the end of a course of treatment to submit the data to NHS BSA.

The exchange mechanism

The calculation of the value of year-end delivery positions takes into account where practices have utilised the flexibility within the prototype remuneration system to see more patients where lower activity is delivered due to the treatment needs of the practice population

Prototype practices are expected to deliver all necessary care to every capitated patient on their list and if more treatment than the minimum level is required, practices will be expected to deliver this within their overall contract value



When calculating year end performance for activity the following rules are applied:

- Rule 1 - for example: if patient numbers are 97% of the expected levels, then the activity delivery counted will be no more than 100% of the activity levels.

- Rule 2 – for example: if patient numbers are 101% of the expected level, then the activity delivery counted can be no more that the patient number percentage level i.e. 101%.

Year-end adjustments (1)

Where value of delivery is less than 100%

- If the combined value of delivery is above 96% at year-end there will be no financial recovery and the value of under-delivery will be carried forward to the next financial year
- If the combined value of delivery is less than 96% at year-end the value of under-delivery will be recovered by NHS England
- Under the prototype arrangements the maximum financial recovery will be 10% of the contract value associated with mandatory services

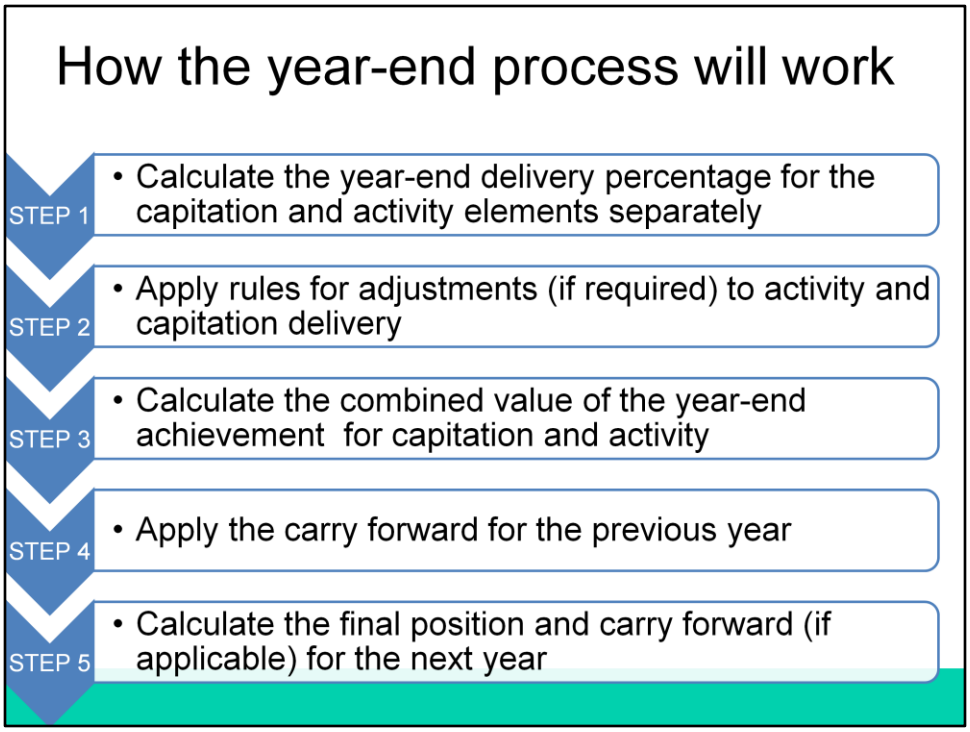
- This means that practices have some tolerances around the delivery of both patient numbers and activity from year to year.
- The carry forward in the prototypes will be a monetary value – NOT units of activity or patient numbers.
- Year-end adjustments for capitation and activity is separate to any DQOF adjustments.

Year-end adjustments (2)

Where value of delivery is greater than 100%

- Where the combined value of delivery exceeds 100%, NHS England will recognise over-delivery up to 102%.
- The value of this over-delivery will be carried forward to the next financial year unless paid by NHS England (by local agreement)

- This means that practices have some tolerances around the delivery of both patient numbers and activity from year to year.
- The carry forward in the prototypes will be a monetary value – NOT units of activity or patient numbers.



Step 2 refers to the application of the rules around activity adjustments:

- Rule 1: If patient numbers are less than or equal to 100% of expected levels, then any adjustment relating to activity delivery will be capped at 100%

- Rule 2: If patient numbers are more than 100% of the expected level, then any adjustment relating to activity will be capped at the same percentage as the achieved level for the patient numbers.

