

# **NHS Dental Payment Reform**

## **Business and Regulatory Impact Assessment**

**November 2023**

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## **Title of Proposal**

NHS Dental Payment Reform

## **Purpose and Intended Effect**

### **Context**

NHS dental services is a critical health care service, with over 95 per cent of the Scottish population registered for NHS provision.

The service has been disproportionately impacted by the recent experience of the pandemic. As around 70 per cent of dental care and treatment involves the use of an aerosol generated procedure (AGP), during the pandemic dental services were subject to heightened infection, prevention and control procedures. These procedures were in place from the onset of the pandemic in March 2020 to April 2022.

The sector remains in a recovery phase following the relaxation of controls. For the period 2022/23 over 3.8 million courses of treatment were provided. There are around 1,050 dental practices in Scotland, providing a mix of NHS and private treatment. The majority of dental practices are independent providers, with General Dental Practitioners (GDPs) making arrangements with the relevant NHS Boards for the provision of NHS dental services in their respective areas. A small number of sites comprise Public Dental Service, where the dental teams are employees of the relevant NHS Board.

### **Objectives**

Presently GDPs are paid under the Statement of Dental Remuneration (SDR). This comprises a range of payments, including fee per item, capitation, allowance and direct reimbursement.

Payment reform largely focuses on the fee per item element. Comprising at present over 700 codes payment reform will comprise a new Determination I of the SDR with 45 codes. The intention is to move away from a low trust, high bureaucracy model where payment under fee per item is conflated with clinical governance, to a simpler system that maintains the principle of fee per item but ensures NHS dental teams have much more clinical discretion in treating NHS patients, and reflects modern dental care and treatment.

## **Rationale for Government Intervention**

The Government views payment reform as the single most pressing requirement to safeguard NHS dental service provision.

As described above, the sector is presently in a recovery phase. There are a number of challenges facing the sector, legacy effects of the pandemic, the impact of Brexit on the supply of EU dentists, and the cost-of-living situation on costs of provision. All of these factors combined mean that the sector is going through a period of intense stress. The main rationale of payment reform is to place the sector on a sustainable financial footing ensuring the provision of NHS dental services across all of Scotland for the medium- to longer-term.

## **Consultation**

### **With the Sector**

There have been a sequence of consultations on payment reform with the sector interrupted by the pandemic emergency.

### **Oral Health Improvement Plan (2018)**

The product of a comprehensive national consultation exercise with the sector in 2016, with 427 responses, and 564 attendees at a series of roadshow events. Reflecting on the discussions with the sector the Plan committed the Scottish Government to introduce a “simplified set of item of service payments”. While radical changes to payments were considered as part of these discussions, the view was that the current system of payment could be retained, but substantial changes were required to ensure future-proofing and engagement with newly qualified NHS dentists.

### **Design Group Phase (2019)**

Looking specifically at how prevention-based dentistry could be suitably supported in a future iteration of payment reform, the Scottish Government convened two Design Groups comprising GPs and other specialist commentators to help co-design a new model of oral health care. This work was interrupted by the onset of the pandemic.

### **Pandemic/Recovery and Payment Reform (2020-23)**

During the pandemic the main objective of the Scottish Government was to preserve the sector through emergency support payments. Following the relaxation of IPC measures in April 2022 the Government revisited payment reform.

On the 28 June 2022 the then Cabinet Secretary for Health wrote to all NHS dental teams inviting them to comment on treatment items to be included in a future NHS payment model. 557 responses were received and analysed to form the basis for a

new system of item of service payments. The CDO convened an Advisory Group comprising GPs, and other members of the dental team, from each NHS Board area to help co-design the new suite of payments with regular updates to the wider sector.

## **Options**

### **Option 1 – Do Nothing**

As described above the Government views payment reform as the single most important intervention to preserve NHS dental services into the medium- to longer-term.

### **Option 2 – Payment Reform of Fee Per Item retaining a Blended System of Payment**

As described above payments to GPs comprise a range of payments, including fee per item, capitation, allowances and direct reimbursement. Each set of payments retain certain advantages and it is the Government's view that by combining different payments as a blended payment system we achieve different aims. For example, fee per item incentivises the contractor to see and treat patients. At the same time the Government understands that a pure fee per item model would not be sustainable for GPs and therefore needs to balance against other payments such as capitation, where payment is not dependent on seeing patients.

