

## Appendix 1 – The Case for Change in East Sussex (Accountable Care)

### 1. Summary

This paper outlines why the move to a new model of Accountable Care is needed in East Sussex building on our initial research in August 2014<sup>1</sup>. Over the coming years we will be required to meet the rising demand for health and social care services within an increasingly restricted financial envelope. At the moment we are struggling to meet this new challenge, so we know that something has to change.

#### 1.2 Key points

- Across health and social care in England, there is a requirement to provide services that centre on the needs of patients and service users to meet the rising future demand within our financial resources.
- In East Sussex the population is projected to rise steadily by 0.4% each year for the next five years but there will be disproportionate growth in our over-65 population, a group set to grow by 9% between 2015 and 2020.
- While life expectancy has increased and is higher than the national average, disability free life expectancy has not increased in line with this and there are significant health and social inequalities across the county.
- Leaving the system 'as is' is not an option. In financial terms we face an anticipated funding gap of over £200 million by 2020

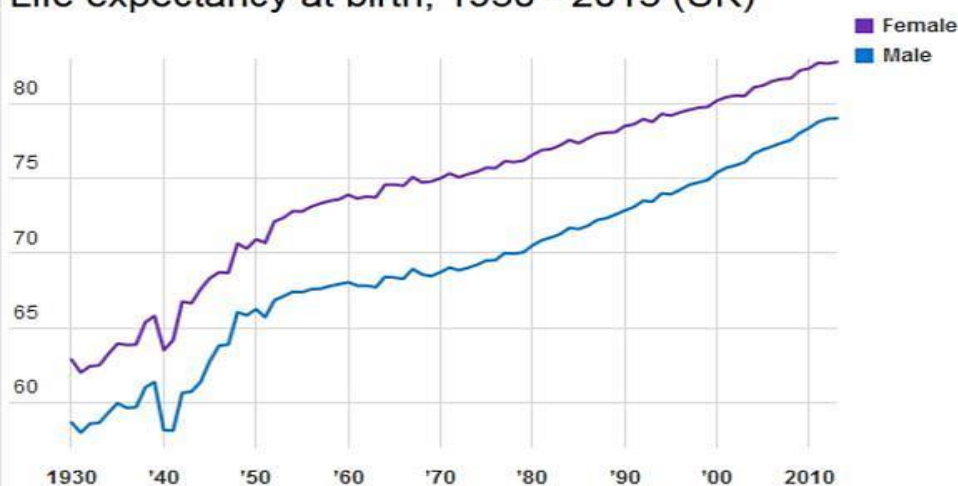
It is clear that these circumstances require a new model of care to be designed that is fit for purpose in the 21<sup>st</sup> century to address the challenges we face in East Sussex

### 2. Rising demand and changing needs

2.1 The rapid rise in demand for health and social care is a familiar story for many health and care systems across the world. Populations are growing and people are living longer. There is an increase in chronic conditions, with more and more of us requiring long-term support. As patients and clients of services we also each expect to receive high quality and consistent care, resulting in the best possible outcomes for ourselves and for others.

Figure 1

Life expectancy at birth, 1930 - 2013 (UK)



Source: [Human Mortality Database Get the data](#)

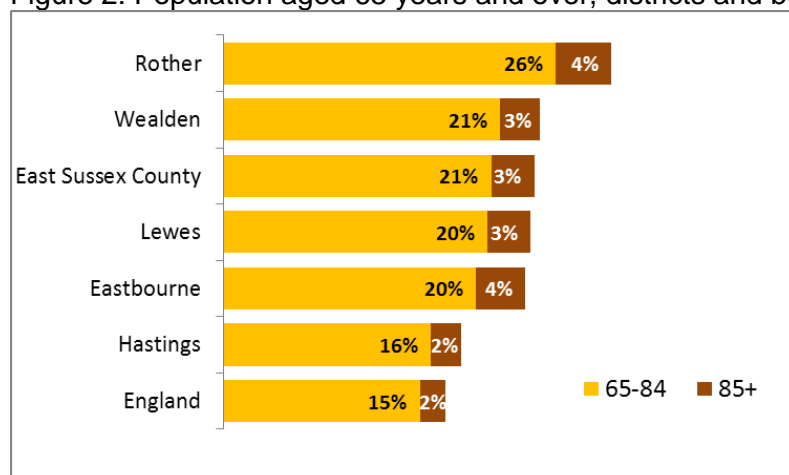
Source Human Mortality Database

<sup>1</sup> 'Moving to Accountable care in East Sussex' (East Sussex Better Together, 2015)

2.2 The NHS and social care services in England are facing unprecedented challenges due to demographic shifts, ever advancing technology and an extended period of financial austerity<sup>2</sup>, coupled with an ever-growing expectation as to what services they should deliver. There is consensus nationally that change is required in order to meet these demands. As the recent NHS Five Year Forward View describes there is also growing consensus about the nature of the change required, particularly around the importance of overcoming the current divisions between health and social care, primary and secondary care and mental health and physical health. The Five Year Forward View outlines a number of organisational forms – including multi-specialty community providers (MCPs) and primary and acute care systems (PACS) – through which such services could be delivered on a more integrated basis. These organisational forms share characteristics with Accountable Care models and systems that are emerging elsewhere in the world.

