UBC CENTRE FOR
HEALTH SERVICES AND POLICY RESEARCH

Sifting through the evidence on funding LTC

Trafford Crump, PhD

Centre for Health Services and Policy Research, UBC

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Pressures Faced by Ontario's LTC Providers

Access to care

- 4,085 alternate level of care (ALC) patients waiting in an acute or post-acute bed in ON
  - Approximately 51% of these patients are waiting for LTC (OHA 2012)

Variations in the utilization of care

- Ischemic stroke: Discharged to LTC varied from 4.0% to 7.8% across LHINs in ON (provincial average = 5.6%)

Quality of care

- No year-over-year change in quality of care for bladder control, severe pain, or depression, or in the rates of falls for LTC residents (Health Quality ON 2012)

Policy Interventions

Policymakers have few options in trying to alleviate these pressures

- Stick – regulations, accreditations, sanctions (Ellis et al. 2010)
- Carrot

Funding models – how providers are paid – are one of the few options available

Models can be designed to create financial incentives that reward high performing providers

Funding Models: The Theory

Per Diem

A fixed payment for each patient/occupied bed per day. Often combined with co-payments for meals and lodging.

Used to keep costs below the payment amount.

Funding Models: The Theory

Per Diem

Advantages	Disadvantages
Limited growth in costs	Perpetuates “silos” of care
Predictable for both payer and provider	No incentive for transitioning patients to less intense settings
Easy to administer	Does not promote efficiency or quality

Funding Models: The Theory

Activity-Based Funding (ABF)

A per patient payment, adjusted for their clinical complexity and expected resource use

Adjusted using the interRAI data and RUG-III casemix

Funding Models: The Theory

Activity-Based Funding (ABF)

Advantages	Disadvantages
Promotes the transition of care to less intense settings (increase volume)	More complex to administer
Encourages more efficient delivery of care	Requires outcomes measurement and present opportunities for gaming
Reduces the growth in cost of care	Perpetuates “silos” of care

Funding Models: The Theory

Pay for Performance (P4P)

A lump-sum payment made for achieving specific targets relating to outcomes or quality

Lowers rates of pressure ulcers, falls, use of restraints

Funding Models: The Theory

Pay for Performance (P4P)

Advantages	Disadvantages
Promotes achieving targeted outcomes	Requires outcomes measurement
Rewards high achievers	Perpetuates “silos” of care
Relatively easy to administer	No incentive for transitioning patients to less intense settings

Funding Models: The Theory

Bundled Payment

A single payment made to cover the cost of an entire episode of care (including a post-acute window)

Hospital stay + 60 days of post-acute care

Funding Models: The Theory

Bundled Payment

Advantages	Disadvantages
Improves the continuity of care between setting	Difficult to administer
Encourages more efficient and high quality care	May limit post-acute care providers in some geographic settings
Minimizes variation in the utilization of care	May limit autonomy for LTC providers

Funding Models: The Reality

Activity-Based Funding

Used for LTC in the U.S. since 2002

Cost efficiency gains seem offset by increases in nursing administrative duties (e.g., interRAI collection) (Zinn et al. 2008)

Evidence mixed regarding impact on the quality of care

- Increased competition may lead to higher quality measure scores (Castle et al. 2008)

Ownership (profit/nonprofit) may react differently to incentives

Funding Models: The Reality

Pay for Performance

P4P is not a standalone funding model

Used in conjunction with other models

- e.g., in addition to per diem or ABF

Mechanism used to drive quality that may not be achieved under other funding models

Funding Models: The Reality

Pay for Performance

Used for LTC in the U.S. since 1990

- Programs tend to be short lived and few have been evaluated
- Recent survey of states found only 9 had existing P4P programs in LTC (Werner et al. 2010)

