

# Health System Funding Reform

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# Patients First: Action Plan for Health Care

## Sets the stage for the next 3 years of transformation

- On February 2, the Minister announced *Patients First*, the next phase of Ontario's plan for changing and improving Ontario's health system
- It exemplifies the commitment to put people and patients at the centre of the system by focusing on putting patients' needs first
- This plan focuses on four key objectives and four policy pillars:

	Government Promise		Open, transparent, accountable, effectively managed government that provides value for tax dollars	
	Health Promise		<b>Patients First</b> <ul style="list-style-type: none"> <li>• <i>a caring, integrated experience for patients</i></li> <li>• <i>faster access to quality health services</i></li> <li>• <i>for all Ontarians at every life stage</i></li> </ul>	
Policy Pillar:	<b>Access:</b> <ul style="list-style-type: none"> <li>• Improve access – providing faster access to the right care</li> </ul>	<b>Connect:</b> <ul style="list-style-type: none"> <li>• Connect services – delivering better coordinated and integrated care in the community, closer to home</li> </ul>	<b>Inform:</b> <ul style="list-style-type: none"> <li>• Supporting people and patients – providing the education, information and transparency they need to make the right decisions about their health</li> </ul>	<b>Protect :</b> <ul style="list-style-type: none"> <li>• Protect our universal public health care system – making evidence based decisions on value and quality, to sustain the system for generations to come</li> </ul>
	Improve System Integration, Accessibility	Modernize Home and Community Care	Increase the Health and Wellness of Ontarians	Ensure Sustainability and Quality

# The Journey So Far



## The problem was clear

- Health outcomes were not what they should be
- The fiscal environment required us to get better value from our investments
- System was fragmented, operated and funded in silos
- Lack of accountability and transparency
- Patients were confused – about where to go
- If unchecked, changing demographics would result in higher costs to the system

## Ontario's Action Plan For Health Care

Better patient care through better value from our health care dollars

## A plan was set in motion

- Ontario's Action Plan for Health Care (Jan. 2012) is the foundation for transformation

*"Make Ontario the healthiest place in North America to grow up and grow old"*
- Access, quality, and value drive improvements – focus on right care, right time, right place
- Two years in, progress has been made:
  - 99 of 105 recommendations from the Drummond Report are fully or in progress towards implementation



## Key elements are in place

- A quality regime is in place (ECFA) – needs to expand beyond acute sector & become more transparent to consumers
- Integrated coordinated care is showing early results – intensifying Health Links as clinical networks is essential
- A focus on patient engagement is taking hold – need to empower people and discuss rights & responsibilities
- Funding reform has just begun – bold approaches to procurement and entitlements needed

# Funding in the Past



**Health Service Providers received 75-90% of their funding in lump sums (global budgets)**

- Few opportunities to change funding to meet the demands of the populations being served
- Little incentive to improve performance or quality

# Health System Funding Reform

Evidence-based funding approach based on:



**637**

Long-Term  
Care (LTC)  
Homes



**87**

Hospital  
Corporations

**14**

Community  
Care Access  
Centers (CCACs)



Best available evidence  
and best practices

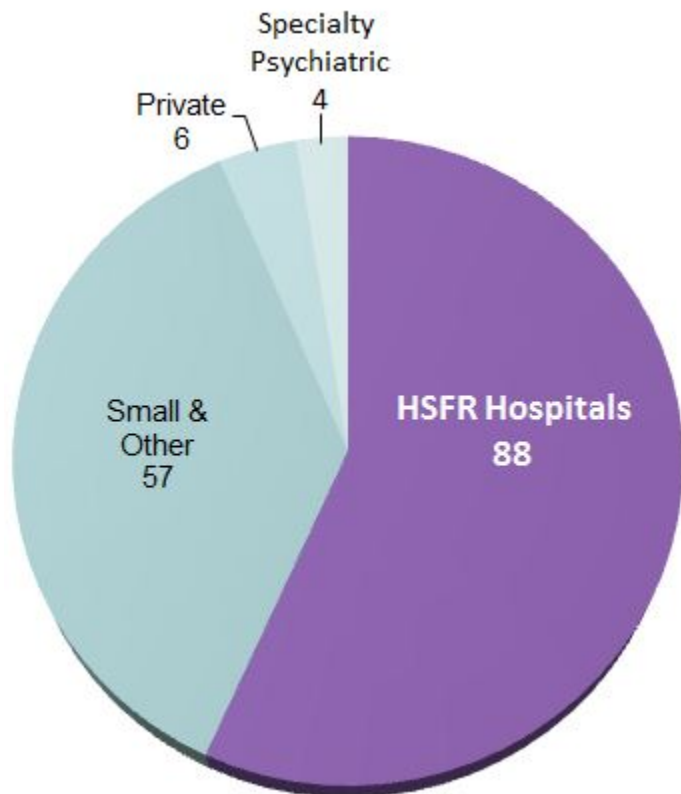
Number of patients or  
residents cared for