2.3 In East Sussex we are at the forefront of experiencing this pattern of rising demand and pressure on diminishing resources. The East Sussex Joint Strategic Needs Assessment (JSNA) identifies that there is a larger older aged population in East Sussex compared to nationally (figures 1 and 2). More than three out of four lower super output areas (LSOAs) in East Sussex have a greater percent of persons aged 65 years and over compared to the England figure. Whilst the East Sussex population is expected to increase by 0.4% each year the number of older people is expected to increase by 9% between 2015 and 2020. Life expectancy in East Sussex is higher than the national average, but disability free life expectancy at age 65 has not increased in line with this (figure 3), creating unprecedented demand on social care services. There is projected to be a 15% increase in persons with a disability between 2014 and 2027 (figure 4) with an 18% increase in persons with a higher severity disability. There are also inequalities in years of life lost for causes considered amenable to healthcare. Hastings & Rother CCG have rates 1.5 times higher than High Weald Lewes Havens CCG (figure 5).

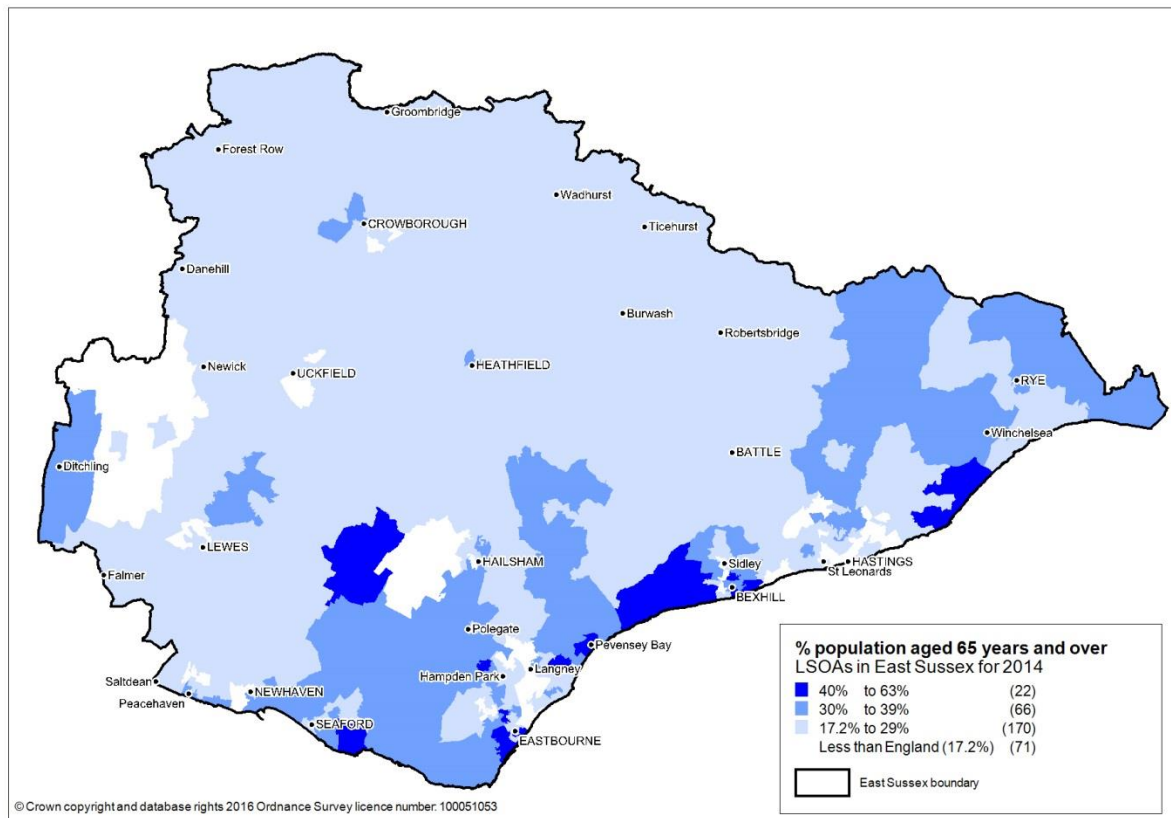
Figure 2: Population aged 65 years and over, districts and boroughs in East Sussex



