

Innovation, Research and Life Sciences
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Dear Director of Finance

2019/20 Provider Thresholds for Excess Treatment Costs

You will recall that we wrote to you on 2 November 2018 to detail changes for providers for the reimbursement of excess treatment costs (ETCs) for non-commercial research studies, which came into effect on 1 October 2018. As part of the new arrangements, providers now have a threshold of ETC costs to absorb, after which the ETCs will be reimbursed.

The provider thresholds for 2019/20 remain at 0.01% of total operating income (based on the 2017/18 NHS provider accounts), or a minimum of £10,000 year.

The thresholds will continue to apply to ETCs relating to CCG commissioned services only. For ETCs related to NHS England's directly commissioned services, including specialised services, a threshold will not apply. ETC payments agreed for these studies, which will typically net off any ETC costs already likely to be recovered through tariff payments, will be paid directly by NHS England through the usual contractual route. The new national arrangements for Specialised Commissioning study ETC payments will only apply to studies newly funded on or after 1 October 2018.

In considering where to set the thresholds, we have taken into account that many studies generate excess treatment savings (which providers can retain as a result of participating in research), in addition to the time and costs eliminated by not needing to negotiate ETCs for relatively small sums where the administrative costs to providers and commissioners related to agreeing payments outweigh the cost of the ETC itself. The thresholds will be reviewed at the end of 2019/20.

We would like to confirm, as per our letter 12 Feb 2019, that where providers have produced evidence of existing agreements for ETC, these will be honoured, and the threshold will not apply these studies in 2019/20. We will review these arrangements

at the end of this financial year. It is important for future studies that providers plan appropriately to manage their ETC threshold at a portfolio level and not per individual study.

If you require further information, please contact england.research@nhs.net

Yours faithfully

A handwritten signature in black ink, appearing to be 'S. Roberts', with a stylized loop and a horizontal line extending to the right.

Dr Samantha Roberts

Director for Innovation, Research and Life Sciences
NHS England