**Acute Morbidity and Life Circumstances (MLC) Review Update**

**TAGRA(2016)04**

This paper provides an update on the progress of the Acute MLC review. At the time of the last update to TAGRA, decisions had been made on the supply variables and work was continuing on the selecting a needs index.

1. **Diagnostic groups**

The relationship between cost ratios and the needs index varies between different diagnostic groups and are therefore run separately when updating the NRAC shares. These are: Cancer, Digestive, Heart, Injury, Respiratory, Outpatients and Other. The Acute MLC sub-group have agreed to keep the diagnostic groups, on the grounds of being able to take into account geographic variation in the prevalence of certain conditions, better granularity and relevance to a range of stakeholders.

Exploratory analysis of the available data showed no valid way of regrouping outpatients to the other diagnostic groups, therefore outpatient activity will remain as a separate diagnostic group.

It was agreed to use the same needs index across all diagnostic groups as it was clear from the analysis that there was little gained from having separate needs indices for different diagnostic groups.

1. **Indicator selection**

The analyses to select the variables to be included in the new needs index has been completed. Several options are being discussed and tested against TAGRA’s core criteria, before deciding on the final index.

1. **Next steps**

The performance of the new model will be tested against the current model, and also tested using different age and urban / rural splits.

The new model will be tested for unmet need and a decision made on how to adjust for this in the formula.

The final report will be presented to TAGRA at the August meeting.