Source: Mid-2014 resident population estimates, ONS June 2015

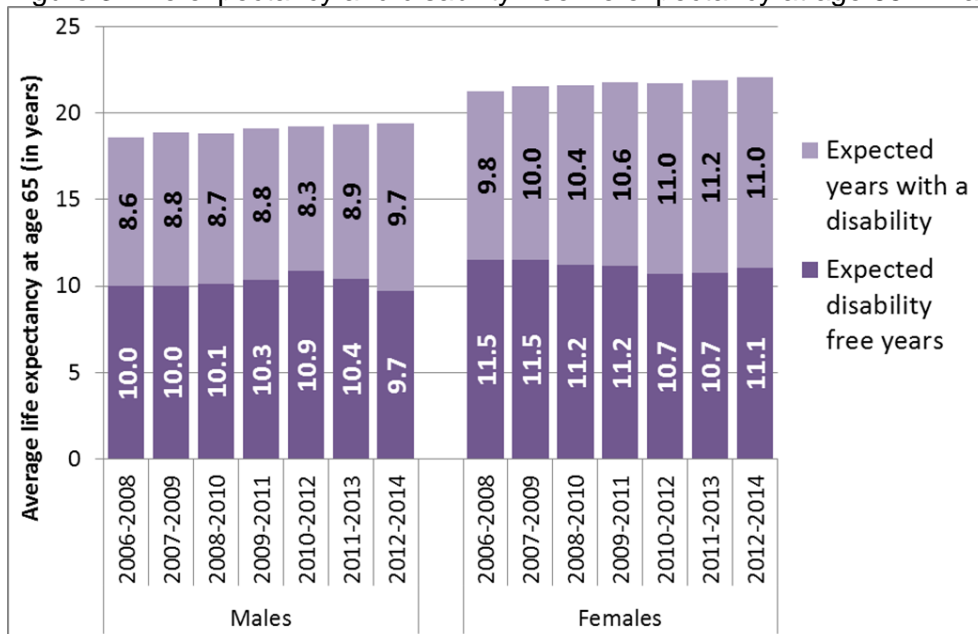
<sup>2</sup> NHS Five Year Forward View (2014)

Figure 3: Population aged 65 years and over by LSOA in East Sussex, 2014



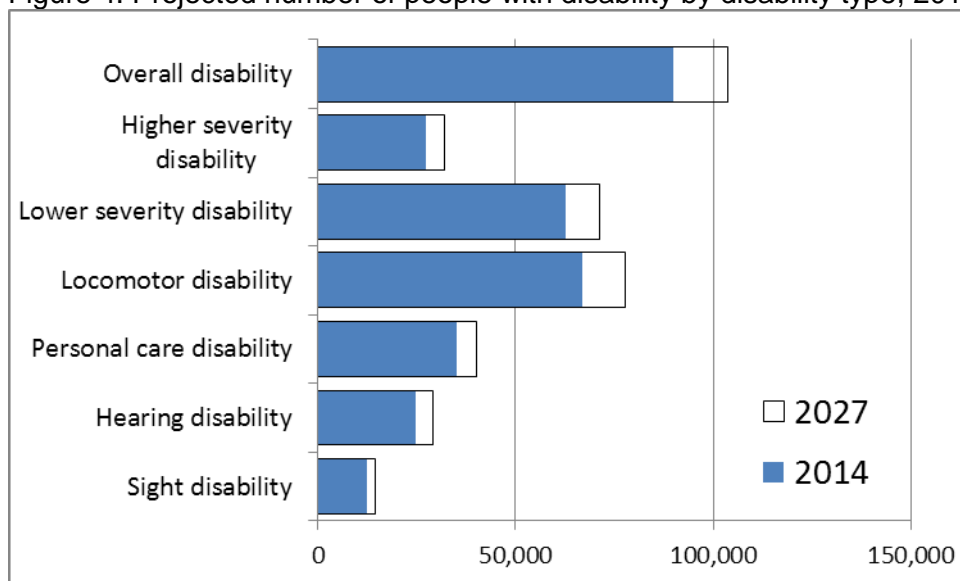
Source: Mid-2014 resident population estimates, ONS November 2015.

