About ABHI and reason for submitting

- The Association of British Healthcare Industries (ABHI) is the industry association for the medical technology sector. ABHI’s mission is to champion the benefits and use of safe and effective medical technologies to deliver high quality patient outcomes. With over 240 members, ABHI leads the advocacy of the industry in order to advance access to medical technology. Our membership includes both large multinational businesses and the small and medium sized enterprises characteristic of the sector.

- The Medical Technology industry makes a vital contribution to economic growth in our country. The industry employs 88,000 people in over 3000 companies, mostly small and medium sized enterprises (SMEs)\(^1\). Many companies are working closely with Universities and research institutions. The industry is worth some £17 billion and has achieved growth of greater than 6% in recent years. Our country also has the most highly regarded universal healthcare system in the world, the NHS. The NHS, in turn, is dependent on technology produced by the industry to enhance the efficiency of services, and drive continuous improvement in their delivery.

- The NHS faces ever increasing demands at a time when the country needs to contain public spending. The imperative for the NHS to do more for less is well recognised. Medical technology is part of the solution.

- ABHI’s response to the consultation focusses on the role of medical technology and how innovation can help address the efficiency challenge that faces the NHS. This is set in the contest of the recent CSR

Executive Summary

- The CSR increased NHS funding by £10bn in real terms by 2020-21. Even with this increasing in funding the NHS will still need to deliver significant efficiency savings in the period.

- ABHI’s response will explore the role of technology in delivering these savings and look at how the NHS could be incentivised to utilise the potential benefits available through better use of technology. The response focusses on two areas- achieving efficiency savings and service transformation.

- Achieving efficiency savings: ABHI welcomes the specific funding for technology to support NHS connectivity, expand Healthcare Innovation Test Bed Programme and the funding for improved access to diagnostics.

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\(^1\) Strength and Opportunity 2014, The landscape of the medical technology, medical biotechnology, pharmaceutical and industrial biotechnology sectors in the UK
• Alongside these measures, delivering long term efficiency savings will require a systematic approach to the adoption of innovation at pace and scale.

• ABHI makes the following recommendations to achieve this:
  o Patient outcomes should be measured against application of evidence with variation targeted.
  o Patient outcomes data should be made more accessible and understandable to the public.
  o Local NHS performance should be measured against regional, national and international benchmarks.
  o NHS Innovation Scorecard should include all relevant NICE guidance and the implementation of other proven technologies.
  o The NHS inspection regime should assess and publish information on the uptake of innovation.
  o There should be structural linkages between the key elements of the adoption and diffusion process.

• Achieving service transformation: transforming the services delivered by the NHS will require support from all levels of the services. It will also require the appropriate incentivisation and breaking down of budgetary silos. This will require joined up, system-wide budgeting mechanisms that have a sophisticated view of savings. Alongside this, healthcare providers will need to be supported to make long term investment decisions where savings may not be realised in year.

• ABHI makes the following recommendations to achieve this:
  o The limitations of the existing financial arrangements must be acknowledged. Changes must include payment system reform, the use of transitional funds and multiyear settlements for all NHS organisations.
  o The National Tariff Payment System must have a faster (e.g. bi-annual) update cycle to enable the timely adoption of innovation and encourage disinvestment in treatments no longer regarded as best practice.
  o Commissioning and provider incentives should be aligned and should link to the uptake of proven innovations.
  o NICE’s remit should be broadened to cover all public spending impacts, not only those in the NHS.

1. **Introduction**

   The Comprehensive Spending Review set out clear terms for the future of the NHS- £10bn more in real terms by 2020-21 and £6bn made available by the first year of the Spending Review. This means the NHS budget will grow to £120bn by 2020-21.

2. Whilst this is a real term growth in budget over the period there are still real challenges to be addressed. The commitment to deliver £22bn worth of efficiency savings remains at the
same time as we are seeking increasing demand from patients. Ultimately, the demand for treatment will outstrip budget growth if the way services are delivered fails to change.

3. In order to address this challenge, the NHS will need to revolutionise the way in which treatment is delivered. To do this successfully, the NHS must make better use of technology. The technology is available to support these challenges, and much it is being used in pockets of the NHS already. As a whole, however, the system has failed to take full advantage.

4. ABHI’s response to the enquiry will look at the role of technology and how it could be used to support the challenge of delivering improved patient outcomes at a time of controlled spending. We will focus on two aspects of the enquiry:
   - Achieving efficiency savings: their source, scale and impact
   - Achieving service transformation set out in the Five Year Forward View at scale and pace through new funding mechanisms.

5. **Achieving efficiency savings: their source, scale and impact**
   Efficiency savings will only be achieved through innovation, both innovation in practice and innovation in the use of technology. Throughout NHS history, budget reductions are often met with reductions in activity and the volume of procedures.

