

2026/27 NHS Payment Scheme Consultation - FSH Response Summary

Tuesday 17th December 2025

The Federation of Specialist Hospitals (FSH) has responded to NHS England's consultation on the [2026/27 NHS Payment Scheme](#), accepting the proposed scheme but highlighting several areas where further attention is required. Measures that support innovation, elective recovery and care closer to home are welcome; however, continued reliance on outdated cost baselines and limited clarity on specialised commissioning and fixed payments present challenges in terms of financial sustainability, effective commissioning and equitable access to care for specialised services.

Key elements of our response:

One-year scheme: A one-year payment scheme is appropriate given the scale of ongoing system change, allowing time to test new approaches before longer-term arrangements are introduced. The FSH is also supportive of longer-term planning, provided this is underpinned by robust engagement, clear escalation routes and sufficient flexibility to address any emerging challenges in a timely way.

Cost adjustments: The proposed cost uplift factor does not reflect real-world inflation and, when combined with efficiency requirements and commissioner reductions, risks creating significant and unsustainable funding pressures. Moreover, reliance on 2018/19 baseline costs is increasingly misaligned with current service delivery costs, limiting meaningful and informed commissioning discussions between providers and commissioners.

High-cost drugs and excluded items: The transfer of medicines from the high-cost drugs list into HRGs may amount to a significant reduction in income for some providers, particularly in relation to chemotherapy drugs.

Best practice tariffs: Best practice tariffs are a useful mechanism for encouraging high-quality care but must be set at realistic levels and be informed by clinical expertise. Ongoing engagement with the pricing team would be welcomed if BPTs appear to be set at the wrong level once better understood.

Patient-not-present payments: Payments for patient-not-present activity are a welcome mechanism to support care outside hospital settings, however, it is important to ensure that patients with complex conditions continue to receive appropriate follow-up.

Aligned Payment and Incentive (API) mechanism: Closer alignment between activity and funding can support more effective commissioning, but fixed elements no longer reflect current service delivery and require careful rebasing to ensure an accurate representation of current delivery costs as a foundation to well-informed strategic commissioning discussions.

Genomic testing tariffs: The proposed genomic testing tariff is a positive step to support increased testing in line with national ambitions, though incentives will need ongoing monitoring to ensure they are sufficient to drive system-wide change.

Specialised commissioning: Given the ongoing changes in specialised commissioning, the payment scheme was relatively light on detail. It would be helpful to explore whether the scheme could play a stronger role in supporting strategic specialised commissioning, including through greater clarity on funding allocations, fixed elements and specialist top-ups, as well as improved alignment between payments and the costs of delivering specialised services.

Low Volume Activity (LVA) arrangements: LVA arrangements are increasingly complex and administratively burdensome following ICB mergers, creating funding and capacity risks. This is a particular challenge for specialist hospitals which provide services from patients across the country, requiring relationships with multiple ICBs.

Activity-based payments: While parity of reimbursement between NHS and independent providers is essential, increased use of the independent sector has contributed to the concentration of more medically complex procedures within specialist hospitals. The current approach does not sufficiently recognise this complexity within the tariff, creating funding challenges for providers delivering the most complex care.