Figure 3: Life expectancy and disability free life expectancy at age 65 in East Sussex



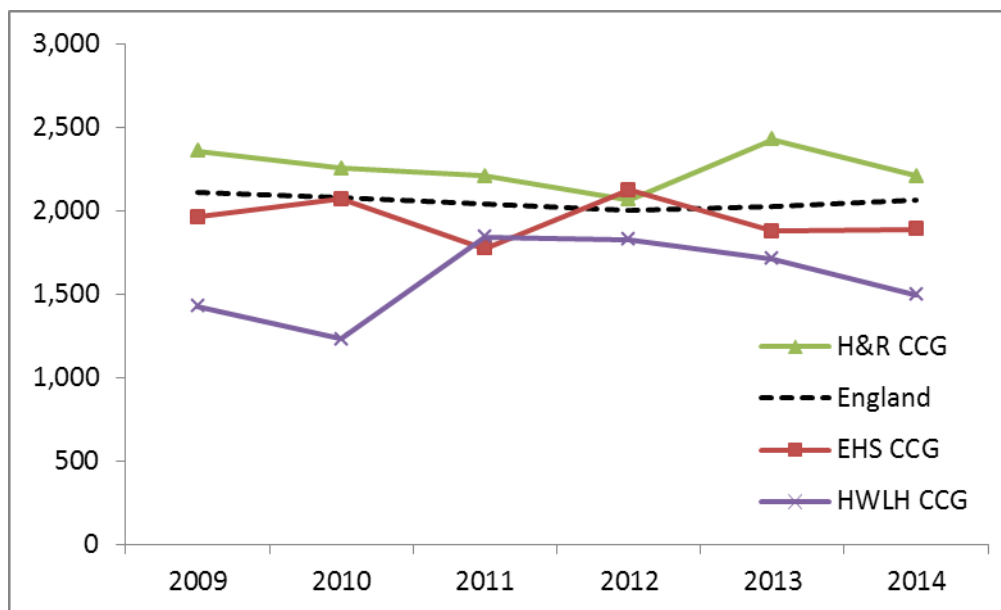
Source: ONS March 2016

Figure 4: Projected number of people with disability by disability type, 2014-2027



Source: ESCC projections, July 2013

Figure 5: Directly age and sex standardised potential years of life lost (PYLL) from causes considered amenable to healthcare per 100,000 registered patients, CCGs in East Sussex, 2009 to 2014



Note: H&R CCG = Hastings & Rother CCG, EHS=Eastbourne, Hailsham & Seaford CCG, HWLH = High Weald lewes Havens CCG

Source: CCG Outcome Indicator Set, HSCIC, Sept 2015

2.4 With increasing pressure across all services and an anticipated funding gap of over £200 million by 2020<sup>3</sup> if status quo is maintained, as a response we launched East Sussex Better Together (ESBT) in August 2014 - our bold and transformative approach to developing a fully integrated and sustainable health and social care economy in East

<sup>3</sup> Draft ESBT 5 Year Strategic Investment Plan (updated 2016/17 modelling)

Sussex. We aim to achieve this through a 150 week whole system programme designed to invest to the best effect the combined £846 million<sup>4</sup> we spend on health and social care services on behalf of our population.

2.5 Our initial research<sup>5</sup> shows us that, Accountable Care models, whereby a ‘whole person’ focus crosses traditional health and social care silos, have emerged internationally as the most likely solution to address the ‘Triple Aims’ of healthcare systems of the future, where integrated approaches should be applied “to simultaneously improve care, improve population health, and reduce costs per capita”<sup>6</sup>

2.6 Through offering a different way of organising the way we arrange, pay for and deliver care, Accountable Care models offer a potential solution to the challenges associated with achieving a high value and integrated health and social care system. This helps to deal with some of the current the perverse incentives that are present in how health and social care is currently commissioned in England, enabling us to:

- Tackle poor system alignment and reducing fragmentation across the system or care pathway by incentivising collaboration between providers to coordinate care, in order to deliver person centred outcomes and eliminating unnecessary treatment or duplication.
- Incentivise community-based preventative service delivery (sometimes called the lowest level of effective care) and population wellness, therefore achieving better outcomes for patients as well as greater cost efficiency.
- Give people a stronger voice in their own care and determining what matters through the process of actively setting outcomes that matter to the local population
- Allow for a better fusion of planning with frontline service delivery to enable a more flexible service response to meet needs more effectively and efficiently, as well as stream lining and simplifying the overall commissioning and contract management function.

2.6 Accountable Care, with the use of whole population capitated budget and payment mechanism, coupled with longer term outcomes based contracts as a way of arranging and paying for health and social care services, is increasingly seen as the model required to drive the changes needed to address these multiple and interdependent issues to make our health and social care services more sustainable for future generations.

