



## BC Hospitals: Examination and Assessment of Payment Reform

BCHeaPR Study Data Bulletin #1 (February 2012)

In April 2010, the Health Services Purchasing Organization (HSPO) initiated a program to increase the amount of surgical care provided in BC. The HSPO creates incentives for additional surgical care by providing supplemental funding, over and above existing funding from the BC Ministry of Health Services, to health authorities and hospitals that find capacity to conduct additional surgeries.

This provincially-funded initiative represents BC's first step beyond the federally-funded Wait Time Strategy to create financial incentives for health authorities and their hospitals to increase the number of surgeries conducted. By creating incentives for more surgical care, the province hopes to decrease wait times for some patients and improve access to hospital-based care.

This is a novel experiment in the Canadian health care system, which has been dominated by global budgets for decades. The effects of this policy are expected to be far-reaching and to touch all aspects of BC's health system, and this is an experiment being closely watched by other provinces considering similar policy moves.

The Canadian Institutes for Health Research (CIHR) has funded research to study the effects of the change in funding policy. This study, entitled *British Columbia Hospitals: examination and assessment of Payment*

### What is this research about?

This study examines the impact of activity-based funding on acute care hospitals and related services in BC. This is the first formal evaluation of the effects of activity-based funding in Canada, and will provide an evidence base for policy makers.

*Reform* (BCHeaPR), will study the multi-dimensional ripple effects of the policy on patients, spending, health care providers, and the health system. This Data Bulletin represents the first in a series describing the findings from the BCHeaPR study.

### Trends in BC hospital activity

The trend over the past 5 fiscal years is of increasing utilization in BC hospitals. Figure 1 (see over) shows the trend in use of inpatient hospital care. With the exception of Northern Health, there are persistent gains in intensity of hospital utilization. The health authority experiencing the largest gain is Fraser Health, with a 16.8% increase in hospital intensity over the 5 year span. Northern Health experienced a 0.9% increase.

In Figure 1, only the last period is affected by the change in funding policy. Due to this short time period and the

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aggregate level of the data, it is difficult so far to detect changes in hospital utilization.

Surgical utilization trends do not yet provide convincing evidence of the program's effect on the health system. Figure 2 shows the use of inpatient surgical activity for those patients admitted directly. This time series excludes patients admitted from the Emergency Department, in order to clarify the impact of change in funding policy on access to elective surgeries.

Over time, the BCHeaPR study team will release analyses studying the effects of the change in funding policies. Check [www.healthcarefunding.ca](http://www.healthcarefunding.ca) for regular updates on findings and their policy implications.

Figure 1: Inpatient activity by health authority, 2006/07 to 2010/11

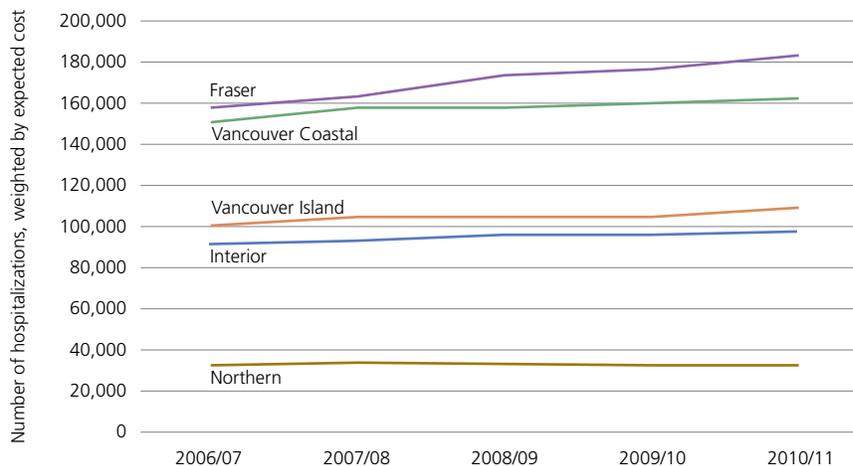
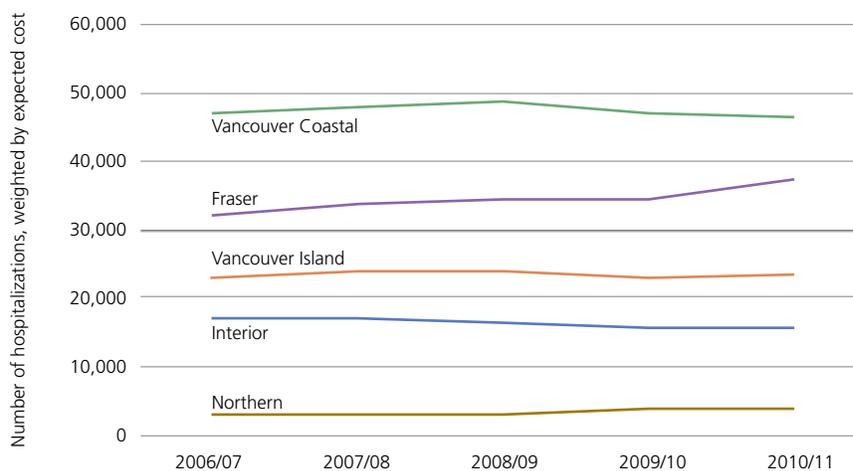


Figure 2: Directly-admitted inpatient activity by health authority, 2006/07 to 2010/11



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