FTI CONSULTING

UK HEALTHCARE SOLUTIONS:

Personal Health Budgets

Personal Health Budgets (PHBs) have been put forward as a means of significantly increasing the number of people who benefit from choice and control over their care, with a Government target of 50,000-100,000 PHBs by 2020. In this short article, we consider how these are being used, and the benefits and challenges that PHBs provide.

FTI Consulting's healthcare team review the appetite of commissioners and individuals to embrace personal health budgets

Since the Care Act 2014 was introduced, all users of Local Authority (LA) adult social care were entitled to receive a PHB, excluding emergency care, end-of-life care and and one-off pieces of equipment. The Care Act states that users should be:

- Given an indicative budget for their care.
- Able to choose from direct payments, authority-managed budgets, third-party-managed budgets, individual service funds, or a combination.
- Receive support to enable them to make informed choices.
- Have choice and control over what services are purchased, and from whom.

PHBs exist in other public service areas including children with special educational needs, and those receiving continuing care. As at April 2017, the NHS is currently running the following PHB demonstrator sites:

- 18 integrated (health and social care) personal commissioning demonstrators.
- 7 maternity pioneers.
- 5 end of life test beds.
- 2 wheelchair test beds.
- 5 looked after children sites.

> *Analysis indicates that there is demand for PHBs, but their take-up depends on the appetite of Commissioners to roll these out.*

What are PHBs?

A PHB is a sum of money allocated to a user to meet their assessed social care needs. There are three types of PHBs:

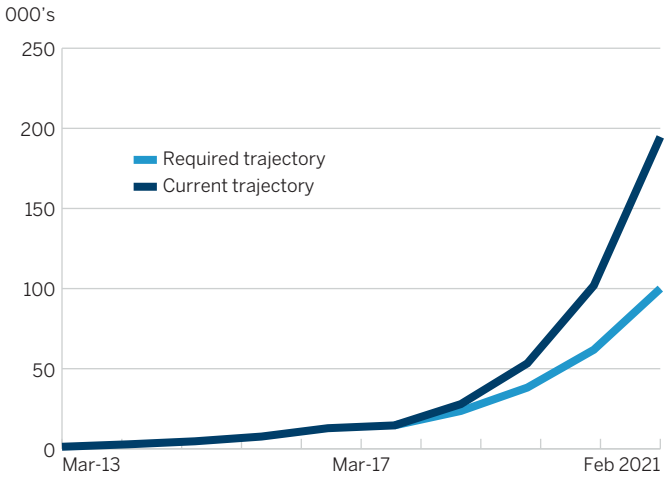
- Authority managed budget: the authority commissions services for the user.
- Individual service fund: the PHB is managed by the user or a third party.
- Direct payment: the PHB is fully or partly given to the user or their carer so that they can buy their own care.

All PHBs are supported by a personal care plan which is signed off by clinicians. This ensures that clinical decision making remains at the fore and expenditure is monitored, usually by the LA, to ensure that there is no over / under expenditure that requires review.

Is there demand?

Demand for PHBs is accelerating and, if momentum is sustained, NHSE's take-up targets may be achieved.

PHB take up (forecast from March 2017)

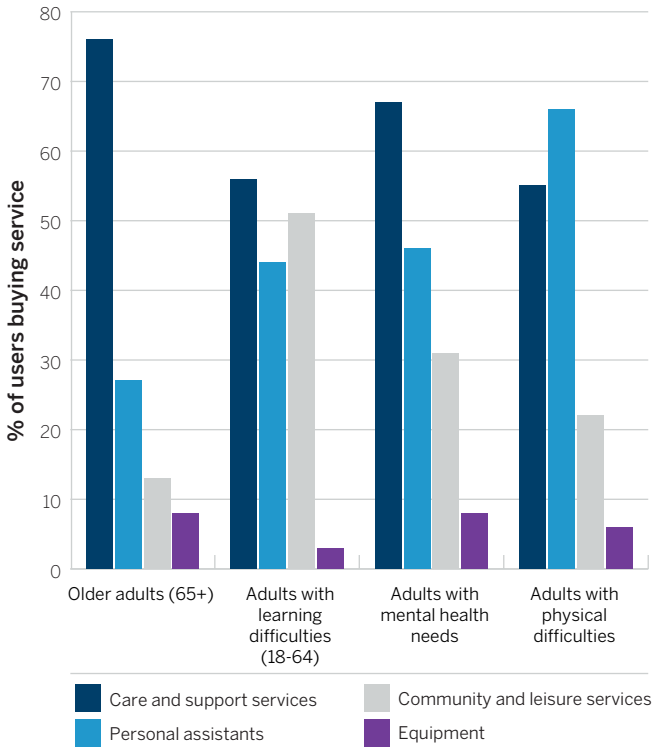


Source: NHSE Actuals. Forecasts based on applying March 2016-December 2016 growth rates to future periods

However, take-up has been dominated by LAs, with widespread differences in take-up at the CCG level with 74% of Commissioners reporting between 0 and 50 PHBs, 13% between 51 and 99 and 13% over 100 [1]. Geographically, the South West and the North of England are embracing PHBs whilst London, with the exception of a couple of boroughs, has very low take-up.

