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## **HEALTH-BASED ALLOCATION MODEL**

The McGuinty government is developing a new funding model for the Local Health Integration Networks called the Health-Based Allocation Model. The Health-Based Allocation Model has been under development since early 2006, and has been designed to support the objectives of Local Health Integration Networks under the Local Health System Integration Act (LHSIA), 2006.

### **How Does the Health-Based Allocation Model Work?**

The Health-Based Allocation Model will include both population-based indicators and direct measures of health status, to provide a more accurate measure of local health needs.

The Health-Based Allocation Model determines each LHIN's fair share of funding based on:

- Direct measures of health status
- Population-based factors such as age, gender, socio-economic status, rural geography and patient flows
- Provider characteristics

Population-based factors include demographics, population growth and ageing, health status, vulnerable populations, and patient flows. Provider-based factors include economies of scale, case mix, specialized programs, as well as teaching and research mission.

### **The Model's Guiding Principles**

The model will support a health care system that satisfies the following principles:

- Promotes equitable access to services across Ontario
- Ensures that money follows the patient – Local Health Integration Network funding is responsive to volume of patients treated
- Supports integration– recognizes and promotes opportunities to coordinate services across geography, providers and patient types
- Provides equitable share of funding within available resources.
- Promotes fairness - accounts for true differences in health and need for services
- Promotes innovation through incentives – provides incentives for efficient and innovative service provision
- Supports evidence-based decision making – provides information that facilitates analysis of the interaction between different health programs and health sectors