

RISING TO THE CHALLENGE

Using evidence about what works to improve quality and save money.

Defining quality improvement

The review of the evidence, *Does improving quality save money?*, used the following definition of quality improvement:

'Better patient experience and outcomes achieved through changing provider behaviour and organisation through using a systematic change method and strategies.'

The big picture

The recent period of unprecedented financial investment in the NHS is about to end. In 2010, whichever political party forms the next government, there will be a significant tightening in resources for the NHS at a time when expectations and demand are rising. The NHS Chief Executive, David Nicholson, has said that the NHS will need to make efficiency savings of £15bn–£20bn from 2011–14². Policy makers are looking for new ways to deliver the scale of savings required, in particular they are looking for ways to save money and improve quality.

While it is clear that poor quality costs money, it is harder to effectively implement initiatives to improve quality in such a way that cash is released into the system. The Health Foundation is taking a leading role in developing a better understanding about how initiatives to improve quality can be used to their best effect. This should help leaders to quickly identify and scale up innovative activities that both improve quality and save money.

The steer from the centre – the quality and productivity challenge

In response to the financial challenge, the Department of Health has established quality, innovation, productivity and prevention as the guiding principles to help the NHS deliver its quality and efficiency commitments, building on the progress made in implementing Lord Darzi's Next Stage Review³. Achieving these commitments has become known as the quality and productivity challenge. The Department of Health is taking forward work to:

- develop a central resource base to gather evidence on how to improve quality and save money
- support all levels of the NHS to make change happen, and happen quickly
- revise the tariff and other payment mechanisms to reward quality not quantity
- work with strategic health authorities to achieve savings
- transform care pathways, reduce commissioner spend and improve provider efficiency.

These areas will inform the Operating Framework for 2010/11. It will set out key policy changes, such as alterations to the tariff and other payment mechanisms, evidence about how to improve quality and reduce cost, and the midterm agenda for the quality and productivity challenge.

It is clear that the need to achieve efficiency savings will be around for some time to come regardless of which political party wins the next general election. All of the political parties are developing their own responses to the financial situation. Plans include changes to the tariff, reducing health bureaucracy and reducing costs while improving quality.

Does improving quality save money?

Our review of the evidence *Does improving quality save money?* found that:

- **Poor quality is both common and costly.** For example, in the UK, hospital acquired infections cost the NHS £1bn a year, and a quarter of radiological procedures are unnecessary. Poor quality is evidenced in the overuse, misuse and underuse of treatments.
- **Some interventions to improve quality do work but cost more than they save.** However, if designed differently, these interventions may have the potential to deliver savings.
- **Some interventions to improve quality do work and save money,** but success requires skilful implementation, and not much real cash will be realised. Choosing the intervention needs to be done carefully and fit the context it is being used in.
- **Costs and benefits are spread over time and between different organisations.** Costs are usually high initially and some interventions may only realise savings many years later, and not always to the provider.
- **Context factors influence whether a provider saves money by improving quality.** To incentivise providers to improve quality, changes are needed in routine financing and performance management systems. Providers need access to expertise and information on how to make successful improvements.
- **The simpler the change, the more likely implementation will succeed.** Simple clinical-level changes can lead to considerable improvements.
- **Complex process and organisational changes offer the greatest potential for savings,** but there is less evidence as to their effectiveness, and greater risk of failure.

The Nuffield Trust

The Nuffield Trust is undertaking a programme of work exploring the potential for efficiencies across the NHS. The main aim of this programme is to set out practical recommendations for managers, clinicians and policy makers on how the NHS can become more efficient in a time of severe financial constraint. Rigorous analysis of existing UK and international research evidence forms the core of the programme, and will be supplemented by newly commissioned empirical research of allocative and technical efficiency, where gaps in the evidence base have been identified.

www.nuffieldtrust.org.uk

King's Fund

To help the NHS respond to the coming financial challenge, The King's Fund has launched a new programme, Quality in a Cold Climate. It will provide NHS leaders with analysis and advice on the scale of the financial challenge facing the health service and the implications for action. The programme will support managers and professionals to identify the levers, actions and incentives necessary and then work with them to help deliver the changes and evaluate their impact. The King's Fund will conduct a range of activities, including:

- original research and analysis into the financial climate – at both a national and local level
- collecting evidence on, and identifying, interventions that could improve quality while reducing spend
- working with NHS test sites on specific topics that may best support the health service to deliver service re-design.

www.kingsfund.org.uk

Using the evidence

Recommendations for providers

Our review of the evidence found that it is possible for providers to realise savings from improving quality, but that this is difficult and depends on a number of factors:

- the cost of the problem
- whether a solution already exists or can be developed and implemented locally
- the overall costs of the solution, and how much the provider pays
- how conducive the environment is to the implementation of the solution, this can add or reduce costs (such as external expertise or regulatory requirements).

Managers and clinicians can improve their likelihood of improving quality and saving money by:

- choosing improvements already proven to reduce costs and make the service better for patients, especially in a similar service
- using existing research on tested improvements and adapting the approach to meet local circumstances
- where there is little research, using experiential evidence to guide action. Managers and clinicians should talk to those involved in similar schemes and find out what helped and hindered implementation
- making their own estimates of the cost of poor quality and how much could be saved, as well as the cost of implementing a solution. Routinely available data are sufficient for this purpose
- measuring and monitoring progress and adapting implementation in response to changing circumstances
- managing implementation skilfully
- tackling issues at all levels for example, clinical teams, organisation and system level issues.