Types of services  
delivered

Needs of the populations  
served



# Hospital Snapshot



- As of Dec 2014, there are 155 hospitals in Ontario
  - 88 HSFR Hospitals
  - 57 Small & “Other” Hospitals
  - 6 Private Hospitals
  - 4 Specialty Psychiatric Hospitals
- The 88 HSFR Hospitals receive a portion of their base funding through HSFR
  - The HSFR hospitals have been divided into facility types of Teaching, Large Community, Chronic/Rehab and Specialty Children’s in order to capture service delivery provided by the facilities as accurately as possible
- Small & Other Hospitals are excluded from HSFR due to their vulnerability to fluctuations in funding
  - These hospitals are implementing best practices from QBP clinical care pathways
- Specialty Psychiatric Hospitals are excluded due to data-related limitations

# CCAC Snapshot

- All 14 Community Care Access Centers (CCACs) are included in HSFR
- CCACs have approximately 30% of their base funding allocated by HBAM and QBPs
- There are three QBPs in CCAC sector:
  - Primary Unilateral Hip Replacement
  - Primary Unilateral Hip Replacement
  - Bilateral Hip or Knee Replacement



# Health System Funding Reform (HSFR)

## Goals and Objectives

- **Reflect needs** of the community
- **Equitable allocation** of health care dollars
- Better **quality care** and **improved outcomes**
- **Moderate** spending growth to sustainable levels
- Adopt/ learn from **approaches** used in other jurisdictions
- Phased in over time at a **managed pace**

### Hospitals and Community Care Access Centres

#### Health Based Allocation Model (HBAM)

- Evidence, health-based funding formula
- Enables government to equitably **allocate available funding** for health services
- **Estimates future expense** based on past service levels and efficiency, as well as population and health information

#### Quality-Based Procedures (QBPs)

- Clusters of patients with clinically related diagnoses / treatments with an evidence-based framework as providing opportunity for:
  - Align incentives to **facilitate adoption of best clinical practices**
  - Appropriately **reducing variation in costs and practices** across the province to improve outcomes

