



UBC CENTRE FOR  
HEALTH SERVICES AND POLICY RESEARCH

# *The Movement Towards Integrated Funding Models*

*Financial Models and Fiscal Incentives in Health  
Conference Board of Canada  
Toronto, December 1, 2015*

Jason M. Sutherland

Associate Prof, Centre for Health Services and Policy Research, UBC



a place of mind

THE UNIVERSITY OF BRITISH COLUMBIA



UBC CENTRE FOR  
HEALTH SERVICES AND POLICY RESEARCH

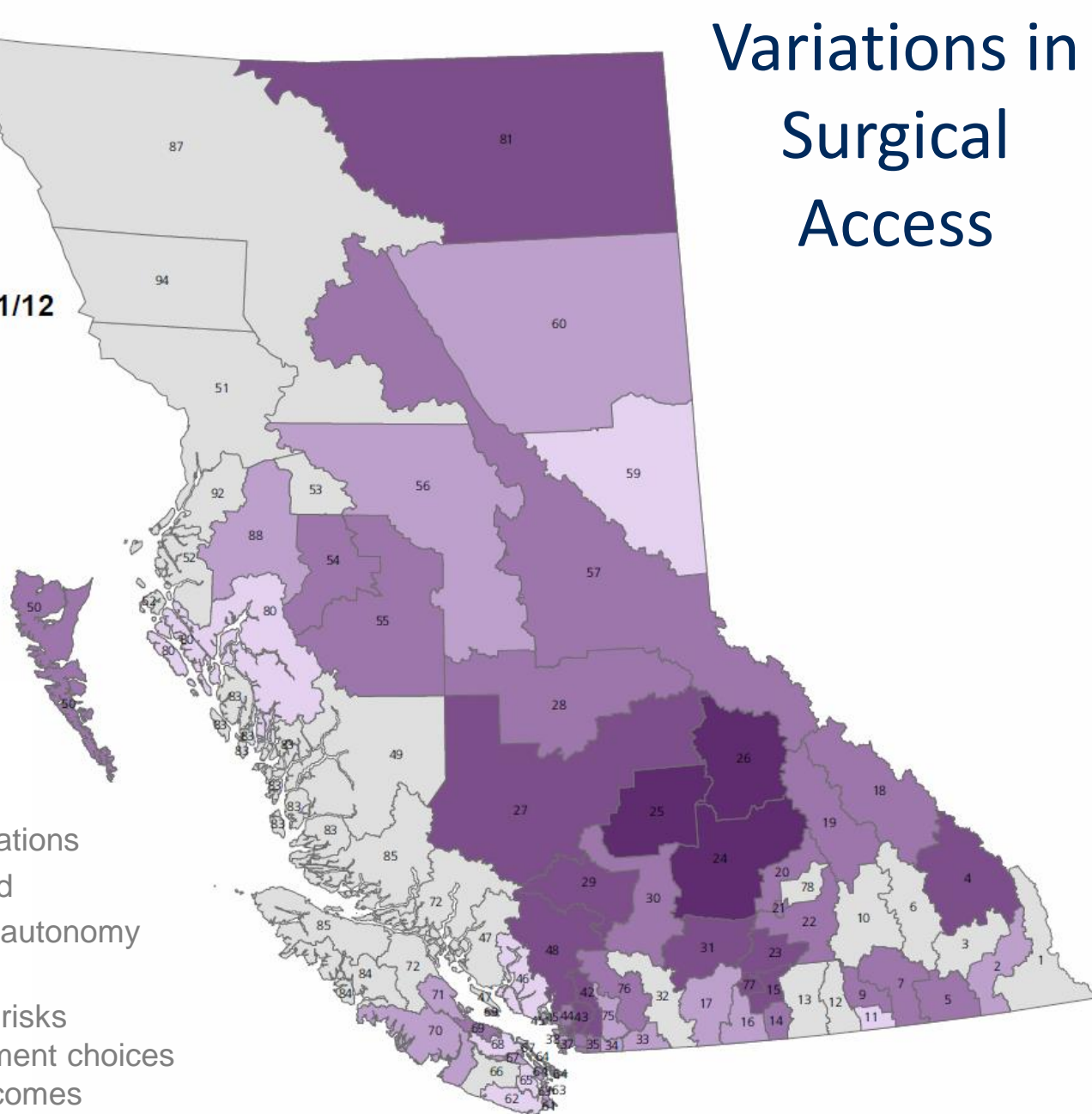
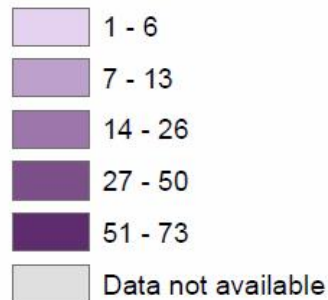
## Current State of Funding:

