

Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal	Provider Information Requests for Independent acute services undergoing an announced inspection
Lead Regulator	Care Quality Commission
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Date of assessment	12/09/2017
Commencement date	May 2015
Origin	Domestic
Does this include implementation of a Cutting Red Tape review?	No
Which areas of the UK will be affected?	England

Section 1: Brief outline of proposed new or amended regulatory activity

CQC inspects independent providers of acute services provided in hospital locations delivering **specialist and non-specialist services**. To help CQC inspectors plan inspections, CQC requests providers complete a Provider Information Return (PIR) prior to inspections. The PIR consists of a Word and an Excel template for completion accompanied by a guidance document. CQC issued a new set of PIR documents for specialist locations and revised the existing PIR for non-specialist locations (see below for detail).

New PIRs introduced for specialist locations

CQC published the provider handbook for NHS and independent acute hospitals setting out our plans to inspect specialist providers for the first time in March 2015. Following that publication the new PIR template and guidance were issued to providers delivering a range of independent specialist acute services. For provider locations delivering termination of pregnancy and hyperbaric services a new PIR was issued in September 2015; for refractive eye surgery a new PIR was issued in May 2015 and for dialysis it was in January 2017. A colleague in the CQC Intelligence team responsible for managing the changes to the PIR does not think that the PIR for specialist locations has been subject to any further changes since it was introduced.

Revised PIR issued for non-specialist locations

CQC made changes to the existing PIR (which was introduced before May 2015) for services delivered by non-specialist locations. Previously, CQC would only send out one set of PIR documents along with accompanying guidance. To better manage the amount of information requested from providers, from the third quarter of 2015/16, CQC started to send out the PIRs in two stages. The first stage collects basic information about the size and location of the provider along with the range of health services delivered. This is used to inform a second request that is targeted to the specific core services provided.

In addition to sending out the PIR in two stages, the content of the revised PIR was changed to include new questions, and existing questions were amended for clarity. The formatting of the PIR was also changed to make it easier to provide information; this included increasing the set word count for responses to certain questions.

As well as the above changes for non-specialist locations, there have also been a number of minor incremental changes. We have not kept a record of all the changes made, but typically changes were made on a quarterly basis to incorporate provider feedback and to reflect improvements to CQC processes. We think it would be disproportionately costly to identify and assess the costs of every incremental change. For our analysis we have therefore focussed our assessment to look at changes to the PIR over the following periods: comparing the quarter two PIR 2015/16 against the quarter four 2016/17 PIR. In discussion with our Intelligence colleague from the Provider Analytics team responsible for managing the changes to the PIRs, we think these two periods best capture the changes that were made.

Section 2: Which type of business will be affected? How many are estimated to be affected?

The following services are provided by specialist and non-specialist providers:

- **Non-specialist.** These locations tend to provide a range core services which may include: surgery (including cosmetic surgery), maternity services that involve childbirth along with cancer services. The services may be provided either as inpatient and/or outpatient.
- **Specialist.** These locations tend to specialise in the provision of the following services: diagnostic imaging, dialysis, hyperbaric oxygen therapy, refractive eye surgery, termination of pregnancies and urgent and emergency services.

Number of locations delivering specialist and non-specialist services

Department of Health (DH) officials have told us that the information they hold strongly suggests that the vast majority of the services delivered by all the various independent providers are funded by NHS England either through Clinical Commissioning Groups or through NHS trusts contracts, i.e. although many of the different services are delivered by independent providers, they are in the main delivering publically funded services. DH thinks that only 6% of all the services delivered by independent providers can be classified as being delivered by businesses. We do not know how many specialist and non-specialist services provided by independent providers can be classified as being delivered by businesses, but using the above information, we have assumed 6% of specialist and 6% of non-specialist services can be classified as being

delivered by businesses.

Information taken from our internal management information database shows that in May 2017 there were 311 independent non-specialist provider locations and there were 915 specialist provider locations. Based on the information from DH, we have assumed 19 of non-specialist locations (6% of 311) and 55 specialist locations (6% of 915) are delivering privately commissioned services and therefore can be classed as a business. For specialist providers we are unable to break down the number of locations by the type of services they deliver.