### **3 Demographic profile in East Sussex**

3.1 There is a rapidly changing demographic picture in East Sussex. Between 2014 and 2027, the population is predicted to grow by 6% with the over 65 group alone growing by 27%. Figure 6 illustrates the disproportionate growth in over 65s between 1981 and 2027, compared to other age groups in our population.

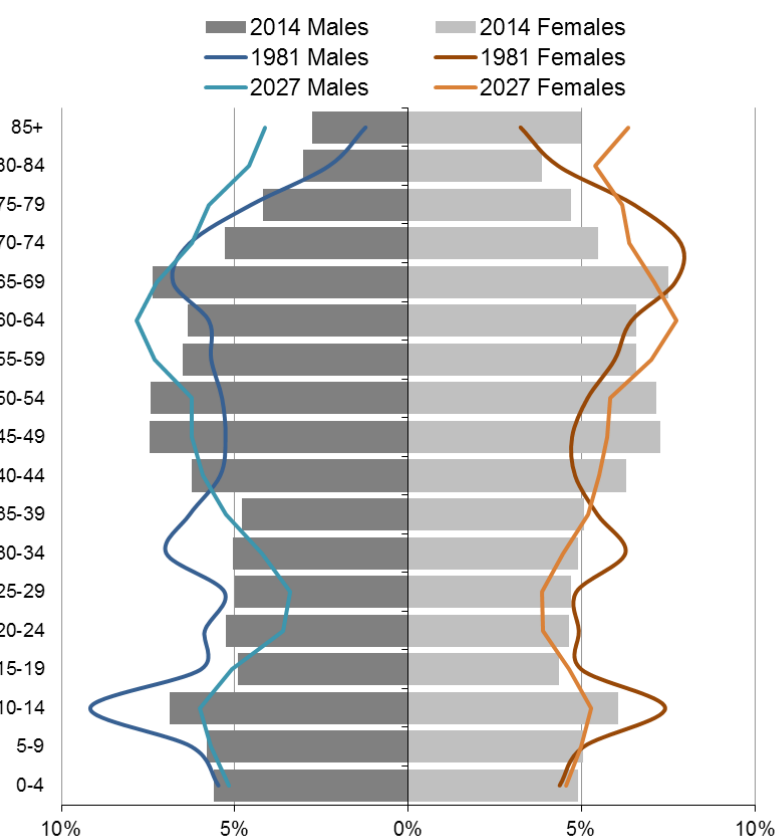
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<sup>4</sup> 2016/17 figures

<sup>5</sup> ‘Moving to Accountable care in East Sussex’ (East Sussex Better Together, 2015)

<sup>6</sup> Institute for Healthcare Improvement – Triple Aim for Populations

Figure 6: Population structure in East Sussex, 1981, 2014 and 2027 projections



Source: ONS population estimates 1981 & 2014, ESCC projections for 2027

Figure 6 illustrates the disproportionate growth in over 65s between 1981 and 2027.

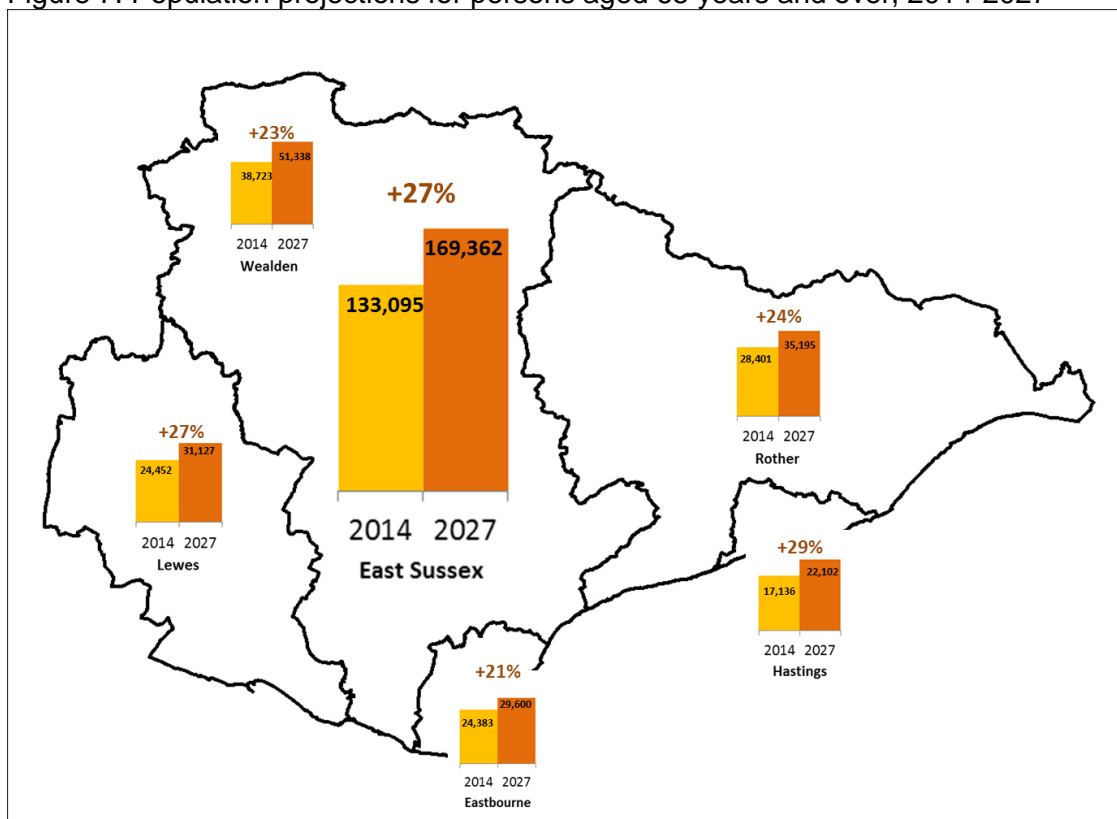
3.2 There are demographic shifts across all age brackets in East Sussex, as table 1 shows. However, across our geography, figures 7 and 8 show just how significant the increase in the proportion of the over 65s and 85s is.

