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### **Limitations of the HRG Tariff: Specialty Costs**

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The Department of Health has recently published the response to a consultation over the future of PBR which includes developing the national tariff and the process of setting the tariff (DH 2008). However one question still remains to be answered, namely, why are the prices submitted by different Trusts for the same HRG so different? Those of us who have been around long enough will recall the clarion call from the NHS Center for Coding & Classification (NHS CCC) that the cost of a HRG would be the same irrespective of setting. Was this naïve ideology?

Those of us who have been involved in statistical process control well recognize the fact that the variation is the voice of the process. So what are the disperse prices trying to articulate?

The previous article in this series looked at the cost of an excess bed day and concluded that an average based on specialty gave a better view of the true cost than one based on HRGs (Jones 2008). Could it be true that specialty is also a key factor in the baseline cost of each HRG?

Table 1 gives the average cost of the same HRG for a range of specialties. It is obvious to the point of being unbelievable that the ideological statement has taken precedence over what is a fundamental property of all HRG.

The fundamental problem is that both ICD and OPCS procedure codes (and any other alternative coding system) are a sterile reflection of a myriad of subtle medical realities that are reflected in the speciality in which the care is delivered. More importantly the speciality to which you are admitted places an effective cap on the resource input available for your care. Hence an admission to Spinal Injuries implies higher resource input than to Trauma & Orthopaedics irrespective if the condition or the codes so assigned are identical.

The prices of all HRG are clearly influenced greatly by the speciality in which they occur. This is common sense. Why is there such a problem in accepting this intuitively simple fact? From this perspective the laborious process of Paediatric and specialist services uplifts can be seen as part of a much more fundamental issue central to the success of the tariff. In fact one is tempted to ask the pose the question, is this a 'the emperor has no clothes' moment? What do you think?

#### **References**

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Jones R (2008) Limitations of the HRG Tariff: Excess bed days. BJMHC.....

**Table 1: Cost of an elective overnight admission for three HRG over a range of specialties**

SA13Z Single Plasma Exchange, Leucopheresis or Red Cell Exchange		AB06Z Minor Pain Procedures		HB99Z Other Procedures for non Trauma	
Specialty	Average Cost	Specialty	Average Cost	Specialty	Average Cost
Clinical Immunology & Allergy	£307	Accident & Emergency	£430	Anaesthetics	£1,079
Endocrinology	£340	Endocrinology	£502	Ophthalmology	£1,129
Diabetic Medicine	£565	Diabetic Medicine	£540	Obstetrics	£1,207
Pain Management	£590	Maxillo-Facial Surgery	£557	Pain Management	£1,354
Gastroenterology	£726	Oral Surgery	£686	Palliative Medicine	£1,488
Genito-Urinary Medicine	£750	Palliative Medicine	£705	Upper Gastrointestinal Surgery	£1,501
General Medicine	£773	Gastroenterology	£745	Diabetic Medicine	£1,716
Paediatric Neurology	£790	Obstetrics	£793	Medical Oncology	£1,733
Medical Oncology	£795	Colorectal Surgery	£795	Oral Surgery	£1,757
Colorectal Surgery	£801	General Medicine	£910	Rheumatology	£1,863
Geriatric Medicine	£813	Medical Oncology	£966	Clinical Haematology	£1,863
Breast Surgery	£848	Upper Gastrointestinal Surgery	£990	ENT	£1,865
Obstetrics	£934	Nephrology	£1,013	General Surgery	£1,894
Gynaecology	£935	Paediatric Surgery	£1,094	Geriatric Medicine	£1,984
Infectious Diseases	£943	Urology	£1,094	General Medicine	£1,997
Palliative Medicine	£1,133	Geriatric Medicine	£1,116	Urology	£2,024
Gynaecological Oncology	£1,147	Plastic Surgery	£1,173	Breast Surgery	£2,077
Paediatrics	£1,160	Rheumatology	£1,188	Plastic Surgery	£2,227
Global Trust Codes	£1,177	Anaesthetics	£1,205	Trauma & Orthopaedics	£2,243
Clinical Haematology	£1,184	Hepatology	£1,268	Neurology	£2,273
Haemophilia	£1,313	Ophthalmology	£1,293	Paediatrics	£2,273
Anaesthetics	£1,314	Pain Management	£1,313	Respiratory Medicine	£2,282
Nephrology	£1,378	Breast Surgery	£1,322	Global Trust Codes	£2,364
ENT	£1,449	Paediatric Ear Nose And Throat	£1,341	Gynaecology	£2,388
Urology	£1,480	Paediatric Endocrinology	£1,414	Colorectal Surgery	£2,501
Plastic Surgery	£1,511	Neurology	£1,421	Nephrology	£2,580
Upper Gastrointestinal Surgery	£1,512	Gynaecology	£1,441	Paediatric Trauma And Orthopaedics	£2,619
Maxillo-Facial Surgery	£1,540	Clinical Haematology	£1,534	Paediatric Ear Nose And Throat	£2,628
Paediatric Surgery	£1,639	Global Trust Codes	£1,573	Paediatric Thoracic Surgery	£2,653
Ophthalmology	£1,666	Trauma & Orthopaedics	£1,576	Paediatric Medical Oncology	£2,773
General Surgery	£1,671	General Surgery	£1,637	Neurosurgery	£2,795
Paediatric Respiratory Medicine	£1,695	Paediatrics	£1,712	Vascular Surgery	£2,881

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Specialty	Average Cost	Specialty	Average Cost	Specialty	Average Cost
Rheumatology	£1,737	ENT	£1,850	Cardiothoracic Surgery	£2,959
Paediatric Gastroenterology	£1,960	Paediatric Neurology	£1,853	Dermatology	£2,999
Cardiology	£1,962	Chemical Pathology	£1,905	Gastroenterology	£3,002
Neurology	£1,982	Paediatric Medical Oncology	£2,005	Paediatric Surgery	£3,357
Paediatric Nephrology	£2,246	Infectious Diseases	£2,009	Thoracic Surgery	£3,449
Trauma & Orthopaedics	£2,337	Paediatric Gastroenterology	£2,154	Maxillo-Facial Surgery	£3,671
Neurosurgery	£2,418	Paediatric Trauma And Orthopaedics	£2,175	Paediatric Neurology	£3,941
Chemical Pathology	£2,554	Vascular Surgery	£2,337	Cardiology	£4,305
Respiratory Medicine	£2,696	Paediatric Respiratory Medicine	£2,614	Infectious Diseases	£4,437
Hepatology	£2,713	Dermatology	£2,761	Hepatology	£4,686
Vascular Surgery	£2,889	Cardiology	£2,975	Cardiac Surgery	£4,812
Cardiothoracic Surgery	£2,936	Spinal Injuries	£3,461	Paediatric Respiratory Medicine	£4,904
Paediatric Medical Oncology	£3,004	Haemophilia	£3,546	Paediatric Cardiac Surgery	£6,631
Thoracic Surgery	£3,026	Respiratory Medicine	£3,625	Paediatric Cardiology	£6,874
Oral Surgery	£3,091	Cardiac Surgery	£3,783	Spinal Injuries	£10,048
Paediatric Endocrinology	£3,272	Clinical Immunology & Allergy	£5,593		
Dermatology	£3,867	Paediatric Cardiology	£6,374		
Cardiac Surgery	£4,346	Blood and Marrow Transplantation	£6,921		
Paediatric Cardiology	£4,446	Gynaecological Oncology	£8,455		
Transplantation Surgery	£9,702	Transplantation Surgery	£8,628		
Blood and Marrow Transplantation	£10,236				