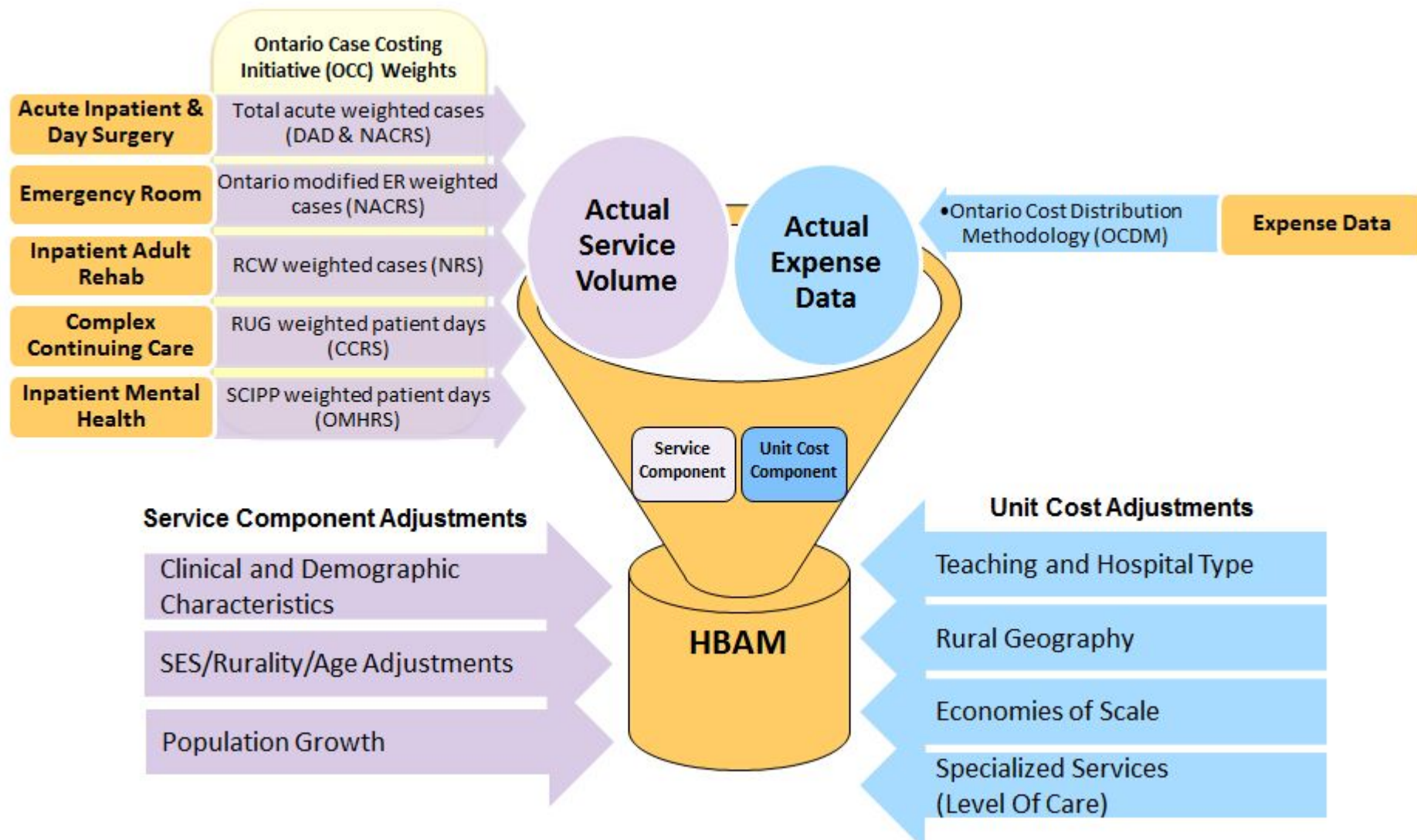
### Long-Term Care Homes

#### Case Mix Index (CMI)

- Evidence-based funding approach that uses **resident profiles**
- Reflects resident needs by considering factors such as diagnosis and functional capacity
- Enables the government to equitably **allocate available funding** for resident services



# Health Based Allocation Model (HBAM)



HBAM adjusted results are used to calculate each hospital's expected share of the HBAM funding envelope (\$5.15B)

# Key Things to Remember about HBAM

- HBAM is a 'pie-sharing' model where the pie is the sum of all expected expenses in the province
- Approximately 37% of total hospital base funding (\$5.15B) is then distributed based each HSP's percentage of the pie
- An HSP's share of the pie is impacted by:



1. An HSP's own expected results, including year-over-year changes in expected results; and
2. The expected results of all other HSPs within each of the HBAM care types

An HSP's change in HBAM expected results **does not** have a 1:1 correlation with their change in funding

