



## NHS South of Tyne and Wear

serving Gateshead Primary Care Trust, South Tyneside Primary Care Trust and  
Sunderland Teaching Primary Care Trust

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Christine Tackage  
Legal Advisor  
Co-operation and Competition Panel  
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Dear Christine

### **Proposed integrated care pilot scheme between City Hospitals Sunderland NHS Foundation Trust and Church View Medical Practice**

Thank you for your email dated 15 June 2009. Please find set out below the views of NHS South of Tyne & Wear on the issues you outlined as requiring consideration by the Co-operation and Competition Panel ("CCP").

#### **Background Information**

The PCT has given support to City Hospitals Sunderland (CHS) and Church View Medical Centre (CVMC) in their application to develop closer working arrangements through an Integrated Care Pilot. The pilot has been approved by the Department of Health (DH) and we understand that the pilot aims are to:

- remove current organizational and contractual barriers in order to improve patient care;
- improve communication between primary and secondary care to help prevent avoidable admissions, facilitate discharge and help prevent re-admission;
- ensure full utilization of the resources available across primary and secondary care and
- explore new models of working together.

Subsequent to the approval by the DH of the pilot the PCT has received an application from CVMC is to novate the PMS contract to CHS to enable the pathways of care described in the ICO bid. Since the application CVMP have advised that they wish all staff members at CVMP to be employed by CHS to facilitate the pilot.

## **Application of the Principles and Rules of Cooperation and Competition**

The application to novate the contract quite clearly required consideration of the Principles and Rules for Cooperation and Competition. The agreed NESHA wide practice concerning vertical integration would be that the PCT would normally assess such applications locally and offer the SHA assurances. However, as this is to be considered by the Choice and Competition Panel, under the merger provisions we are submitting information in relation to Principle 10 for consideration and determination by the panel without taking further action locally at this stage.

As set out in the *Principles and Rules* document, the actions/behaviours to review in this situation are set out below along with the PCTs responses.

### **1 Cooperation and Competition Actions/Behaviours**

**i) *Where vertical integration is proposed by a provider, commissioners must ensure there are sufficient safeguards in the contract to mitigate against inappropriate referrals;***

PCT Response:

The PCT would propose to monitor the level of patient referrals through regular contract monitoring to identify any changes in referral patterns. Regular meetings would be arranged to discuss changes identified. Prior to the contract start date the PCT will agree a benchmark of current activity with them. Audits of referrals would be required where increases or decreases were out of line with expected patterns.

**ii) *Before agreeing to any vertical integration activity, commissioners should consider the degree of patient choice that will be present after the change is made.***

PCT Response:

### **Primary Care**

In giving approval in principle to the pilot, it was considered that sufficient choice remained, specifically; there are two practices within 50 metres of CVMC, both with open lists and accepting new patients. There are a further four practices less than 1.5 miles away, also with open lists. We believe that patients will therefore continue to have a choice of GP services, similar to those provided by Church View Medical Practice presently.

### **Secondary Care**

It is understood that the majority of patients who are registered with Church View Medical Practice already choose to have hospital treatment at City Hospitals Sunderland NHS Foundation Trust, reflecting the local market and preferences. Data supplied for the purposes of this exercise shows that approximately 80% of patients currently choose to be referred to CHS.

In addition there are five secondary care providers across the area ranging within 7 and 17 miles of CHS, the closest being South Tyneside NHS Foundation Trust and the farthest being Newcastle General Hospital. Choices of secondary care providers are listed on the Choose & Book system.

CVMC GP Access and Choice Survey for 2007/08 indicated that 100% of patients from the practice recall being offered a choice of hospital. The PCT would continue to use the national surveys to monitor this activity.

## **2 Cooperation and Competition Rules**

***i) Commissioners should not contract directly with secondary providers seeking to own, manage or control general medical list based services that would result in referrals to their own secondary provision function, without having agreed robust and proportionate safeguards and with the express agreement of the DH.***

PCT Response:

The PCT has agreed local assessment criteria outlined below. These criteria would be used if the PCT was to undertake a local VI assessment. Vertical Integration would clearly assess the safeguards that are required to ensure robust referral management and would include:-

- details of how patient choice would be given at point of referral
- what information would be given to patients describing their choice
- how general awareness would be raised
- how referrals would be made inline with clinically appropriate pathways including local arrangements under PBC.
- Identify who would have clinical and operational responsibility for referral management
- how referral volumes would be managed and measured

The PCT would ensure these safeguards form part of the PMS contract with CHS.

***ii) Providers must obtain prior written consent from the co-ordinating commissioner before exercising a change in control NHS Contract clause 49.***

PCT Response:

It is not perceived that Clause 49 applies in the case of this contract novation. The PCT would however ensure that any future proposed change in control is in line with the NHS contract clause 49.

***iii) Parties to the contract must declare conflicts of interest NHS contract, clause 53.***

PCT Response:

The local vertical integration assessment if required would review the governance arrangements to ensure any clinician, administrator or manager involved in referrals state a conflict of interest at the point of referral. Robust procedures would be required to ensure this is measured and will be included in the PMS contract.

***iv) All referring clinicians (such as general practitioners and hospital consultants) must tell their patients about any financial or commercial interest in (or are employed by) an organisation to which they plan to refer a patient for treatment or investigation. When treating NHS patients they must also tell the commissioner (GMC Good Medical Practice 2006, paras. 74 –76). This interest will also be declared on NHS Choices.***

Robust Governance Procedures would be assessed to ensure financial or commercial interests are known and shared when relevant with patients when being referred for a treatment or investigation. Details of how this will be operated is not yet known but will be assessed through vertical integration processes.

## **Other information**

### ***Consultation***

The PCT has given support to the submission by CHS and CVMP for a pilot application but has not consulted regarding the pilot proposal. A change in contract holder i.e. a novation is not a matter on which the PCT would routinely consult as these are implemented through a routine internal process and would not lead to any major service change for patients. Further more the PCT does not routinely consult on pilot proposals prior to application. The PCT did not have an opportunity to consult prior to offering support in principle to this proposal. The DH has not raised this as criteria for approval or expectation prior to implementation.

### ***Integrated Care Pilot***

The integrated care pilot will test new and innovative ways of working through integration. The application suggests the removal of certain barriers and improved outcomes in terms of quality of care and patient experience and has received DH approval but it is acknowledged that implementation cannot proceed until the outcome of the Choice and Competition Panel.

### ***Outcomes of the Choice and Competition Panel***

If the Choice and Competition Panel recommend the pilot and novation should proceed the PCT will work with CHS to further understand the model proposed and agree the key performance indicators, outcomes, choice and demand measures specifically linked to the ICP model. All these indicators would be included as a schedule within the overall PMS contract which would novate to CHS.

### ***Next Steps***

The PCT will await to hear the outcome of the Choice and Competition Panel's evaluation. It would be helpful to understand any subsequent actions required of the PCT to take forward implementation of the novation appropriately.

Internal decision making to agree novation as well as SHA endorsement of the Vertical Integration assessment will be required if it is recommended by Choice and Competition Panel to proceed.

If you would like any further information, please do not hesitate to contact me.

Yours sincerely

**Jan Forster**  
**Director of Commissioning Primary Care & Governance**