- Government pours in money
- Sector-based



# Variations in Surgical Access

## Nasal septum reconstruction, 2011/12 Age-standardized rate per 100,000



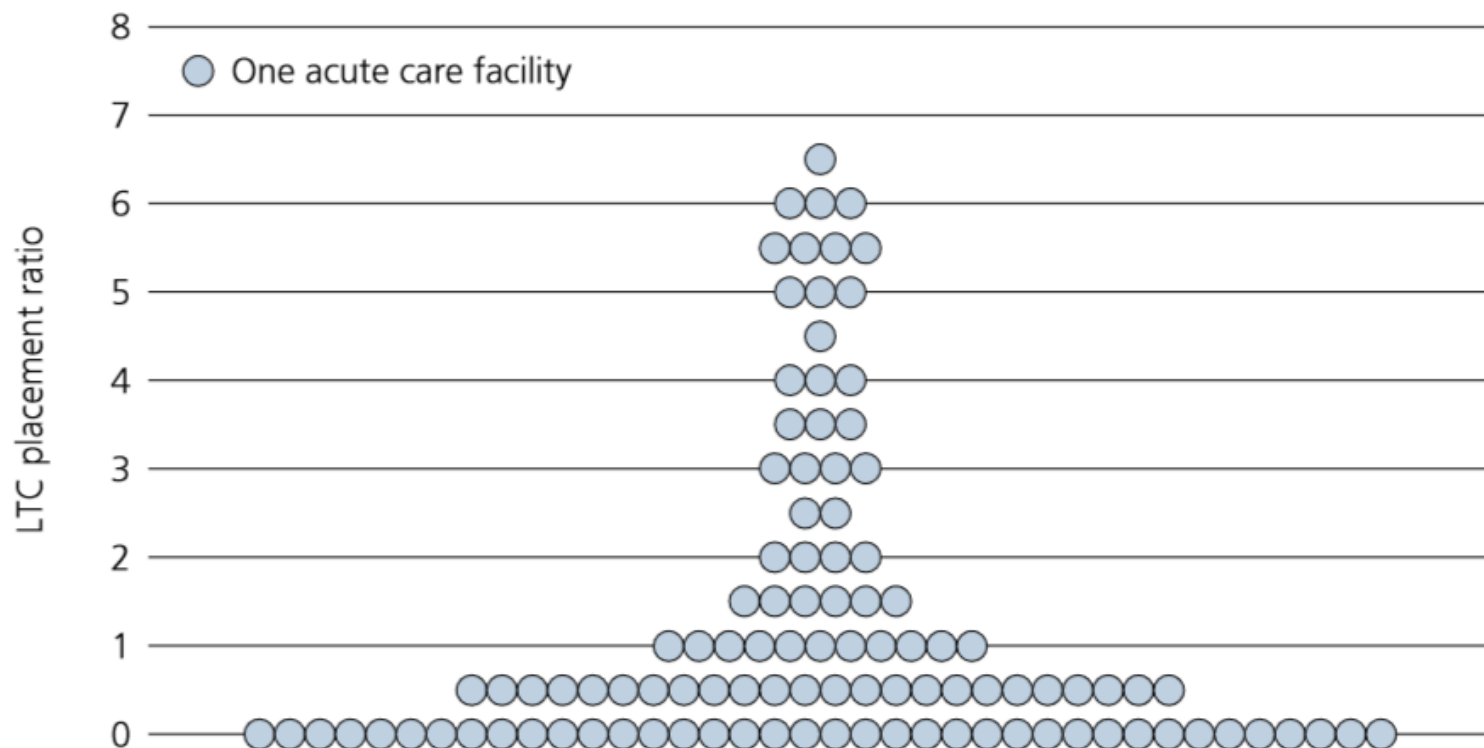
- Warranted variation: Natural variations in how patients want to be treated
- Professional model that rewards autonomy
- Inadequate information on:
  - Patient characteristics and risks
  - Risks and benefits of treatment choices
  - Processes of care and outcomes