# Key Features of the HSFR CCAC Model

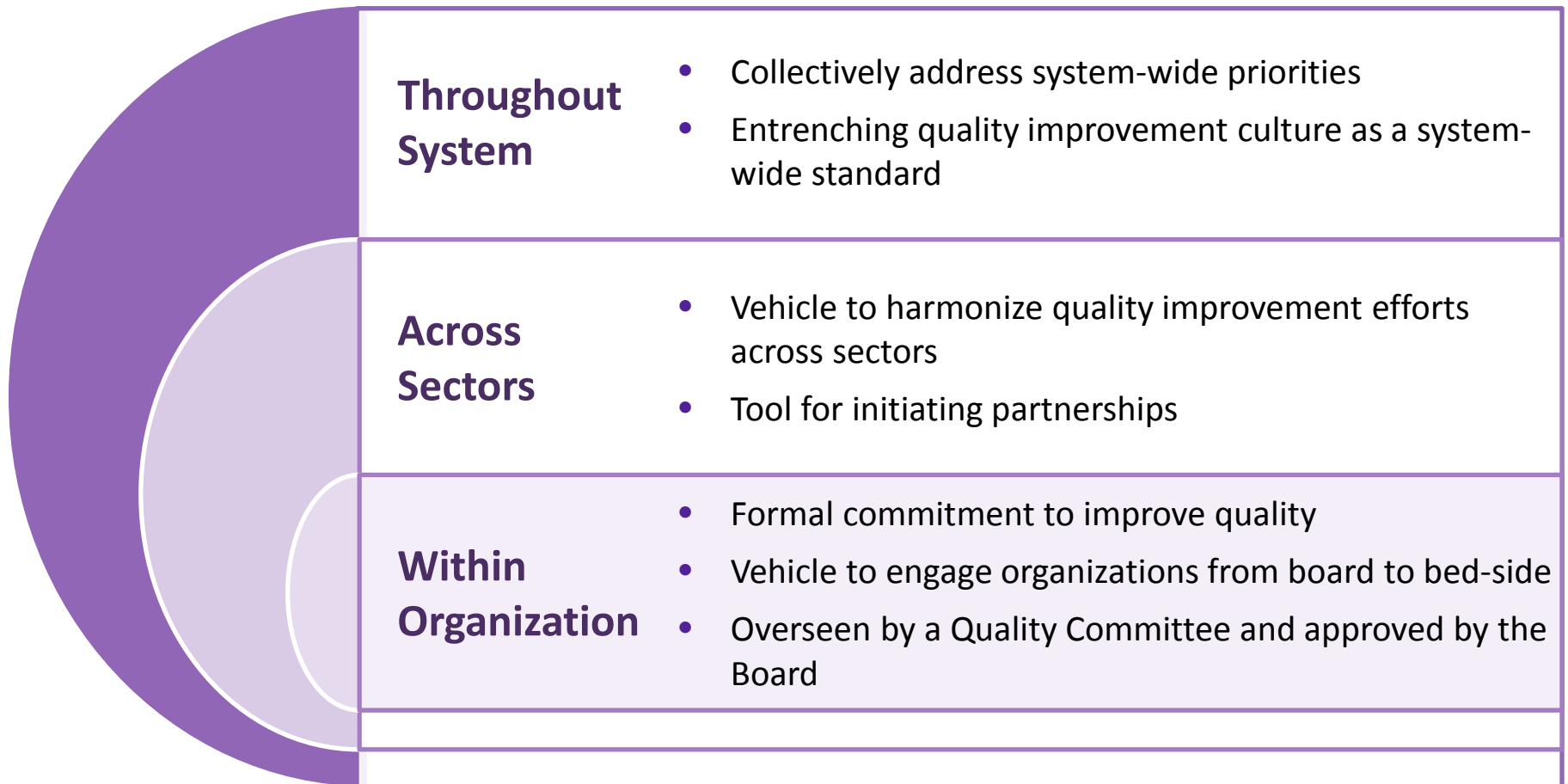
- Similar to the hospital model, the main driver in determining the funding change is the comparison between the share of the HBAM expected expense and the share of the base funding
- Key differences between the hospital and CCAC HBAM model:
  - In the CCAC HBAM model, the derivation of expected expenses is based on the **service intensity provided to long-stay clients only**
  - The CCAC module also has a portion of the funding (approximately 11%) which is protected from being re-distributed across the CCACs; in order to maintain funding stability for targeted programs

# The “Quality” in Quality-Based Procedures



# QIPs: Lever for Quality Improvement

A Quality Improvement Plan is a formal, documented set of commitments that a health care organization makes to its patients/clients/residents, staff, and community to improve quality through focused targets and actions