Table 1: East Sussex population projections by age group, 2014-2027

Age bands	2014	2015	2019	2023	2027	% change over the period
People aged 0-9	57,536	58,004	58,874	58,525	57,942	1%
People aged 10-19	59,793	57,977	55,539	58,459	59,754	0%
People aged 20-34	79,589	78,132	74,934	69,776	66,869	-16%
People aged 35-44	60,498	59,908	59,079	61,779	62,275	3%
People aged 45-54	79,086	79,278	77,574	70,788	68,327	-14%
People aged 55-64	70,169	70,612	77,024	83,416	85,004	21%
People aged 65-69	40,140	40,476	35,861	37,055	40,830	2%
People aged 70-74	29,120	30,542	38,988	35,674	35,936	23%
People aged 75-79	24,052	24,155	26,688	35,016	34,022	41%
People aged 80-84	18,653	18,804	20,276	21,723	28,524	53%
People aged 85-89	12,668	12,867	13,485	14,818	16,008	26%
People aged 90 ad over	8,462	8,680	10,131	11,884	14,042	66%
<b>Total</b>	<b>539,766</b>	<b>539,435</b>	<b>548,453</b>	<b>558,913</b>	<b>569,533</b>	<b>6%</b>

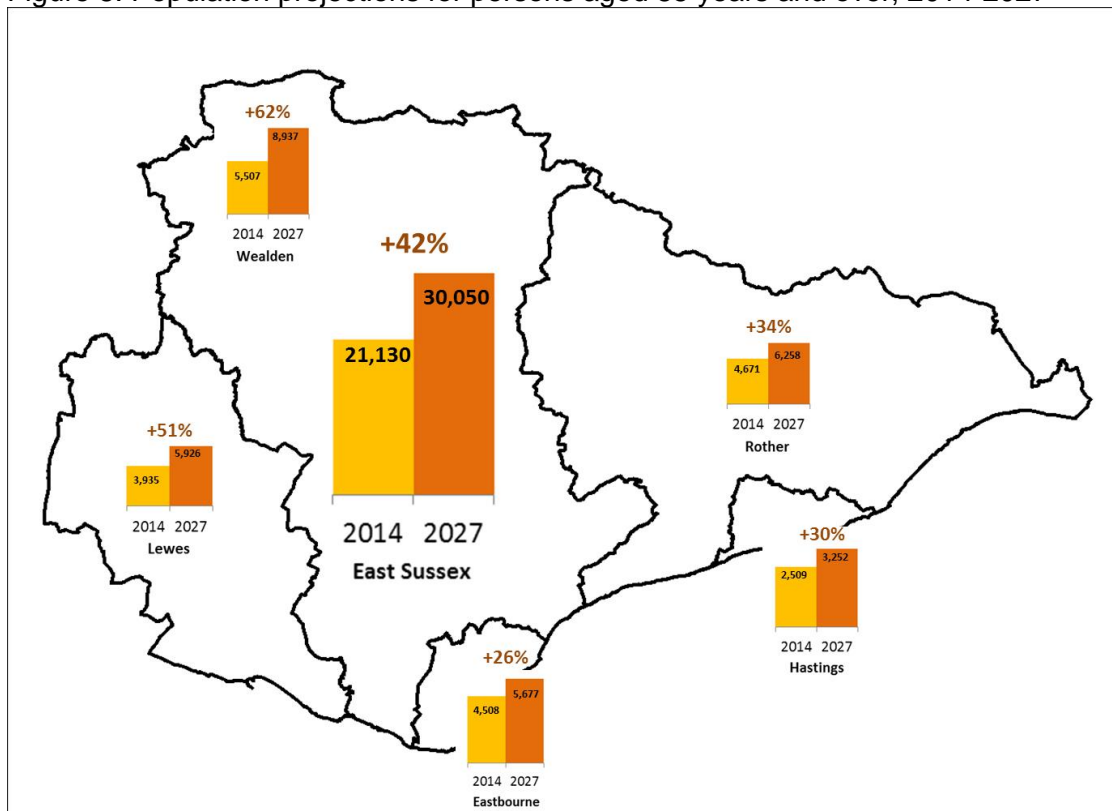
Source: ESCC projections (dwelling led), January 2016