Source: BC Ministry of Health, 2014



## Variations Across the Continuum

Adjusted ratio of placement to LTC for hospitalized medical patients, Alberta

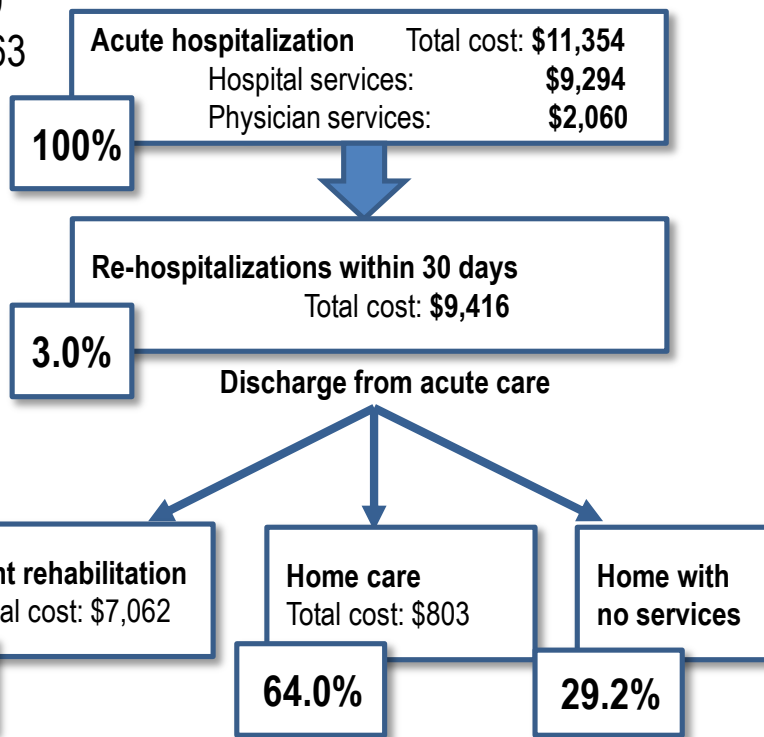




# Regional variations in utilization patterns

LHIN 10

N = 2,663



Total post-acute care cost: \$1,794

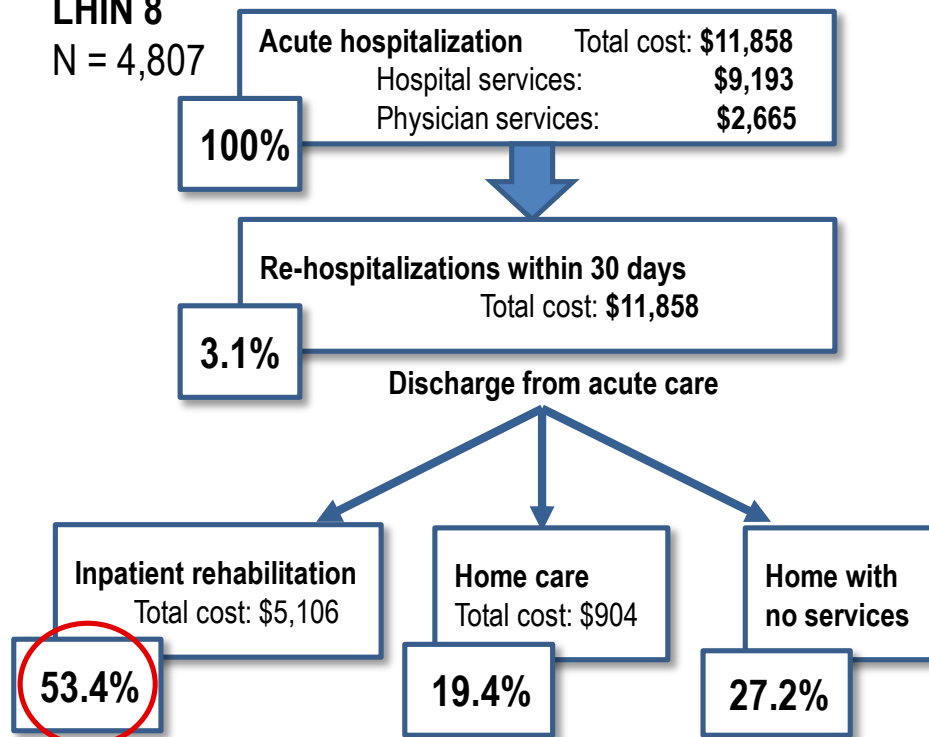
Total expected cost for the episode:

