



BC Hospitals: Examination and Assessment of Payment Reform

BCHeaPR Study Data Bulletin #2 (March 2012)

Convention holds that we need more hospital beds to relieve pressure on emergency departments and improve access to surgical care. Patients who suffer long waits in the emergency department and cancelled surgeries feel the consequences of this apparent lack of hospital beds. In response, the BC Ministry of Health and the BC Health Services Purchasing Organization have created incentives for efficient bed use.

Hospital bed use in BC

Alternative level of care (ALC) is a term applied to a patient who is hospitalized but is medically ready to be discharged (Canadian Institute for Health Information). Every day in BC, many hospital beds are filled with ALC patients (Sutherland and Crump 2011). For many of these hospitalized patients, the complex clinical and social post-acute care they need is not yet available, ranging from family care providers to residential care arrangements. These patients wait in hospital beds for discharge into the community.

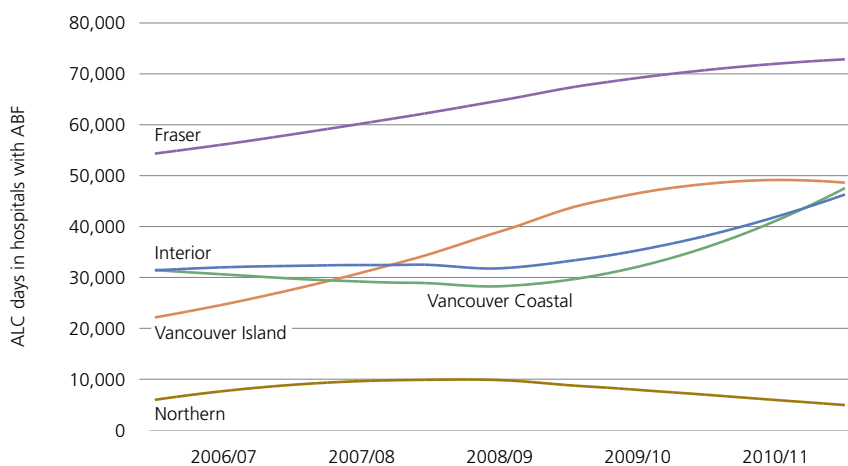
What is this research about?

The CIHR-funded *BC Hospitals: examination and assessment of Payment Reform (BCHeaPR)* 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.

In April 2010 an activity-based funding (ABF) program was launched to create incentives for hospitals to generate additional revenue by admitting more patients and by changing the types of patients from inpatient care to day care (where safe). With these incentives, hospitals have the impetus to promptly discharge patients who are ready into the community. In other words, hospitals have a financial incentive to decrease ALC since a newly admitted patient will generate more revenue than an ALC patient.

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Figure 1: Alternate level of care activity, 2006/07 to 2010/11, for hospitals beginning activity-based funding in April 2010, by health authority



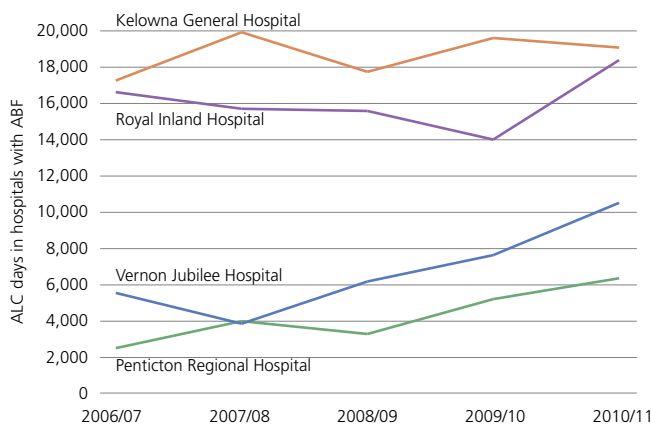
Note: Fraser Health hospitals participating in the ABF initiative include Royal Columbian, Queens Park, Langley Memorial, Surrey Memorial, Burnaby, Peace Arch, Eagle Ridge, Chilliwack General, Ridge Meadows, and Abbotsford. Participating Vancouver Island Health hospitals include Royal Jubilee, Victoria General, and Nanaimo Regional. Participating Northern Health hospitals include The University Hospital of Northern British Columbia. Participating Interior Health and Vancouver Coastal Health hospitals are shown in Figures 2 and 3 (next page).

Impact of the ABF incentive

One measure of the effectiveness of the initiative is hospital bed usage. If the introduction of the incentive affects behaviour, we expect ALC to decrease.

The data indicate that there is a rising trend in ALC use over the past five fiscal years in hospitals participating in the initiative in all but one of BC's five regional health authorities. Figure 1 (previous page) shows this trend.

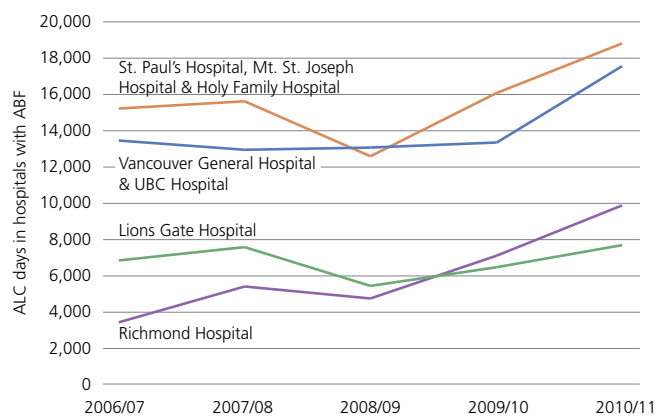
Figure 2: ALC activity in Interior Health, 2006/07 to 2010/11, for hospitals beginning ABF in April 2010



The overall trends mask variation in ALC activity in individual hospitals. Figures 2 and 3 show ALC use among hospitals in two health authorities.

Figure 2 shows that the number of beds filled by patients ready for discharge in Interior Health hospitals participating in the incentive program is increasing in all but Kelowna General Hospital. Figure 3 shows that the number of beds filled by patients ready for discharge is increasing in all Vancouver Coastal Health hospitals shown.

Figure 3: ALC activity in Van. Coastal Health, 2006/07 to 2010/11, for hospitals beginning ABF in April 2010



References

Canadian Institute for Health Information. *Analysis in Brief: Alternate Level of Care in Canada*. Ottawa: Canadian Institute for Health Information; 2009.

Sutherland JM, Crump RT. *Exploring Alternate Level of Care (ALC) and the Role of Funding Policies: An Evolving Evidence Base for Canada*. CHSRF Series on Cost Drivers and Health System Efficiency: Paper 8. Ottawa: Canadian Health Services Research Foundation; 2011.

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