

Gateway ref: 5690

To All PCT Directors of Finance

CC: All NHS Trust Directors of Finance
All FT Directors of Finance
All SHA Directors of Finance

24 October 2005

NON CONTRACT ACTIVITY

The introduction of Payment by Results resulted in a change to the way activity taking place out of area was funded. New guidance, replacing the old Out of Area Treatment arrangements with Non Contract Activity was issued in April. This replaces host commissioner arrangements for English based patients with direct invoicing of the home commissioner.

OATs and now NCA were both designed to deal with a limited amount of activity which could not be accommodated within service level agreements or other pre-treatment agreements – usually emergency admissions.

We do recognise however that there is also a limited level of elective activity which will happen outside those arrangements. Where this does occur patient referral should automatically be regarded as the authorisation to treat. Treatment should never be refused or delayed due to uncertainty or ambiguity as to which PCT is responsible for funding an individual's healthcare provision. Providers must however inform home PCTs of any planned treatments where the tariff price of the intended management of the patient is likely to be in excess of £10,000. This is to ensure that PCTs are aware of significant financial pressures in advance of the quarterly billing timetable.

PCTs will want to monitor all elective activity taking place outside agreements so that agreements can be put in place where patterns of referral are becoming established. Further guidance will however be issued in respect of non-contract activity and choice for 2006/07.

A handwritten signature in black ink, appearing to read 'RD' followed by a long horizontal flourish.

RICHARD DOUGLAS
Director of Finance and Investment