\$13,147

Source: Hellsten, 2013

LHIN 8

N = 4,807



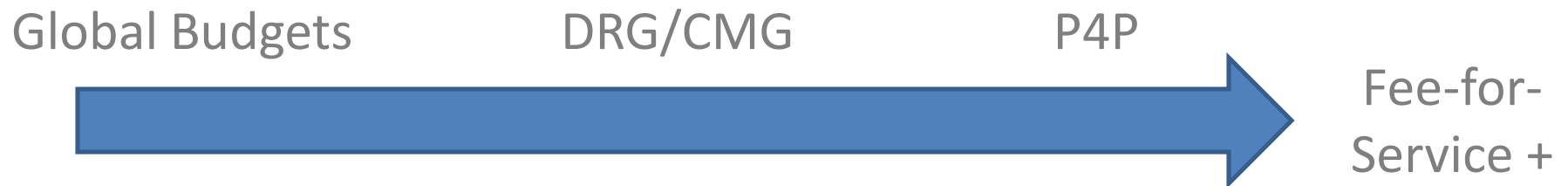
Total post-acute care cost: \$4,065

Total expected cost for the episode:

\$16,137



## Patient-based Funding:



- No improvement in:
  - Quality
  - Effectiveness or Appropriateness
  - Efficiency
- Paying for access = volume





UBC CENTRE FOR  
HEALTH SERVICES AND POLICY RESEARCH

# Towards integrated models

GLOBAL HEALTH

**Daily Briefing** View the Archives | Print Today's Stories

Thousands of providers join Medicare's bundled pay program

## Interest surges in payment initiative

By Melanie Evans | July 31, 2014

By Dinny H. de Bakker, Jeroen N. Struijs, Caroline B. Baan, Joop Raams, Jan-Erik de Wildt, Hubertus J.M. Vrijhoef, and Frederik T. Schut

## Early Results From Adoption Of Bundled Payment For Diabetes Care In The Netherlands Show Improvement In Care Coordination

By David C. Miller, Cathryn Gust, Justin B. Dimick, Nancy Birkmeyer, Jonathan Skinner, and John D. Birkmeyer

## Large Variations In Medicare Payments For Surgery Highlight Savings Potential From Bundled

## Making Good on ACOs' Promise — The Final Rule for the Medicare Shared Savings Program

Donald M. Berwick, M.D.