Year-end mechanism example 1

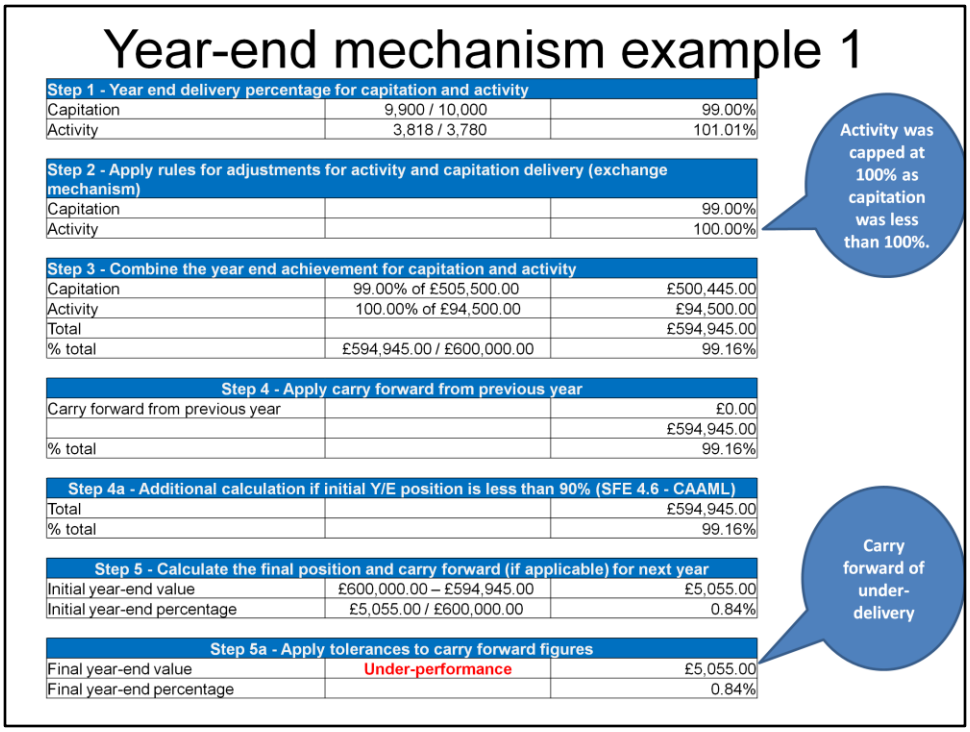
Practice information

Actual Annual Prototype Value (AAPV)	£600,000.00
Capitation element (AAPV-C)	£505,500.00
Activity element (AAPV-A)	£94,500.00
Expected patient list (CECP)	10,000
Expected Minimum Activity (EMA)	3,780
Contract value c/fwd - previous year (£)	£0.00

Year-end delivery

Patient numbers	**9,900**
Prototype UDAs	**3,818**

- This slide includes the key information that will be used at year-end to assess the final positon. The next slide shows how the calculations are applied.
- This example has no carry forward from the previous year.



Note that in step 2

- Activity was capped at 100% as capitation was less than 100%. In this case Rule 1 was applied.

If capitation had been 101% then activity would have also been capped at 101%, as rule 2 would have applied

Year-end mechanism example 2

Practice information

Actual Annual Prototype Value (AAPV)	£600,000.00
Capitation element (AAPV-C)	£505,500.00
Activity element (AAPV-A)	£94,500.00
Expected patient list (CECP)	10,000
Expected Minimum Activity (EMA)	3,780
Contract value c/fwd - previous year (£)	£5,055.00

Prior year under-performance

Year-end delivery

Patient numbers	10,400
Prototype UDAs	3,400

- This example is year 2 for the practice on the previous slide
- This slide includes the key information that will be used at year-end to assess the final positon. The next slide shows how the calculations are applied
- This example has a carry forward from the previous year and also shows a practice taking advantage of the flexibility within the remuneration system – using the exchange mechanism on patient numbers

Year-end mechanism example 2

Step 1 - Year end delivery percentage for capitation and activity		
Capitation	10,400 / 10,000	104.00%
Activity	3,400 / 3,780	89.95%

Step 2 - Apply rules for adjustments for activity and capitation delivery (exchange mechanism)		
Capitation		104.00%
Activity		89.95%

Practice has utilised the exchange mechanism

Step 3 - Combine the year end achievement for capitation and activty		
Capitation	104% of £505,500.00	£525,720.00
Activity	89.95% of £94,500.00	£85,000.00
Total		£610,720.00
% total	£610,720.00 / £600,000.00	101.79%

Step 4 - Apply carry forward from previous year		
Carry forward from previous year	Prior year under-performance	£5,055.00
		£605,665.00
% total	£605,665.00 / £600,000.00	100.94%

Carry forward of under-delivery from last year

Step 4a - Additional calculation if initial Y/E position is less than 90% (SFE 4.6 - CAAML)		
Total		£605,665.00
% total		100.94%

Step 5 - Calculate the final position and carry forward (if applicable) for next year		
Initial year-end value	£600,000.00 – 605,665.00	-£5,665.00
Initial year-end percentage		-0.94%

