The Importance of Data in Health System Funding Reform
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Objectives

• To summarize the evolving approach to health system funding in Ontario.
• To focus on the importance of data within the emerging funding system.
• Discuss opportunities to further refine the funding system and the quality of data inputs.
• Encourage all of us to pursue both quality data and measures of quality of care within the funding approach.
The Importance of Data in Health System Funding Reform

• Historically the bulk of health organization operating funding came through a global allocation, one general envelope of funding with very few strings attached.

• Health data while used was not a key foci.
The Importance of Data in Health System Funding Reform

• Over the last three years the Province has moved to reform the way funding is provided to hospitals and CCAC’s. This approach will ultimately be mirrored across the system.
The Importance of Data in Health System Funding Reform

Ontario Financial Context

• Ontario’s fiscal situation means that health care providers are working within what is generally a fixed pot of revenue.

• Public expectations around accountability and value for money necessitate a new approach to the funding of health services.
Health System Funding Reform - Purpose

Funding reform is intended to be patient and quality focused.

- “Under the new model, Ontario's hospitals, Community Care Access Centres and long-term care homes are compensated based on how many patients they look after, the services they deliver, the evidence-based quality of those services, and the specific needs of the broader population they serve.” [http://health.gov.on.ca/en/pro/programs/ecfa/funding/hs_funding.aspx](http://health.gov.on.ca/en/pro/programs/ecfa/funding/hs_funding.aspx)

- “The main benefits of Health System Funding Reform (HSFR) include:
  - Patient-centred care, which will focus on individuals and ensure that funding is tied more directly to the quality care that is needed and will be provided
The Importance of Data in Health System Funding Reform

• In order to execute the goals of HSFR accurate data is crucial. Consistent and accurate data needed at the patient level related to:
  – Volumes
  – Quality
  – Services provided
New Model has divided the historical global envelopes into three main elements:

- Global 30%
- Health Based Allocation Methodology 40%
- Quality Based Procedures 30%
Overview

• HBAM is a complex regression based model that has 2 components, i) a cost per case element ii) a population served element.

• The inputs into the model are dependent on hospital cost allocations and on patient encounter charting and coding.

• Data quality is crucial for accurate and comparable results.
Health System Funding Reform - HBAM

Implications/Observations

• With use of HBAM are seeing reduced variability in hospital cost/case. This is likely due in some part to hospitals becoming more cost aware and thus delivering better value for the taxpayer.

• HBAM has no factor/adjustment for the quality of care delivered.

• HBAM incents hospitals to improve charting and coding to maximize case weights. This may also explain some of the reduction in variance.
Health System Funding Reform - QBP

Quality Based Procedures

• These new groups will fund **specific volumes of services on a cost per episode type basis**.

• If a hospital’s costs are above the funding level they must either reduce cost or find money elsewhere.

• Quality incentives and volume re-distribution not yet part of QBP’s
Health System Funding Reform - QBP

Quality Based Procedures should incent providers to:

– Adopt best practice standards
– Review clinical processes to improve patient outcomes
– Develop innovative care delivery models to enhance experience of patients
Implications/Observations

• Scale is increasingly important to compete at a price at or below the provincial average cost.

• Hospitals will want to explore investing in costing systems and improved documentation.

• The large number of procedures funded under this model will add to administrative complexity.
Health System Funding Reform - QBP

Implications/Observations

• No quality incentives/adjustments included in the QBP methodology.

• Payment only occurs with an admission. Thus, strategies to improve utilization and avoid admission could lead to less revenue.

• Variance exists in data collection and interpretation yet correction of data issues can be costly to the organization.
COPD Exacerbation requiring medical treatment

COPD Exacerbation + ER visit

COPD Exacerbation + In-patient admission

COPD Exacerbation + Supplemental O2

COPD Exacerbation + Non-invasive Ventilation (NIV)

COPD Exacerbation + Invasive Mechanical Ventilation (IMV)

COPD Exacerbation + Palliative care

Palliative Care (COPD)

ARF (COPD)

COPD (overlap)

COPD
## COPD (and ARF*) Definitions

<table>
<thead>
<tr>
<th>Source</th>
<th>Approach</th>
<th>Moderate cases (No Ventilation)</th>
<th>Severe cases (Non-invasive Ventilation)</th>
<th>The most severe cases (Invasive Ventilation)</th>
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</thead>
<tbody>
<tr>
<td>QBP Technical definition</td>
<td>Listed as major diagnosis</td>
<td>No guidance</td>
<td>No guidance</td>
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<tr>
<td>COPD QBP Clinical Handbook</td>
<td>Level of care received</td>
<td>COPD</td>
<td>COPD</td>
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<tr>
<td>CIHI Guidelines</td>
<td>No guidelines to distinguish between COPD and ARF</td>
<td>(No distinction)</td>
<td>(No distinction)</td>
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<tr>
<td>Clinical Approach</td>
<td>Clinical continuum and ventilation received</td>
<td>COPD</td>
<td>ARF</td>
<td>ARF</td>
</tr>
</tbody>
</table>

*AFR – Acute Respiratory Failure
Percent COPD of COPD + ARF by Hospital
Value

- Has sharpened our focus on performance and results, aligning administration and clinicians.
- Value performance has improved as evidenced by the system being able to manage through funding lagging inflation and demographic pressures.

Strategic Choices contd.

- Creative partnerships have emerged where we have realized that we do not have the scale or expertise to be competitive (e.g. PCI proposal).
Health System Funding Reform –
Observations and Suggestions

Quality of Service
• Need to engage the field under the leadership of Health Quality Ontario to develop an approach to including quality in the funding methodology.

Data Quality
• Some organizations may be incented to pursue strategies to enhance data reporting and not quality of care or quality of data.
• Annually health service providers undergo third party audits of financial data. This same kind of process needs to be implemented for patient care data.