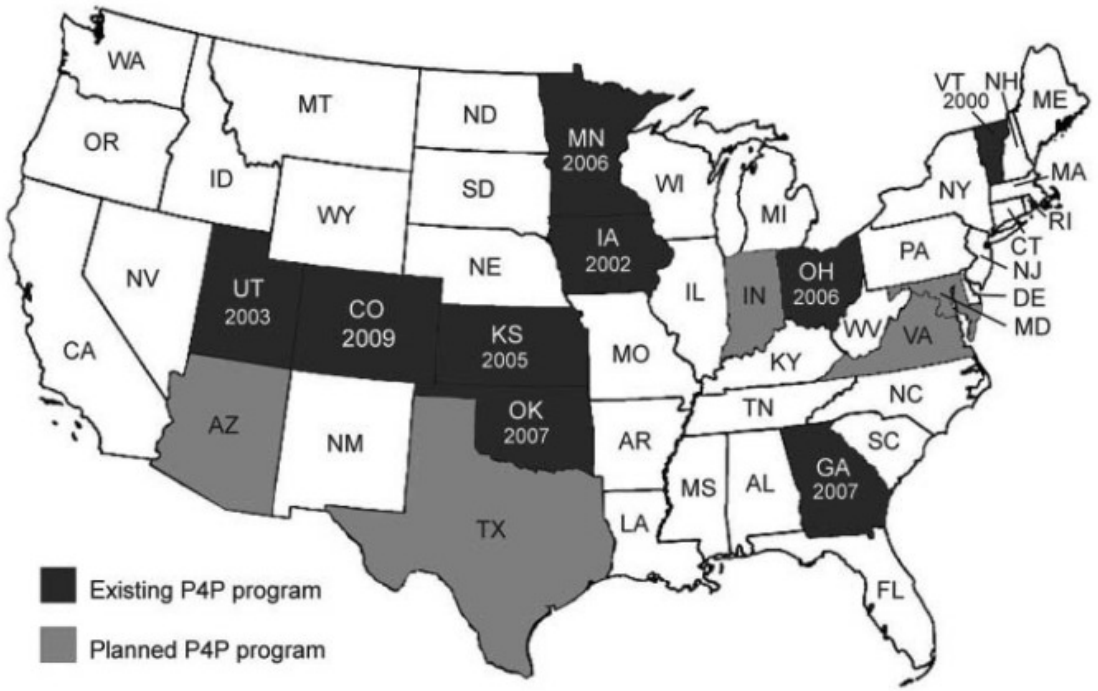
Little evidence to support that P4P improves quality or efficiency in LTC (Briesacher et al. 2009)

- However, recent unpublished work suggests it has a significant effect on clinical quality indicators

Programs tend to vary in designs, measurements, and incentives

- This can influence the impact of P4P in LCT

States With Existing or Planned Nursing Home Pay-for-Performance (P4P) Programs in 2009. In States With Existing P4P Programs, the Year of Implementation Is Also Displayed



Funding Models: The Reality

Bundled Payments

Pilot projects just starting to roll out in the U.S.

No empirical evidence to-date

But integrated models like PACE in the U.S. and SIPA in Quebec offer hope

Funding Models: The Reality

Program of All-inclusive Care for the Elderly (PACE)

Integrated program of care for those 55 years and older

Care is provided in the community, rather than in a nursing home

Providers receive a monthly per patient payment intended to cover all of the patient's care needs

- Financial incentive to keep costs low and quality high (e.g., out of hospital)

Evaluations of PACE have reported significant reductions in hospital utilization and improved quality of care

Funding Models: The Reality

Services intégrés pour les personnes âgées en perte d'autonomie (SIPA)

Community- based multidisciplinary health care teams integrated with health and social services

Providers receive a single payment for the care of the patient

Evaluation of SIPA found:

- community-based services were higher
- facility-based costs were lower
- 50% reduction in ALC occupancy

Conclusion

Pressures on LTC sector indicate the need for change

- In some provinces (like Alberta) that change is already underway
- In ON, HBAM being developed for LTC sector

Funding models may improve quality and performance

- But more evidence is needed to support the theory

No silver bullet, solution will likely involve a combination of these funding models

Take Away Points for LTC Providers

1. Change is underway and organizations that adapt will be successful
   - Develop an organizational structure and culture that strives for improvement

2. Prepare for measurement
   - Advancing Excellence in America's Nursing Homes offer some great resources: nhqualitycampaign.org

3. Understand these funding models
   - UBC maintains an impartial source of information re. health care funding models: healthcarefunding.ca

Trafford Crump
tcrump@chspr.ubc.ca
www.healthcarefunding.ca

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