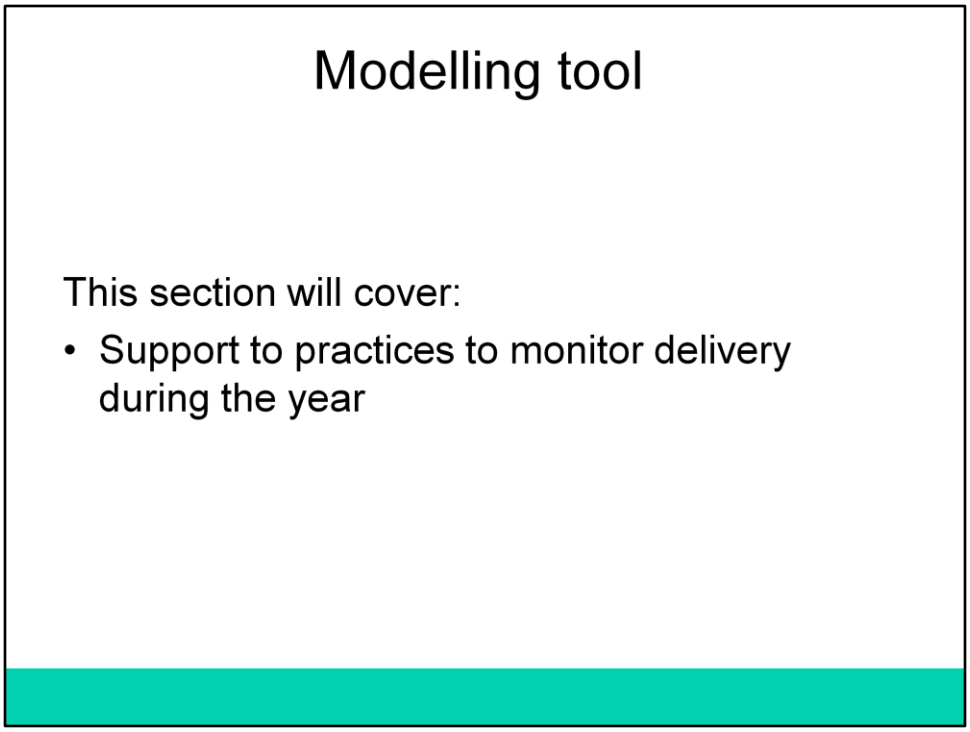
Step 5a - Apply tolerances to carry forward figures		
Final year-end value	Over-performance	-£5,665.00
Final year-end percentage		-0.94%

Carry forward of over-delivery

Note that in step 2

- Practice has utilised flexibility within the prototype system to see more patients to compensate for less treatment delivered.

- Remember that over delivery can either be carried forward or the commissioner can pay this value to the practice. If this were to happen there would be no carry forward figure for next year.



The modelling tool can be used to provide assurance throughout the year for practices about their contract delivery at year end (including financial position). It can take into account issues the practice are aware of that will affect it before the end of March.

Modelling tool

- Even though there is a process for year end, practices are able to monitor progress against capitation and activity measures on a regular basis using the modelling tool
- The modelling tool can be used for:
  - Understanding the practice forecast year-end position based on current delivery positions
  - Allows a practice to estimate the number of patients/activity needed to meet contract requirements at year-end

Prototype practice year-end calculation modelling tool

Cells requiring manual input

Practice name	

Practice information (from capitation remuneration report)

Actual Annual Prototype Value (AAPV)	
Capitation element (AAPV-C)	
Activity element (AAPV-A)	
Expected patient list (CECP)	
Transitional allowance	
Expected Capitated Population	0 less transitional allow ance
Expected Minimum Activity (EMA)	
Contract value c/fwd - previous year (£)	

Estimated year-end delivery percentage (practice's own figures)

Prototype UDAs (number); or	
Prototype UDAs (percentage)	

Estimated patient numbers	
Estimated UDAs	0

Step 1 - Year end delivery percentage for capitation and activity		
Capitation		#DIV/0!
Activity		#DIV/0!

Step 2 - Apply rules for adjustments for activity and capitation delivery (exchange mechanism)		
Capitation		#DIV/0!
Activity		#DIV/0!

Step 3 - Combine the year end achievement for capitation and activty		
Capitation		#DIV/0!
Activity		#DIV/0!
Total		#DIV/0!
% total		#DIV/0!

Step 4 - Apply carry forward from previous year		
Carry forward from previous year		£0.00
		#DIV/0!
% total		#DIV/0!

Step 4a - Additional calculation if initial Y/E position is less than 90% (SFE 4.6 - CAAML)		
Total		#DIV/0!
% total	#DIV/0!	#DIV/0!

Step 5 - Calculate the final position and carry forward (if applicable) for next year		
Initial year-end value		#DIV/0!
Initial year-end percentage		#DIV/0!

Step 5a - Apply tolerances to carry forward figures		
Final year-end value	#DIV/0!	#DIV/0!
Final year-end percentage		#DIV/0!
For every 100 UDAs below your expected minimum activity level (EMA)	#DIV/0!	extra patients are required to achieve the same financial value