Figure 7: Population projections for persons aged 65 years and over, 2014-2027



Source: ESCC projections (dwelling led), January 2016

Figure 8: Population projections for persons aged 85 years and over, 2014-2027



Source: ESCC projections (dwelling led), January 2016

3.3 However, although people are living longer, healthy life expectancy is not increasing in line with this. The numbers of over 65s with dementia, diabetes and longstanding health conditions caused by stroke in our population is expected to increase. In addition there is evidence that health inequalities are widening<sup>7</sup>. In short more people are living longer with complex needs, requiring extended help and support in non-hospital-based settings in an environment where our funding is constrained.

#### **4. Consequences of ‘doing nothing’**

4.1 Like many parts of the country, demand for health and social care services is growing. If the use of services grew in line with overall changes in the population the system would be unlikely to cope through organic growth alone. This doesn't take into account the fact that services are disproportionately used by older people, our fastest growing population segment, and therefore this has an intensifying effect on the pressure on services caused by natural overall population growth.

4.2 Work by PricewaterhouseCoopers, completed in 2015, to assess the financial implications of a ‘do nothing’ option concluded that, if left unaddressed, there would be an East Sussex-wide funding gap of approximately £200million by 2018. We have updated this analysis to take into account the current ESBT footprint and project that by 2020 there will be an anticipated funding gap of over £200 million. This includes the costs of activity taking place within the ESBT area or financed by the CCGs outside of ESBT, as well as social care spend.

4.3 The ESBT integrated 5 Year Strategic Investment Plan<sup>8</sup> provides further detail on the areas of activity such as unplanned care (also known as non-elective admissions or NEL) and increased primary and social care, GP prescribing costs, Continuing Health Care and Funded Nursing Care costs, that are currently putting pressure on services leading to the £200million gap. This is currently being presented through the Council and CCGs' budget-setting processes.

### **5 Summary and conclusion**

5.1 The significant challenges brought about by the demographic profile of our population in East Sussex and the financial context we are working in (set out in the 5 Year ESBT Strategic Investment Plan), show that in East Sussex shares many characteristics with health and care systems around the country and globally. Over the coming years we will be required to meet the rising demand for health and social care services within an increasingly restricted financial envelope. We can only meet this new challenge by leading and delivering the transformation of health and social care as envisioned by East Sussex Better Together.

5.2 The challenges that shape the context that we are working in and the need for a new model of care include:

- Increased demand and also changes in the nature of demand caused by the changing age structure in our population. In East Sussex we have high numbers of people over 75 years and over 85 years such that, although our population is projected to rise steadily by 0.4% each year for the next five years, there will be disproportionate growth in our over-65 population a group set to grow by 9% between 2015 and 2020. In ten years' time it is estimated the population aged over 65 in East Sussex will increase to around 160,000<sup>9</sup>.