# Funding Mitigation

- Mitigation was provided to phase in implementation of HSFR at a managed pace
- Facilities were provided one-time funding to ensure their year over year changes were maintained within an set mitigation corridor

Mitigation Corridor		
Year 3: 2014-15	Hospitals	-2%, No ceiling (HBAM only, no mitigation on QBPs)
	CCACs	-1% to +3% (Applied to Overall HSFR Envelope)
Year 2: 2013-14	Hospitals and CCACs	-1%, + 3% (Joint HBAM + QBP)
Year 1: 2012-13	Hospitals and CCACs	-2%, + 2% (HBAM) $\pm$ 15% (QBPs)

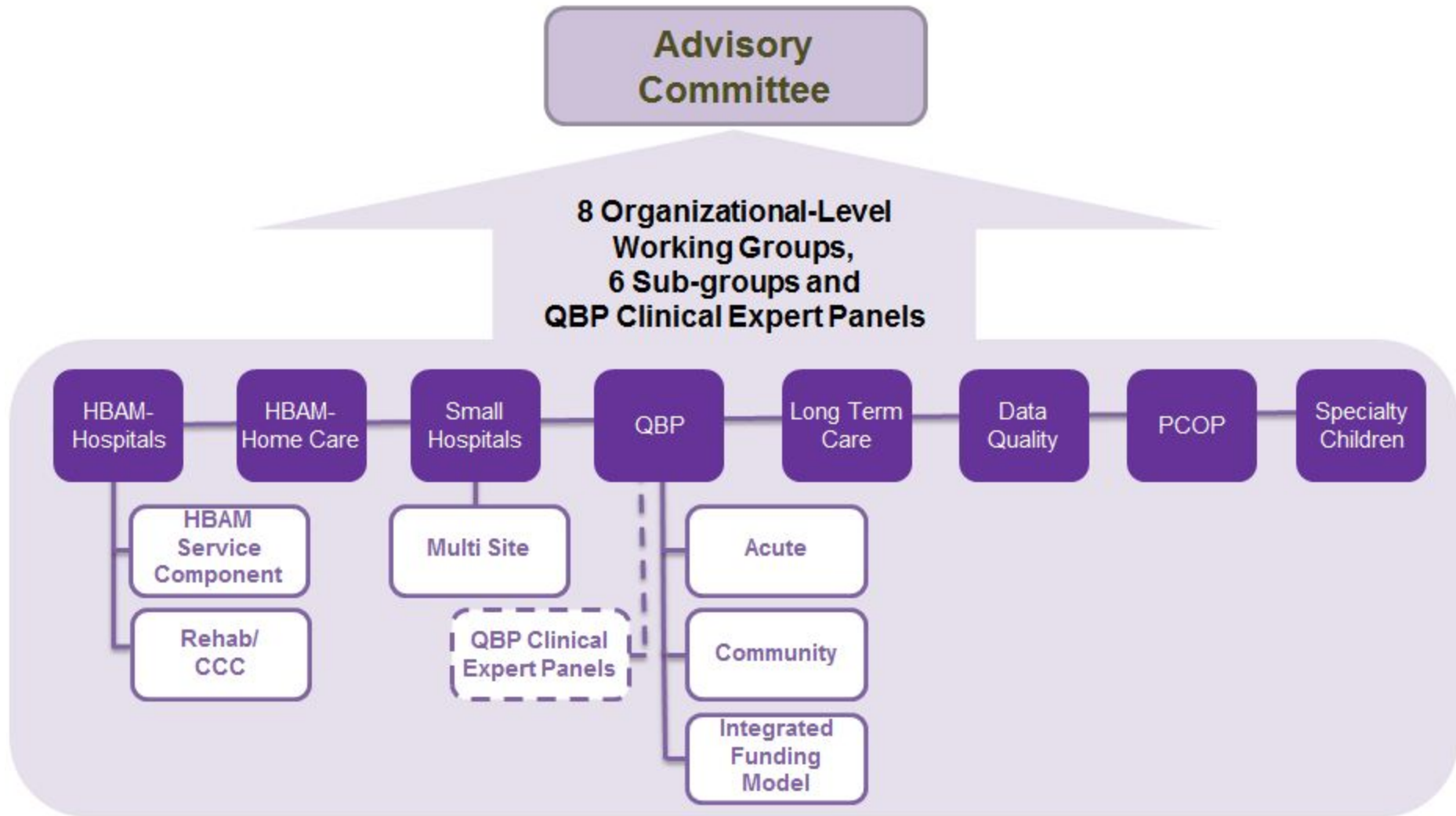
- As we move forward to year 4, facilities have been provided with signals that we are moving to an unmitigated environment