We think that the number of locations delivering specialist and non-specialist services has stayed constant historically and the numbers are expected to be constant for future years.

We completed our inspection of all specialist and non-specialist locations in March 2017. For future years, the number of PIRs we ask businesses to complete will depend on the number inspections we plan to carry out. Our Head of Delivery for the Hospital sector states that we are still planning our schedule of future inspections so we do not yet know how frequently services will be inspected. Our current thinking is that:

- for non-specialist providers the frequency of inspections will depend on their current inspection rating; the vast majority of non-specialist providers were rated good and therefore in line with our plans for inspections of NHS hospitals, we will inspect these locations every 3.5 years on average.
- for specialist providers, we do not provide an inspection rating and therefore the frequency of our inspections will depend on the findings of our inspection reports. Our current thinking is that we plan to inspect all specialist providers within a five year time period (over the period 2015/16 to 2019/20) and therefore have assumed that 20% of providers will be inspected every year.

For 2020/21 and beyond, for specialist and non- specialist locations, we have assumed that the number of inspections will be the same as the 2019/20 levels.

Summary of costs and benefits						
Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2016	2015	10	-0.28	-0.28	0	0

Please set out the impact to business clearly with a breakdown of costs and benefits

Below we set out our estimates of the cost of the impact of the above changes as well as the methodology we used to estimate them. The costings below are based on:

- i. Discussions with our Intelligence colleague in CQC responsible for managing the change to the PIRs.
- ii. An evaluation of pilot PIRs covering both specialist and non-specialist sectors. We asked a series of open and closed questions to help understand providers' experience of completing the PIR (in total 14 providers responded to the pilot evaluation questions); and
- iii. Our engagement with independent providers via their trade association (five providers responded to our questions).

We have used the following sources of information and assumptions to estimate our costs:

- We have assessed costs for specialist locations at an aggregate level (55 provider locations) as we are unable to identify the services they deliver. In discussion with our Intelligence lead we think this is a sensible approach.
- The number of locations delivering non-specialist services is assumed to be 19.
- Total amount of time taken to complete the PIR is taken from the evaluation of pilot PIRs. The median amount of time taken to complete the PIR is 60 hours.
- Information about the staff involved in completing the PIR along with the time taken is based on responses to the questions we asked providers via their trade association along with discussions with our Intelligence colleague.
- We do not have information on staff pay for specialist and non-specialist providers and have used NHS pay grade as a proxy for their hourly staff wage rate. The hourly rate of pay is sourced from NHS agenda for change 2016.

We have assessed costs for the specialist and non-specialist sectors separately, this is because different changes were made to their respective PIRs i.e. we introduced a **new PIR** for the specialist sector and we **revised the existing PIR** for the non-specialist sector.

1. Cost of reading and completing the new PIR for specialist locations

We anticipate provider locations will experience the following costs:

- a) One-off familiarisation cost
- b) One-off transitional cost
- c) Ongoing costs of completing new PIR
- d) Other costs and benefits not covered in this assessment

a) One-off familiarisation cost for new PIR

We assume independent acute providers will incur one-off familiarisation costs from reading the new guidance for completing the PIR. We use the standard cost model to monetise the costs of reading this new guidance.

We estimate that providers incurred a one-off cost of £8,400 in reading the new guidance.

- Within each location we assume three members of staff will review the guidance once. The three members of staff are: the Registered Manager (assumed to be Director of Nursing pay grade), Operations Manager and Senior Compliance/Information Manager (assumed to be NHS pay band 8a).
- We assume the Registered Manager's (RM) hourly wage rate was £52.56 per hour in 2016-17. We have assumed that the two other staff members reading the document earn

£22.50 per hour.

