

## LOC HOT BRIEF

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### Beware of CCGs trying to apply a deflator to community services fees for 2015/16

LOCSU has been made aware that a small number of CCGs have written to LOC Companies (or optical practices where contracts are direct with practices) notifying them that a -1.6% or -1.9% deflator will be applied to the fees paid for community services from 1 April 2015. The CCGs in question have said that this reduction is in line with Guidance from Monitor.

Fundamentally, it is unacceptable for CCGs to try to apply a deflator in the areas in question as the fees for community services are already at a low level.

LOCSU would like to highlight that there is no national price for community eye services therefore the National Tariff Payment System does not apply. The CCGs in question have essentially misinterpreted the guidance from Monitor on the 2015-16 National Tariff Arrangements.

LOCSU will be supporting LOCs and LOC Companies in their discussions with CCGs in any areas where this issue arises and will also request that Monitor clarifies the matter.

**Any LOC Company or LOC that becomes aware of a CCG trying to apply a deflator to community services fees for 2015/16 should contact [richardknight@locsu.co.uk](mailto:richardknight@locsu.co.uk) urgently for advice.**

#### Background to 2015/16 National Tariff Arrangements

Due to the high level of objection to the method for calculating national prices proposed in the consultation for the 2015-16 National Tariff, Monitor have given the major providers of NHS-funded care the choice of an Enhanced Tariff Option (ETO) or Default Tariff Rollover (DTR) for 2015-16.

When considering small community services providers, some CCGs appear to have overlooked the fact that the net deflator only applies to providers who opt for the ETO and that when other factors are taken into consideration, the average adjustment to national prices under the ETO is actually -0.5%, ([follow this link for tariff arrangements Q&A](#)).

In addition, NHS England have said providers opting for the ETO will be able to secure an extra 2.5% on top of their income if they meet targets set under Commissioning for Quality and Innovation (CQUIN) targets. The option of a 2.5% CQUIN has not been offered to the community services providers by the CCGs that are trying to impose a deflator. It should be noted that whilst the concept of a 2.5% CQUIN is attractive in theory and may be welcomed, in reality, it can be complex to administer and will only be worthwhile for large scale services.

There is no deflator applied to national prices under the DTR option, as the 2014/15 national prices continue to apply.

Any LOC requiring advice / support on any aspect of their work should contact LOCSU on or email [info@locsu.co.uk](mailto:info@locsu.co.uk) or 020 7549 2051