# HSFR Lessons Learned

## Highlights: Lessons Learned

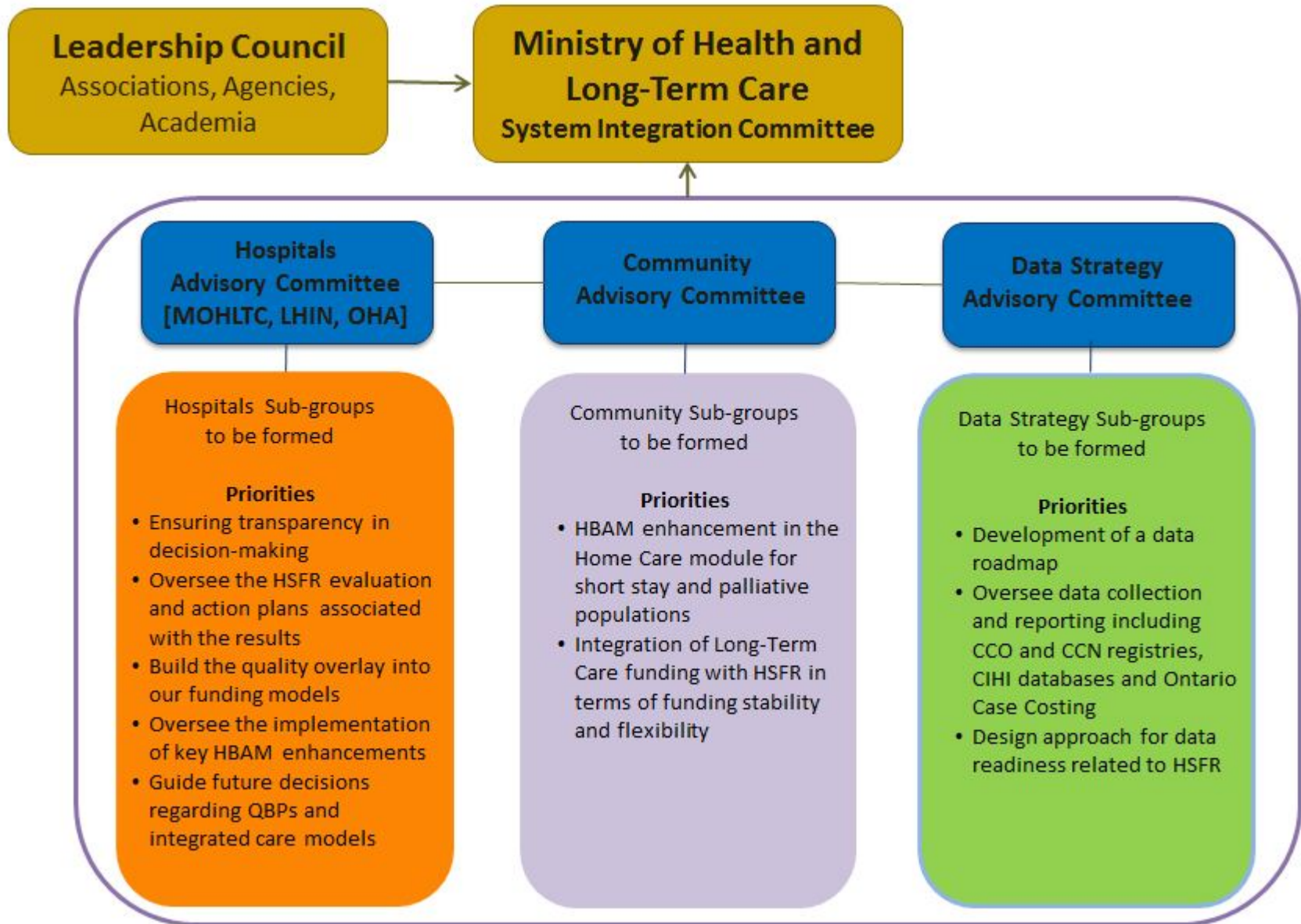
- HBAM was introduced to achieve the goals of funding following the patient and a more equitable allocation of available dollars. HBAM is a rich source of information about patient flow, services provided and cost efficiency
- Early stakeholders involvement in the design of model was important for buy-in and ensuring model credibility
- Implementation showed that there could be a trade-off between striving for an equitable allocation and making your funding model too complex. For example:
  - Ontario has a number of adjustments to try to achieve equity, but there might be a concern that this adds to complexity because of the interconnection of the adjustments
- Experience showed that having a technical working group can assist in policy determination and provide face validity, but we needed to ensure a provincial perspective (i.e., test for special interests)
- There is a growing need to develop a coordinated data strategy to, among other things, improve data quality, timeliness, and availability and ensure providers have adopted a data quality culture
- Mitigation was necessary in the early years of implementation especially since hospitals had 0% increase. However, as mitigation is being lifted concerns may be raised about the inability of some providers to completely adjust to unmitigated environment

