Ministry of Health and Long-Term Care

Patient-Based Funding

Overview
ensuring patients get the right care at the right time in the right place
Moving away from the current global, provider-focused funding model — and toward Patient-Based Funding.
Global Funding
An historical approach in which every hospital received lump-sum funding.

Limitations
- Does not take into account complexity of patients
- Does not reflect service levels and costs
- Does not provide incentives for performance
Patient-Based Funding

An evidence-based model with incentives to deliver the highest quality, most efficient care. Hospital funding is based on:

- How many patients they look after
- The services they deliver
- The evidence-based quality of those services
- The specific needs of the population they serve

funding should follow the patient
Patient-Based Funding has two funding models

1. Health Based Allocation Model (HBAM)

HBAM estimates expected health care expenses based on:

- Demographics: age, gender, growth projectives, socio economic status and geography
- Clinical data: complexity of care and type of care
Patient-Based Funding is made up of two key components

2. Quality-Based Procedures

To achieve even better quality and system efficiencies, April 2012 will mark the introduction of the first four Quality-Based Procedures:

- Hip Replacement
- Knee Replacement
- Dialysis and other treatments for Chronic Kidney Disease
- Cataract Surgery

Other Quality-Based Procedures will be added in the coming years.
2. Quality-Based Procedures

Health care providers will be reimbursed for the types and quantities of patients they treat, using rates based on efficiency and best practices that are adjusted for each procedure.

Price $X Volume

Adjusted for:
- Patient complexity
- Quality of health care delivered
Evidence-Based Framework

An evidence-based framework is used to determine the Quality-Based Procedures.

Cost Impact
Availability of Evidence
Feasibility/Infrastructure for Change
Practice Variation

Patient Groups

Quality-Based Procedures
Quality-Based Procedures

Quality-Based Procedures will help to:

- Standardize care
- Minimize practice variation
- Encourage investments in quality improvement and patient safety
Funding Follows the Patient

Quality-Based Procedures pay for the care of the patient’s entire journey across all providers in the hospital visit. This includes pre- and post-operative activities, where appropriate and feasible.
Health System Funding Reform in Ontario

Over the next three years, we will slowly be moving away from the provider-focused model toward Patient-Based Funding.

Today

Global Funding

April 2014

Patient-Based Funding
Health System Funding Reform in Ontario

In April 2012, Ontario will begin reimbursing hospitals based on the care provided, rather than providing across-the-board lump sum payments.
Health System Funding Reform in Ontario

In April 2013, other Quality-Based Procedures will be added to the model.
Health System Funding Reform in Ontario

In April 2014, there will be approximately 30 Quality-Based Procedures participating in the new model — accounting for 30% of hospital funding. Patient-Based Funding will comprise 70% of a hospital’s funding.

April 2014
Impact on Hospitals-Year One

Patient-Based Funding is all about aligning resources with needs — not reducing resources. Of the 91 hospitals included in the reform…

More Funding

60% of hospitals will see more funding
Impact on Hospitals-Year One

Patient-Based Funding is all about aligning resources with needs — not reducing resources. Of the 91 hospitals included in the reform...

Small Change

About 90% of hospitals will see ± 1% change in funding
Impact on Hospitals-Year One

Patient-Based Funding is all about aligning resources with needs — not reducing resources. Of the 91 hospitals included in the reform…

About 10% of hospitals will see increases in funding no greater than 3% and decreases no greater than 2%
Patient-Based Funding — Drawing on 20 Years of Experience from Around the World

Benefits

- Number of procedures have gone up
- Wait times down
- Higher quality of care
Support the Transition

Education, toolkits, and other transitional supports will be made available to assist health service providers throughout the change and to minimize any disruption to services and impact on health human resources.

Visit health.gov.on.ca/patientbasedpayment