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<sup>7</sup> East Sussex Joint Strategic Needs Assessment <http://www.eastsussexjsna.org.uk/>

<sup>8</sup> Draft ESBT 5 Year Strategic Investment Plan (updated 2016/17 modelling)

<sup>9</sup> East Sussex in Figures



- While life expectancy has increased and is higher than the national average, disability free life expectancy has not increased in line with this and there are significant health and social inequalities experienced across the county. In 2012-14 the gap in life expectancy between the most and least deprived Wards in East Sussex was 13.6 years. Circulatory diseases and cancer are the main contributors to the life expectancy gap between the most and the least deprived areas and to people dying prematurely.
- There is an increasing prevalence of long-term conditions (LTC) and in particular a significant older population living with multiple LTCs. In 2011, 20% of people in East Sussex had a long-term health problem or disability and by 2024 this is expected to increase to around 22% of the total population. National figures show that people with Long Term Conditions, such as Diabetes, account for 50% of all GP appointments, 64% of outpatient appointments and 70% of all inpatient bed days and consume 70% of the total health and care spend.
- Increased demand, particularly for urgent care, caused by changes in expectations and patient behaviour.
- Demand is outstripping increased NHS investment and local government budget reductions. Our local acute and community provider, East Sussex Healthcare NHS Trust (ESHT) is carrying a historical deficit of approximately £50 million. East Sussex County Council needs to make savings of between £70 million and £90 million by March 2019 due to funding from Government shrinking. This is on top of £78 million already saved since 2010 and represents around 20% of the Council's total budget. Although in the past the Council has sought to protect Children's and Adult Services this is no longer possible and it is anticipated that £45.1 million will need to be saved from Adults' and Children's Services by March 2019.
- Within East Sussex Better Together we have three organisations that are responsible for commissioning health and care services. Moving to a place-based approach will enable us to fully share the commitment to integration, as well as the leadership, accountability and systems needed to mobilise a collaborative system-wide approach.
- East Sussex Better Together (ESBT) is one of four place-based localities in the Sussex and East Surrey Sustainability and Transformation Plan (STP) footprint. Together with our neighbouring CCGs, Local Authorities and Provider Trusts, we are working to develop an STP which will drive transformation of the patient experience and outcomes, over the longer term, to deliver sustainability. Local place-based approaches, such as ESBT, that deliver integration, prevention, proactive care, self care and self management, as well as wider population health and wellbeing, will form the bedrock of delivering the STP, as these approaches underpin the sustainability of local acute hospital services.
- Disjointed systems of care are failing to deliver the best possible outcomes and return on public investment. National and international evidence is clear that investment in integrated primary, community and social care provides the best outcomes and reduces demand for more costly hospital care and other bed-based care. The current situation however incentivises the use of hospital care through activity and volume based payments.
- The provision, quality and sustainability of hospitals is a high profile issue, and our local Challenged Health Economy analysis (2014) showed that hospital reconfiguration in and of itself won't solve this. As the Wanless Reports<sup>10, 11</sup> originally

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<sup>10</sup> Securing Our Future Health: Taking a Long-Term View (Derek Wanless, 2002)

<sup>11</sup> Securing Good health for the Whole Population (Derek Wanless, 2004)

stated, simply investing in acute hospital care without addressing the underlying problem of the sustainability of the whole system is not the answer. This includes putting population health at the heart of the care model, as well as ensuring acute, primary, community, mental health and social care investment is in balance so that we can provide high quality care and specialist services when people need them

- Difficulty in recruiting and retaining a skilled workforce across primary, acute, community and social care that can meet the new demands being made is a challenge nationally. In East Sussex we face specific challenges in the east of the county with the sustainability of some General Practice partnerships, and there is ongoing difficulty with recruiting community nurses and care workers in the independent care sector.

5.4 It is predicted if nothing changes between current and projected demand and available health and social care budgets the funding gap will be over £200million by 2020/21. We have made strong progress already under our East Sussex Better Together (ESBT) programme to integrate services and redesign pathways in line with best practice, however we also need to transform the way services are organised and provided at a deeper level to bridge the financial gap - this means integrating more fundamentally as commissioners and providers to achieve a health and social care economy that is sustainable in the long-term.

5.5 Put simply, doing nothing is not an option. At the time of writing we are now in week 117 of our 150 week ESBT programme with progress made in the first year on key areas of service and pathway redesign to support integrated delivery, such as integrated local health and social care teams, streamlined points of access and urgent care. The programme also aligns key workstreams such as workforce, financial planning, Information Management and Technology (IM&T) and data sharing to enable the necessary changes to back office systems to be made to support the overall transformation to person centred integrated care. The rationale behind ESBT – which is fully recognised and supported by all our inspectors and regulators as critical to sustainability in East Sussex in the long-term - is documented in previous reports and more detail can be found at <https://news.eastsussex.gov.uk/east-sussex-better-together>.

5.6 The next phase of our programme therefore needs to focus on transforming commissioning and delivery. To ensure that resources are directed where they are of best use and to guarantee sustainability we will need to be ready to begin to implement the transitional plan for testing new approaches to arranging and delivering local health and social care services in shadow form by April 2017.