In the first of four articles, **Peter Mason** looks at the new NHS plan and what this means for drug treatment services. In the spotlight is the NTA and the role it can play in modernisation. He explains the lessons to be learned from existing acute care systems and the potential a new internal health care market can bring.

Setting out the stalls

the new internal health market

THIS year's changes to the National Health Service are the most far-reaching yet. The NHS plan introduces new mechanisms to improve performance and get results. The management style is top down, target driven and tough on people and problems.

The drug and alcohol treatment field is not immune to these changes. The National Treatment Agency (NTA) will be at the centre of it all – and it too will be judged by its results.

SO WHAT HAS CHANGED IN THE MARKET?

The NHS is old and needs modernising. Much of its structures and systems date back to its conception in the 1940s. What is needed are new ways of working. Out go the large Regional Health Authority functions, and in come the Strategic Health Authorities. Gone are the old Health Authority commissioners to make way for Primary Care Trusts (PCTs).

The consequence of these changes will be commissioning for services at a local level. This is turn will allow clinicians more say in what and how services are contracted.

There is also change for providers. Mergers have brought together community and mental health trusts. Many drug and alcohol services once working in relative isolation now find they are brought together in new geographical super-trust configurations. These mergers are intended to reduce management, increase resources, iron-out inequalities, and reduce competition between services.

Primary care is now the new 'jewel in the crown'. GP contracts are changing and there will be improvements in the infrastructure and the way these services are delivered and reimbursed. Primary medical services can now include special populations like drug misuse and the increasing number of the GPs with a specialist interest in drugs will influence the development of the new health market for drug treatment.

Patients too will have a greater say through Patient Advocacy and Liaison Services (PALS). Improvement in customer focus is just one of the measures facing the primary and acute care sector. Patient choice will be strengthened by measurable targets. These include 'all patients to be seen by a GP within 48 hours', and the option of being treated in other hospitals. Patient forums will be established in every NHS Trust and PCT, with the power to visit and inspect any aspect of the care process.

HOW WILL THE INTERNAL HEALTH MARKET WORK?

This question is of major interest to the acute care sector. The government in its promise to rid us of the old competitive health market, with its inequalities and high transaction costs, has introduced what appears to be a 'new health market'. The change is subtle and seeks to reduce competition while increasing rewards for the high performing hospitals. It is clear that this tactic will identify 'winners and losers'.

The new market will be driven by patient choice and measured by reducing waiting times. Above all, the new market, unlike the old one, will be managed. This means prices for services will be determined centrally.

This will take time to develop in the drug treatment field, but the 'models of care' framework will help define evidenced-based care pathways, service costs and our understanding about drug treatment-related groups.

The rationale for a central pricing system is to allow service provider organisations to concentrate on contracts that are driven by cost and volume. It will also prevent hospitals making profits out of treatments through public funds.

But will the new approach be better? One major problem has been the misreporting of performance data. As the performance stakes get higher and the threats more menacing, there will be a need to ensure performance statistics are reliable.

Calls for more patient choice, the need to reduce waiting times, and the performance framework are fuelling a new market. Hospitals now have new franchising freedoms, and patients can even choose to have operations abroad.

Peter Mason is Chief Executive of The Centre for Public Innovation

WHAT CHANGES WILL DRUG TREATMENT SERVICES SEE IN A NEW MANAGED MARKET?

- increase resources to test new ways of working
- a focus on performance targets and results
- increased innovation and new ways of working
- increased patient choice and user involvement
- increased rewards for high performing services to bring about more results
- an increase in developing capacity between primary and secondary care

WHAT IS THE IMPACT ON THE SUBSTANCE MISUSE FIELD?

It is hard to see how acute care health models can be translated to the substance misuse field. Addiction is a controversial topic and many suffering from the condition have diverse needs. There are, however, some similarities with the two models and these are being explored by the NTA.

There is little doubt drug services need modernising – and this requires resources. Luckily, increased resources are going into drug services, so it is fair to expect better performance.

Waiting times are a major lever in the acute care sector – and one that is being pulled in the drug field. Most would agree many drug services have unacceptable waiting times and more can be done in this area.

The approach has meant being tough on the people as well as the problems

Developing an output framework that compares drug treatment services against each other is similar to that of the four-star ratings system now applied to hospitals across the country. This performance data is important for the public to make decisions about efficiencies and effectiveness. It also enables services to be rewarded if they are to obtain more freedoms from central control.

This might be the most attractive lever the NTA can pull. By setting up an output and outcome framework to reward services, those that do well can become more entrepreneurial, making decisions about workforce pay and conditions, structures and improving ways of working.

Market rules are useful within the drug and alcohol field. However, they need to be developed alongside the voluntary sector and take consideration of the influence of treatment *on* demand strategies and treatment *by* demand (as with criminal justice mandated treatment). Many providers still feel that mandated populations are buying fast track treatment at the expense of voluntary populations on waiting lists. The 'models of care', with their 'tiering' of service systems, will go a long way to help clarify who does what, and to whom.

One way to stimulate the internal market would be to increase rewards and incentives for drug treatment between primary care and secondary care. More inventive reimbursement frameworks could be tested to increase capacity.

Rewarding high performance is the key to improving drug services. We need pilots to test incentive mechanisms and to develop differential reimbursement frameworks to help the field grow.

There are, however, difficulties in finding incentives to reward the drug field. Many providers are paralysed because they have too few resources. But more resources are not necessarily the answer. Our work at The Centre for Public Innovation has shown that improved performance often comes from people, not budgets. Though the modernisation agenda includes increasing resources, it is equally interested in innovation.

Modernisation is inevitable in all industries and change is difficult. Local authority staff for example have at times been so incensed by privatisation, that many lost their contracts to outsider bidders who introduced different ways of delivery. It was heartening to see that many in-house groups won back contracts once they re-grouped and started to look at performance rather than defending the status quo.

Experience from the acute care system has also shown that the new managed market brings with it more direct involvement to 'turn around' poor performing services. Many hospitals have been put on special measures and leadership has been questioned. The approach has meant being tough on the people as well as the problems.

All eyes are now on the NTA and how it will manage the new drugs health market. Let us hope it does well. ■