- We apply 20.2% (Eurostat non-wage costs, 2016) on top of staff wage rates to account for overheads.
- Guidance manuals convey technical information to providers and consequently we have assumed that 75 words are read per minute. The length of the PIR guidance for single specialist locations varies depending on the type of services delivered. Taking an aggregate approach, the guidance for each of the sectors is around 20-30 pages long and on average contains 7,600 words.
- Based on document length and their technical nature, we anticipate it would take approximately 1.7 hours to read the PIR guidance for each location.
- The familiarisation cost would be a one-off cost. Total familiarisation cost for the business locations is estimated to be £8,400 ($1.7 \text{ hours} \times £52.56 \text{ RM wage per hour} \times 55 \text{ locations} \times 1.2 \text{ for 20\% overheads}$) + $2 \times (1.7 \text{ hours} \times £22.50 \text{ per hour} \times 55 \text{ locations} \times 1.2 \text{ for 20\% overheads}) = £8,424$)

b) One-off transitional cost for new PIR

There may be an initial one-off administrative cost to some locations if their documentation needs to be updated to enable them to provide information which was not previously required. In discussion with our Intelligence colleague, we think that this will be around a day's additional work for an administrative person (NHS pay band 4) per location

We estimate that the sector will incur a one-off cost of £5,400 over a five year period.

- $7.5 \text{ hours} \times £10.8 \text{ per hour} \times 55 \text{ sites} \times 1.2 \text{ for 20\% overheads} = £5,353$

In discussion with Intelligence colleague from the Provider Analytics team responsible for managing the changes to the Provider Information Returns (PIRs) and Head of Digital Development in Customer & Corporate Services, we do not think independent providers will experience additional IT software costs in completing the PIRs. We think providers' existing IT systems will be able to cope with the PIR requirements. Our intelligence colleague thinks that independent providers would already have been carrying out their own performance monitoring. What information we collect through the PIR has previously been communicated to providers and such we would expect providers to be already collecting this information as part of their information governance arrangement. We therefore think any costs to providers will on balance be zero and it would be disproportionate to spend time to try to monetise this.

Our intelligence colleague has told us that the only instance where providers would incur any IT software costs would be from our inspection regulatory activity (and not our monitoring activity - which covers PIRs). Following our inspection we may make a recommendation that the information governance needs to improve and consequently the providers decides to purchase new/upgrade its IT software. However, we do not prescribe how they should go about making such improvement. If they found a way to do this which did not include changes to IT systems that would be sufficient. Our inspection recommendation will focus on making sure they meet the regulations, not in determining the way in which they do that.

Finally, CQC is now moving to online submission of monitoring information such as PIRs and we are still piloting this change. The only technical requirements to use our new PIR service are for the provider to have a computer with a functioning internet connection. The service is browser based and will be compatible with all standard browser types. No special software or hardware is required. As part of our user research for this work our digital team have determined that less than 1% of the providers we require to complete PIRs have no computer or internet access. We will be offering an assisted digital service which will support those users and preclude them from

incurring technical start-up costs.

c) Ongoing costs of completing a new PIR

We ask all locations to complete the Provider Information Return (PIR) prior to an inspection. This is a new ongoing cost for all locations.

We estimate providers have incurred an ongoing cost of £31,500 per year.

- We assume that around seven members of staff are involved in completing the PIR. We have assumed the grades of staff involved are as follows: Registered Manager (Director of nursing), one lead Nurse (grade 7), four managers and heads of services (x4 staff at grade 8a) and one administrative staff (grade 4)
- The median amount of time taken to complete the PIR is 60 hours. We have assumed the Registered Manager and lead Nurse spend the most time completing the PIR (40 hours), managers and heads of services are assumed to spend 10 hours and one administrative member of staff is assumed to spend 10 hours collecting information.
- We have assumed provider locations will typically have to complete the PIR once every five years (20% of providers complete a PIR every year).
- The annual cost of completing the PIR is £31,500 (40 hours x (£52.56 RM wage per hour + £16.26 lead Nurse's wage per hour)) +(10 hours x (£22.50 manager wage per hour x 4 members of staff at grade 8a)) + (10 hours x £10.80 admin staff wage per hour) x 55 businesses x 1.2 for 20% overheads x 0.2 frequency per location= £31,526)

d) Other costs and benefits not covered in this assessment

On the basis of discussions with our colleague in Intelligence we do not think any indirect costs or indirect benefits arise from this change.