6. A sustainable NHS relies on patients getting access to the appropriate treatment at the right time. Restricting patient access may save small amounts of money in the short term but inevitably leads to poorer outcomes and increased longer term costs as patients present with worse conditions and the risk of intervention increases.

7. The medical technology industry has always supported the NHS to innovate and change the way services are delivered and improve patient experience. In turn, the UK has always been a fertile environment for the development of innovative technology, but has not always been able to translate this into widespread adoption.

8. Several sections of the CSR address the issue of innovation in the NHS. Section 1.101 pledges £1bn for the development of technology to ensure better connected services for patients and £10m for an expansion to the Healthcare Innovation Test Bed Programme. Section 1.102 commits to spending £5bn in health research and development, including £250m on the Genomes Project and £1bn for the Ross Fund to develop technology to address the most infectious diseases. Section 1.99 also commits £300m a year by 2020 to fund new diagnostic equipment and additional staff.

9. Industry welcomes all of these initiatives and supports the Treasury’s drive to utilise innovation to improve productivity. The problems will not, however, be fully addressed without the development of a single system for the nurturing and spread of innovation. Delivering improved patient outcomes across the entire system, at a time of reduced budgets, will mean developing systems and practices that can be rolled out at pace and scale across the NHS.
10. ABHI recommends the Treasury supports the Department of Health and NHS England to develop a system and define a single process for the dissemination of successful innovation. The interim report from the Accelerated Access Review (AAR) suggests a number of interventions that would improve upon the current system and we strongly urge that these are supported.

11. ABHI recommends that Academic Health Science Networks (AHSNs) play a central role in this process. In order to support this, the AHSNs should be given multiyear settlements, space and certainty to best develop working relationships with the NHS, industry and academia.

12. Delivering high quality sustainable healthcare 7 days a week relies on rigorous application of evidence to reduce variation in outcomes. The Outcomes Framework provides an excellent yardstick for patient outcome and experience. For many conditions excellence in treatment is well established.

13. In order to ensure best practice across the system ABHI would like to see a number of measures implemented and linked to payment for healthcare providers:

- Patient outcomes should be measured against application of evidence. Significant variation in use of technology of patient outcome should be targeted.
- Information on patient outcomes should be made more accessible and understandable to general public.
- Local NHS performance should be measured regionally, nationally and against international benchmarks.
- NHS Innovation Scorecard should include all relevant NICE guidance and the implementation of other proven technologies.
- The NHS inspection regime should assess and publish information on the uptake of innovation as part of its routine assessments.
- There should be structural linkages between the key elements of the adoption and diffusion process: assessment, coding, tariff, commissioning policies, procurement and measurement.

14. **Achieving service transformation set out in the Five Year Forward View at scale and pace through new funding mechanisms**

Service transformation cannot be achieved overnight and cannot be forced through any single area of the NHS. It will require support for, and effort from, a range of NHS professionals and stakeholders.

15. It will also require a revolution in service delivery. This will include changes to the way treatments are delivered, changes to who delivers those treatment and changes to where they are delivered. Whilst this will rely on support from NHS staff and patients it will also require better utilisation of the available technology.
16. Enabling and encouraging NHS institutions to make better use of technology has to be supported by putting in place the right incentives. Current systems do not always incentivise technology, especially disruptive technology.

17. NHS budget silos are well reported. Often the benefits of investment in one area will only be realised in another part of the system. This lack of joined up, system-wide budgeting means that many desirable service changes simply do not happen.

18. Furthermore, annual budgeting cycles with the need for in-year savings are an active disincentive to invest in technologies that may yield longer term rewards.

19. In order to transform the system ABHI would recommend the following:
   - The limitations of the existing financial arrangements must be acknowledged. Changes must include payment system reform, the use of transitional funds and multiyear settlements for all NHS organisations.
   - The National Tariff Payment System must have a faster (e.g. bi-annual) update cycle to enable the timely adoption of innovation and encourage disinvestment in treatments no longer regarded as best practice.
   - Commissioning and provider incentives should be aligned and should link to the uptake of proven innovations.
   - NICE’s remit should be broadened to cover all public spending impacts, not only those in the NHS. We would also support suggestion made within the AAR that the mandate for NICE Medtech guidance is also strengthened.

20. Transforming healthcare delivery will require long term thinking, planning and investment. In the current climate of annual budgets there is very little scope for healthcare providers to make long term strategic investments where the return on investment might not come inside year one. ABHI recommends allowing providers more flexibility and enabling them to make the long term investment decisions that will benefit patients and providers in future years.

21. Enabling healthcare providers to access multi-year funding mechanisms will give them the opportunity to make long term investments that will benefit patients. This will provide both access to innovative treatments, and the more efficient delivery of services.

22. In order to support this ABHI recommends the establishment of a ‘transition fund’ that would support healthcare providers to make longer term decisions based on robust business cases and long term return on investment.

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