### **Option 3 – Replacement of Fee Per Item with Capitation/Fixed Payment**

Capitation affords the advantage of providing continuity of income to contractors regardless of the levels of NHS care provided. However it is ordinarily associated with sub-optimal outcomes as the payment is not directly linked to seeing and treating patients.

Secondly, the Government's view is that a large number of practices providing the majority of NHS care in Scotland have business models that are embedded in the fee per item model. Radical change of the payments model would increase the risk of destabilising practice income and jeopardise the achievements to date in preserving the sector during the pandemic, and subsequent recovery.

## **Summary**

The Government's view to retain the blended payment system is supported by recent academic research published in the British Dental Journal (December 2021) which concluded on payment systems:

“Other types of payment systems have been described in the literature, such as capitation-based payment systems and pay-for-performance-based systems. There are several pros and cons for each, meaning that blending several system types may be an ideal solution to obtain better health

outcomes for the patients, while maintaining access to dental care and respecting the financial stability of dental practices.”<sup>1</sup>

## **Benefits and Costs of Each Option**

Payment reform is largely about preserving the status quo. There is the potential in simplifying fee per item payments, and enabling NHS dental teams to have more clinical discretion in treating patients, for efficiency savings to be realised with dental practices. However, we have no precise evidence for this effect. As part of the payment reform programme, the intention is to regularly monitor the new suite of fee per item payments.

## **Scottish Firms Impact Test**

As stated above, we have had several consultation opportunities with the sector during the run up to the changes envisaged by payment reform.

We anticipate that by making the payment framework more transparent and giving dental practices more financial certainty that this provides the foundation for supporting NHS dental practices in the medium- to longer-term.

## **Competition Assessment**

Not applicable.

## **Consumer Assessment**

In our view payment reform will increase the transparency to patients of what care and treatment is available to them as NHS patients.

Presently the comparatively complex nature of fee per item payments makes it very difficult for patients to understand in summary what treatments they are entitled. Dentists will more easily be able to share with patients the NHS offer under the new refined system

## **Test Run of Business Forms**

No effect.

## **Digital Impact Test**

No effect. Dental claims are computerised and sent electronically from practices to National Services Scotland for processing. Commercial system suppliers provide software updates to practices as and when required to reflect changes in payments.

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<sup>1</sup> Dental Policy Lab 1 – towards a cavity-free future; Christopher R. Vernazza, Nigel B Pitts, Catherine Mayne and Marco E. Mazevet; British Dental Journal (December 2021)

## **Legal Aid Impact Test**

Not applicable.

## **Enforcement, Sanctions and Monitoring**

The new Determination I is a significant change to the payment system for NHS dentistry and we intend to monitor and review its performance following implementation.

## **Implementation and Delivery Plan**

The new Determination I and Amendment Regulations will come into force from 1 November 2023.

Educational guides and webinars to support dentists in using the new Determination I will also be available and will be published in early Autumn.

## **Post-Implementation Review**

The Government will work with BDA Scotland and the wider sector to monitor the effectiveness of the new Determination I and identify further changes and improvements. We view payment reform as a continuous process of change, and not a single discrete episode.

## **Summary and Recommendations**

In summary, the Government takes the view that payment reform is the single most important intervention it can make in NHS dentistry to address and mitigate some of the challenges currently facing the dental sector.

Retention of the blended payment system remains important if the Government is critical to the objective of maintaining high levels of NHS patient care. However the Government recognises that the current suite of fees per item conflate payment with clinical governance, and the system needs to be modernised and simplified. The Government has therefore taken forward the opportunity to strengthen the blended payment system by radically overhauling fees payable to dentists.

Instead of over 700 payments, the new system will comprise 45 codes affording dentists the opportunity to provide modern dental care and treatment on NHS patients, with much more clinical discretion. At the same time the Government expects that there are significant benefits to patients; the new system will enable the NHS offer – the care and treatment available to NHS dental patients – to be much more understood by patients. We anticipate the new payments will close the asymmetric information gap between patients and professionals.

## **Declaration and Publication**

I have read the Business and Regulatory Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

**Signed:** 

**Date:** 31.10.23

**Minister's name:** Jenni Minto MSP

**Minister's title:** Minister for Public Health and Women's Health

**Scottish Government Contact point:** David Notman



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