Institute for Healthcare Improvement

Until recently, the rationale for healthcare providers to undertake quality improvement (QI) initiatives rested largely on “doing the right thing”; any financial benefit resulting from QI efforts was an attractive side effect. However, changes in the economic environment and mounting evidence that better care can come at lower cost provide additional motivation. The Institute for Healthcare Improvement has taken a new approach to the business case focusing on the systematic identification and elimination of waste while maintaining or improving quality. Projects such as the Expedition on Pocketing the Dark Green Dollars and the recently launched Improvement Map, an on-line tool assisting leaders with creating an organisational improvement plan, utilise this approach to identifying cost savings associated with quality improvement initiatives.

www.ihl.org

The Improvement Foundation

In order to release significant efficiency savings the NHS system will need to focus on improving the capacity and quality of primary care services to reduce expensive, unscheduled hospital admissions. Primary care trusts can get involved with the Improvement Foundation improvement support that's focused on the frontline and proven to reduce admissions. Currently there is a focus on what needs to be done – but it is also essential to provide clinicians with the skills on how to deliver improvement.

www.improvementfoundation.org

The **NHS Institute for Innovation and Improvement** has recently been described as 'mission critical' for its potential to assist the NHS to deliver the quality, innovation, productivity and prevention agenda through implementation of its products and programmes. Work is currently focussed on a number of initiatives to align outputs to the quality and productivity agenda, and the Institute is developing work with partners to consider how to develop skills across the NHS to calculate the potential cost and quality outcomes of change at scale and pace. The Institute is also developing a system level approach to improvement using information and local competences and a web-based tool for organisations implementing programmes from The Productive Series to calculate their return on investment.

www.institute.nhs.uk

Recommendation for commissioners

The role of commissioners is to achieve best value for money while maximising the health of their community. The tightening of available resources makes it even more important that commissioners work with providers to achieve improvements in productivity and quality.

Commissioners have a range of levers available to them to incentivise providers to improve quality and cut waste. However, our review found that currently the financial system can reward the provision of poor quality care. In addition, providers often bear the cost of implementing a quality improvement initiative, but the saving is realised elsewhere.

One way commissioners can overcome these disincentives is by agreeing 'deals' with providers such as investment grants. This would allow the cost of solutions to be shared in situations where the provider would otherwise lose financially from making the change.

Recommendations for the government

Overall, the Department of Health (DH) needs to maintain investment in developing organisational capacity for improvement in the long term, while actively encouraging specific changes in the short term. There are five areas that need attention:

- The level of savings required will not be achieved through either top-down or local initiatives alone. The centre needs to become much more adept at quickly identifying effective local improvement initiatives and supporting them to go to scale.
- Some of the research does not take account of the real costs of interventions, and confuses nominal savings with real cash-releasing savings. The DH should be rigorous about its evidence base when promoting quality improvement interventions.
- As the review of evidence found that skilful implementation is critical to success, there is a need for greater investment in leadership and capacity to drive quality improvement at all levels.
- The DH should encourage primary care trusts to use robust methodologies for commissioning to get the best outcomes from limited resources. We are supporting pilots that combine engagement with stakeholders and technical value for money analysis.
- The DH should support programmes that, while not bringing immediate improvements or savings, have potential to do so in the longer term (such as supporting patients to manage their conditions).

NHS Confederation

The Foundation Trust Network runs a benchmarking service and NHS Employers provides a range of services designed to improve the quality and efficiency of the way that the NHS workforce is managed. The NHS Confederation will be running a series of events for people leading the redesign of whole systems. Other work in this area includes work on urgent and emergency care, small and rural hospitals and opportunities for improvement and efficiency in areas such as liaison psychiatry, venous thromboembolism and alcohol harm.

www.nhsconfed.org

What else is the Health Foundation doing?

We are involved in a wide range of initiatives to protect quality and build the evidence base. We are developing leadership skills to drive innovation and improvement, and we are making learning widely available and quickly accessible. Initiatives include:

- publishing an overview of quality improvement lessons for boards
- Shine, a new annual award scheme. In 2009/10 this is focusing on enabling clinical teams to develop and test innovative ideas about how to improve quality and save money
- developing a tool to highlight waste in clinical processes of care in order to prioritise areas for action
- a three-year programme involving one NHS trust and one foundation trust to build evidence about the relationship between patient flow, safety and costs
- working with leading health economists to take forward theory and practice around value for money
- commissioning a review of the evidence about how to support spread and sustainability
- working with the government and political parties to protect quality
- supporting people involved in quality improvement to connect and develop their work
- exploring the financial costs of harm to build a business case for improving patient safety.

For more information visit: www.health.org.uk

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- 1 Dr John Øvretveit (2009), *Does Improving Quality Save Money?* A review of evidence of which improvements to quality reduce costs to health service providers, The Health Foundation, available at: www.health.org.uk/publications/research_reports/does_quality_save.html
 - 2 David Nicholson (2009), *The Year: NHS Chief Executive's annual report 2008/09*, available at: www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_099689
 - 3 Lord Darzi (2008), *High Quality Care for All: NHS Next Stage Review Final Report*, CM 7432, available at: www.dh.gov.uk/en/publicationsandstatistics/publications/publicationspolicyandguidance/DH_085825

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