

Excellent Care For All.



Patient-Based Payment

Starting in the 2011/12 fiscal year, the Patient-Based Payment strategy will shift Ontario hospital funding to a system that creates the right financial environment for providers to deliver high quality, evidence-based care.

Currently, Ontario's hospitals receive most of their funding through fixed global budgets that are largely determined by historical factors. In many cases, this funding does not reflect the populations that hospitals now serve or the types of patients that they actually provide care for. In addition, global budget incentives can often work against hospitals improving the quality and efficiency of services they deliver.

Patient-based payment builds on Ontario's successful 'money follows the patient' Wait Times Strategy funding approach by clearly linking hospitals' funding with the level of services and quality of care that they deliver. It will ensure that fast growing areas of the province receive an appropriate share of funding to meet their needs, and that funding reflects the best clinical evidence.

Funding Policy

Patient-based payment uses Ontario's Health-based Allocation Model (HBAM) to determine the expected costs of delivering high quality, evidence-based care. HBAM is a sophisticated tool that draws on years of clinical and demographic information collected across the province in order to model the expected demand and expenditures for health services. HBAM accounts for differences across communities in age, socioeconomic status and existing health conditions. The model develops a cost profile for every patient based on their clinical diagnosis, type of treatment received and the characteristics of the hospital they received their care from.

The new funding policy will support equitable access to high quality care in all communities. It will recognize hospitals with unique roles, such as academic health science centres and those serving small and rural communities. Patient-based payment is a strategy to strengthen publicly-funded, not-for-profit hospital care in Ontario, and will not be used in any way to introduce for-profit delivery of hospital services.

Supporting Success

Implementation Advisory Committee

The ministry has established a Patient-Based Payment Implementation Advisory Committee to support the development of the new funding model. The advisory committee draws from senior leadership across the Ontario health system to advise the ministry on policy, methodology and steps for successful implementation.

Simulation Exercises

As part of Patient-Based Payment implementation, the ministry will invite LHINs, hospitals and CCACs to participate in simulation exercises in late Fall 2010. These exercises will model the impact of the new funding policy, and provide a forum for health system leaders to work through scenarios involving planning, collaboration and negotiation. Results of the simulation exercises will be made available to the field and will inform the development of the funding policy and implementation plan.