Some other costs and benefits not covered in this assessment and the reasons for their omission are as follows:

- A benefit of this change is that provider locations will now actively collect and monitor data needed for PIR purposes. A consequence of this might be that provider locations are now better able to identify those services that need to improve. We do not have sufficient evidence to monetise these benefits.

2. Cost of reading and completing the revised PIR for non-specialist location

We have used the same sources of information and assumptions as used in the non-specialist sector to calculate these costs.

We think provider locations will experience the following costs:

- e) Ongoing cost saving of reading the revised PIR guidance
- f) Ongoing cost of completing the revised PIR template
- g) Other non-quantifiable benefits

e) Ongoing cost saving reading revised PIR guidance

The PIR for the non-specialist sector was **revised** in third quarter of 2015/16. The old guidance consisted of a single document, some 56 pages long containing 12,000 words. The new PIR guidance document is in two parts: the first part is 11 pages long with 2000 words, whilst the

second part is 28 pages long with 6000 words.

We have calculated that the net staff cost saving of reading revised guidance is £500:

- We have assumed the same grades of staff are involved in reading the guidance as that for the specialist location, i.e. Registered Manager (assumed to be Director of Nursing pay grade), Operations manager and Senior Compliance/Information Manager (assumed to be NHS pay band 8a).
- We assume the Registered Manager's hourly wage rate was £52.56 per hour in 2016-17. We have assumed that the two other staff members reading the document earn £22.50 per hour.
- Guidance manuals convey technical information to providers and consequently we have assumed that it takes a member of staff a minute to read 75 words. We estimate the time taken to read the new guidance (8000 words) is 1.78 hours whilst the time taken to read old guidance (12,000 words) is 2.74 hours.
- We have assumed that locations delivering non-specialist services will typically have to complete the PIR once every 3.5 years.
- The net cost saving of reading the new guidance is £500 (£- 460= £856 (cost of reading the new guidance) - £1,316 (cost of reading the old guidance))

f) Ongoing cost of completing the revised PIR template

We have used the same sources of information and assumptions as used in the non-specialist sector to calculate the ongoing staff cost of completing the revised PIR. We have used the following assumptions to estimate the cost of completing the revised guidance:

- The amount of time taken to complete the new PIR is assumed be the same as that for specialist sector (60 hours), whilst time taken to complete the old PIR is assumed to be 50 hours. Our Intelligence lead thinks the increase in staff time is reasonable given that new PIR is more reliant on self-reporting.
- The staff involved and the amount of time spent completing the revised PIR is assumed to be the same as the non-specialist sector.
- We have assumed that the balance of time for all members of staff on completing the old PIR was exactly the same as the balance of time that they spend on the new PIR. We think this is a reasonable assumption to make as the old PIR would not require anything different in terms of staff input.
- We estimate that the net cost (increase) to the non-specialist sector of completing the revised PIR is £1,900 (£1,874= £15,280 (cost of the revised PIR) – £13,406 (cost for the old PIR).
 - The annual cost of completing the revised PIR is £15,300 (40 hours x (£52.56 RM wage per hour + £16.26 per hour) +((10 hours x (£22.50 managers wage per hour x 4 members of staff at grade 8a) + (10 hours x £10.80 admin staff wage per hour x 55 businesses x 1.2 for 20% overheads x 0.29 frequency per location= £15,280)
 - The annual cost of completing the old PIR was £13,400 (35 hours x (£52.56 per RM wage per hour + £16.26 per hour for Nurse) + (9 hours x (£22.50 managers wage per hour x 4 members of staff at grade 8a)) + (9 hours x £10.80 per hour for admin staff) x 55 businesses x 1.2 for 20% overheads x 0.29 frequency per location= £13,406

g) Other non-quantifiable benefits

We expect that there may be some small benefits to businesses of having guidance that is slightly clearer and information that is provided in different stages. However, as these changes do not require businesses to do anything differently and this has not been possible to quantify.