

Lay Summary

Payment reform, purchaser and provider decisions and the performance of emergency healthcare systems: The case of blended payment in the English NHS

By Martin Chalkley, Hugh Gravelle, Nikita Jacob, Rita Santos and Luigi Siciliani

Our project '[Analysis of purchaser-provider contracts: modelling risk sharing and incentive implications](#)' examines what happens if the NHS changes the way it pays for hospital emergency treatments. The previous system paid a fixed price for each patient according to the amount of resources (such as staff time and medicines) needed to treat them. The system closely linked payment to the number of patients treated. It has been replaced with a system called blended payment, which gives the hospital a lump sum and then makes more limited adjustments for the number of patients they treat.

This paper sets out a framework to understand how this payment reform might affect decisions that influence emergency care. Using economic theory, we construct a conceptual model with two organisations - a hospital and a purchaser – that respectively influence admissions from, and attendance at Accident and Emergency departments (A & E). These decisions are each influenced by the payment system and also interact with each other. So when the hospital admits more patients, the purchaser has an incentive to reduce attendances in order to protect its budget. Similarly, when a hospital faces a higher attendance rate it needs to modify how it treats patients. Our model is a way of understanding how these interdependent decisions are resolved and how they will be affected by the change in payment system and the way it is implemented.

We show that blended payments would be expected to lower emergency admissions to hospital but lead to higher attendances at Accident and Emergency departments. We then go on to analyse how the way blended payments are implemented can influence the levels of admissions and attendances in an emergency care system.

The value of our framework is that it provides a guide for managing emergency care. Choices about how to implement blended payment can help manage the balance between in-hospital and out-of-hospital emergency services.

In our next papers we will use real-world data to understand how the NHS currently manages admissions and attendances and how much this varies across England. We will be directing those papers towards both academic and policy-making audiences. This research project and lay summary benefitted from the comments and suggestions of representatives of patients and the public, for which we are grateful.

Full paper available [here](#)

Contact Martin Chalkley martin.chalkley@york.ac.uk

ESHCRU II is a collaboration between the Centre for Health Economics (CHE) at the University of York and the Care Policy and Evaluation Centre (CPEC) at the London School of Economics and Political Science. This research is funded by the National Institute for Health and Care Research (NIHR) Policy Research Programme, conducted through the NIHR Policy Research Unit in Economics of Health Systems and Interface with Social Care, PR-PRU-1217-20301. The views expressed are those of the authors and not necessarily those of the NIHR or the Department of Health and Social Care.