Take-up also varies considerably by user groups. For example, whilst LAs reported that 22% of users took up the direct payment option, this ranged from 13% for adults aged 65+ to 48% for younger people with physical disabilities. Typically, take-up seems to be greater for younger people and, increasingly, for expenditure on community and leisure activities.

Type of spend by user group (2014-15)



Source: NAO

The analysis indicates that there is demand for PHBs, but their take-up depends on the appetite of Commissioners to roll these out. Individuals need to be made aware of the benefits and supported in the initial stages of setting up a care plan.

What are the benefits of PHBs?

PHBs create a unique contract between the individual and the NHS, allowing an individual to have greater control over their care.

PHBs allow individuals to be creative to achieve the outcomes that are important to them. For example, this might be a different type of care such as complementary therapies or leisure activities or different times of care fitting around an individual's preferred lifestyle.

In Warrington, according to the CCG, 100% of individuals with an end-of-life PHB chose to spend on services not currently commissioned. This provides important feedback to Commissioners about the services being offered to the general population.

1 Source: NHSE Actuals. Forecasts based on applying March 2016-December 2016 growth rates to future periods

The NAO has reported that outcomes are better for those with PHBs. However, information is not collated on how outcomes are improved as PHBs are often used by those accessing continuing care for the first time, so the improvement in outcomes could be partly as a result of accessing care rather than due to PHBs. The NAO found no link between the rate of take-up of PHBs and community care user satisfaction.

What are the financial implications?

PHBs are funded from existing sources. There are examples of PHBs leading to efficiency savings. For example, North Devon has reported an 11% - 15% saving in continuing care. However, others have noted increasing costs as individuals are not able to benefit from collective purchasing and often pay higher wage rates to attract flexible staff. Further, there is often a period of double running.

What are the challenges going forwards?

PHBs need to be promoted by LAs, GPs and the voluntary sector, with transparent information and full support being given to users. Whilst 53% of Authority managed PHB users stated it was easy to access information, advice and support, this fell to 34% of those managing their own budget[2].

In order to deliver PHBs, there needs to be an infrastructure in place and services to purchase. Workforce shortages that are being observed in health and social care are also felt by those using PHBs. Whereas PHBs previously allowed individuals to pay above market rates, this has changed as the national living wage, pension requirements, travel time and overnight

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allowances have all been introduced which has pushed up general wage rates whilst PHB funding levels have remained constant for three years - meaning PHB holders are no longer paying a premium.

Furthermore, the infrastructure to support the choices being made is not always there. For example, younger individuals are often opting for leisure activities, but this requires the appropriate transportation to be in place for them.

People need help in developing and managing their budgets. Whilst these services were initially free, these are now being charged for.

PHBs are, by their very nature, disruptive. Whilst this has benefits, it potentially undermines existing contracts – both in terms of demand / bargaining power and workforce availability with examples of providers handing back contracts.

PHBs require the integration of health and social care and it may not be immediately obvious whether the care should be funded from health or social care budgets.

Proper evaluation of the effectiveness of PHBs, on an ongoing basis, is required if PHBs are to be encouraged further. Whilst there have been studies, these have been small scale and generally focussed on early adopters.

2 Source: NAO, 2013-14

How can FTI work with you?

FTI Consulting's Healthcare Solutions practice employs clinicians, operational and employee change experts, economists, accountants, communications and people development specialists who bring practical solutions to intricate healthcare problems. We work across health and social care settings, providing a hands on approach to delivering operational, financial and clinical improvements. Clinical engagement and leadership focus is always at the heart of our approach, and our teams have experience of working within the NHS.

Using data analytics and statistical techniques, our team can survey and analyse healthcare data to assess demand, clinical outcomes and financial consequences of personal health budgets and related health and social care programmes to allow for more effective planning, implementation and evaluation.

Our team has significant experience in service integration and commissioning of services that bridge the health and social care divide. We can work with Commissioners to sustainably finance and govern PHBs, ensuring appropriate integration of health and social care, whilst reviewing opportunities for efficiency savings and improved outcomes.

We develop engaging strategies that help organisations achieve their operational and people outcomes through focussed communications training, consulting and learning and development programmes. Our approaches can help NHS staff better support PHB users in accessing support and to make informed healthcare choices.

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