

Securing Recurrent Funding for GU Medicine

Activity Targets

Trusts agree workload targets with commissioners prior to the new NHS year. There is an associated contract value associated with these activity levels.

Additional work within year in excess of these targets is funded at marginal costing levels. This is less than full cost because it is assumed that some fixed costs, such as staffing, do not need to be taken into account.

In those services with unavoidable additional workload, such as GU Medicine, activity targets for the next year and the contract value should at least incorporate the year-end (out-turn) numbers.

Pump-priming monies

These additional resources should preferably be used to boost existing staffing levels in order to increase workload capacity. A recent letter from Cathy Hamlyn has given a very strong hint that these resources will be made recurrent for 2003/4 and beyond.

Many clinics may seek to put waiting-list type initiatives in place to reduce the time to first routine clinic appointments and to accommodate the extra patient demand that will inevitably result from the government's sexual health education campaign.

The additional patient throughput should result in the activity levels at year-end being considerably in excess of the original contracted levels for 2002/3.

Funding for 2003/04

It is essential that appropriate funding should be sought to meet the out-turn activity levels of 2002/3. However, because the increased capacity levels will be operative over the full-year rather than for the 3-6 months that the pump-priming resource has been available, it would be preferable to factor in additional activity levels to take account of the full-year effect.

It is recommended that activity targets for 2002/3 plus 15% be used as the minimum for the New Year.

The potential increase in activity and contract values for different sized clinics is shown on the attached table. It makes specific assumptions about the marginal costs for first patient visits and follow-up attendances.

New HIV patients in 2002 should also be subject to increased resource allocation. The marginal costing for HIV is far higher than for a GUM patient. A completed GUM episode costs around £150-200. A year of treatment and care for a HIV patient averages around £15000 (taking into account drug therapy, outpatient care and monitoring costs, and costs of inpatient care). This average also assumes a typical casemix of HIV patients at different clinical stages and therapeutic interventions.

The additional funding required, at an average cost of £12500 p.a. is also shown in a separate table. Even a small number of additional HIV patients should generate additional resource (and corresponding costs).

Clearly, the additional funding that will be generated must be subject to local negotiation with commissioners. Some PCTs, especially with inexperienced sexual health commissioners, may be reluctant to fund additional workload at the requisite levels, or may seek to impose a cost-improvement target, such as a 1% increase in activity at no additional cost.

However, the growing political importance of implementing the national sexual health and HIV strategy should make it difficult for commissioners to merely to roll-forward the activity levels and contract values initially set for 2002/3 to next year.

Summary

1. Find out what are
 - a. the activity levels and contract values for your service in 2002/3
 - b. the additional funding (marginal costs) for additional new GUM first visits and for GUM reattendances during the current year. It is suggested that marginal costing levels of about £50 for a first visit and £25 for a follow-up visit may be useful as a starting point for negotiations, however there could be significant inter-trust variations in these amounts
 - c. the additional funding attracted by new HIV patients on an annualised basis
2. GU Medicine activity levels for 2003/4 should be based on either
 - a. 2002/3 levels plus 15%
 - b. out-turn levels for 2002/3
3. HIV funding must take into account new patients for 2003/4 plus some allowance for the expected numbers of new patients in the next year.
4. Although local needs and priorities may not necessarily include sexual health and HIV, it seems inconceivable that any commissioner will seek to fund next year's activity at lesser

levels than those resulting from increased patient demand in the current year. This is likely to be closely monitored by Strategic Health Authorities.

Examples based on GUM Workload

(Marginal costing £50 per first patient visit, £25 per follow-up visit)

Annual Case Load	No of Clinics Affected	+15% Workload	Extra Revenue
12500	10	1875	£164,000
10000	5	1500	£131,000
7500	11	1125	£98,000
5000	22	750	£66,000
2500	55	375	£33,000
1000	65	150	£13,000

Examples based on new HIV cases

(£12,500 per additional case)

Additional HIV Cases	Extra Revenue
50	£625,000
40	£500,000
30	£375,000
20	£250,000
10	£125,000
5	£62,000