# Previous Structure: HSFR Governance



**HBAM-Hospitals:** Includes Acute Inpatient, Day Surgery, Emergency, Outpatient, Rehabilitation, Complex Continuing Care (CCC) and Mental Health  
**PCOP:** Post Construction Operating Plan

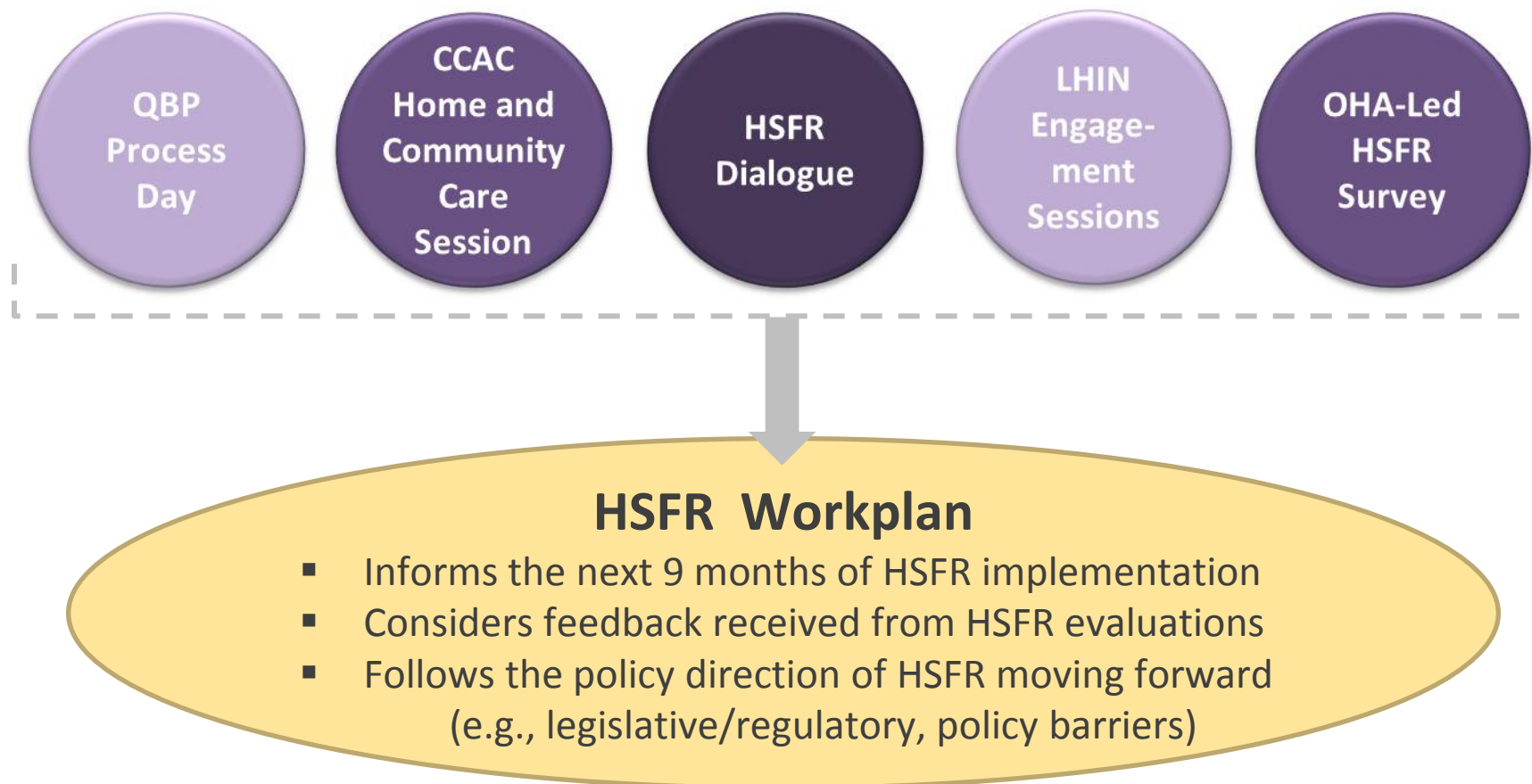
# New Structure for HSFR Governance





# Avenues of Evaluation

## HSFR feedback opportunities\*



\*Sector engagement and evaluation activities undertaken in conjunction with ministry partners (HSFPB & QBPB) and HQO



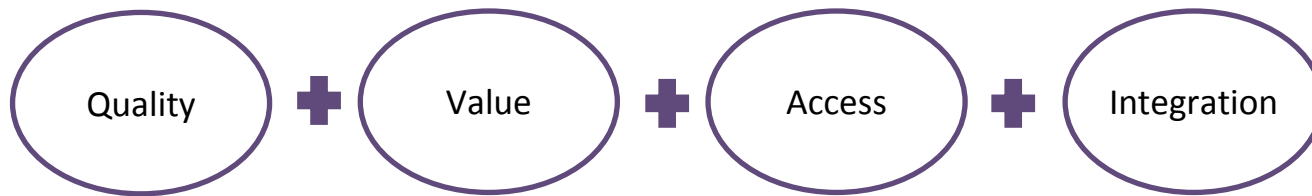
# Where We Still Need to Go

Maximizing our levers to drive health system improvement

	WHERE WE'VE BEEN	WHERE WE CAN STRENGTHEN...	EXAMPLES
1	Sector specific	Integrated approaches	Bundled payments / Episodes of care
2	Primary Care not coordinated	Coordinated care with health system partners	Health Links
3	Integration within organizations	Integration across health sectors	Right care, right place, right time
4	Incremental volume-based approach	System wide capacity planning	Evidenced-based care
5	Identifying structural barriers	Enabling re-design with patients at centre	Re-designed models of care / funding systems
6	Silo'd levers	Mutually reinforcing levers	QIPs / QBPs
7	Disease specific	Patient-based	New models of care
8	Separate, distinct quality focus	Quality embedded in programs and funding	Leveraging HQO role
9	Value = Quality / Cost	+ Appropriateness	Addressing variation
10	Care organized around the provider	Care organized around the patient	Patient experience

# Integrated Funding Models

*Intent is to achieve quality outcomes for patients and efficiency in health care spending by focusing on providing the right care, at the right time, in the right place and at the right price*



Through an integrated funding model, or bundled payment approach, a single payment is provided to multiple providers for all services related to an episode of care

- The ministry has:
  - Engaged sector partners to seek innovative approaches to integrating funding across more than one phase of care;
  - Released an expression of interest process for partners to propose innovative models for evaluations; and
  - Created a team to develop an evaluation of these models to identify success factors for, and potential barriers to, implementation of integrated funding models across the system.