## Spending Differences Associated With the Medicare Physician Group Practice Demonstration

## Medicare's Bundled Payment Pilot For Acute And Postacute Care: Analysis And Recommendations

CAPITATION & SHARED SAVINGS

By Paul Markovich

INNOVATION PROFILE

## A Global Budget Pilot Project Among Provider Partners And Blue Shield Of California Led To Savings In First Two Years

ACCOUNTABLE CARE ORGANIZATIONS

By Lawton R. Burns and Mark V. Pauly

ANALYSIS & COMMENTARY

## Accountable Care Organization: May Have Difficulty Avoiding

an They

DOI: 10.1377/hlthaff.2012.1144

## Many Accountable Care Organizations Are Now

## Why Physicians Should Like Bundled Payment

## ures Of Integrated y Networks Of The 1990



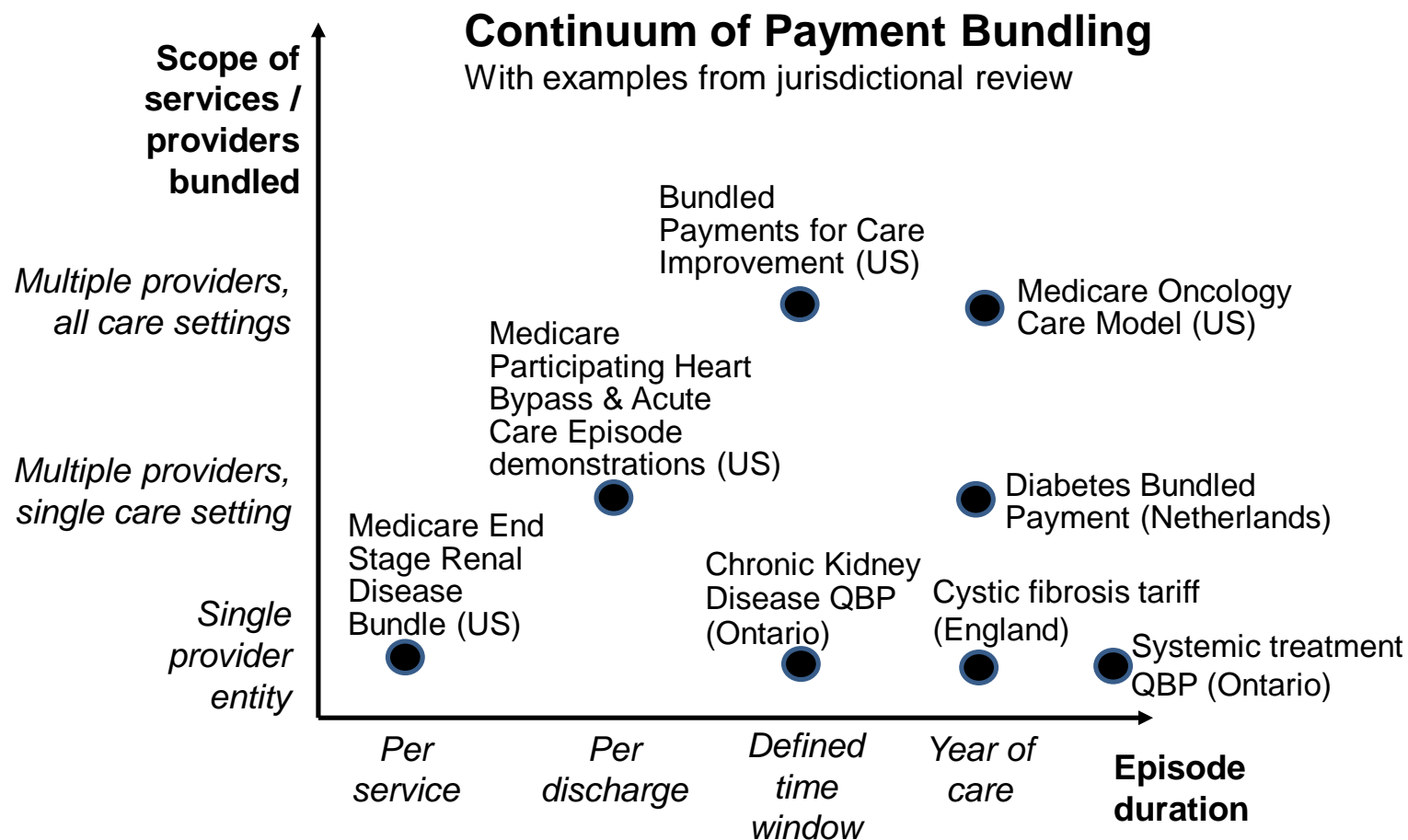
## Key Examples

- United States
  - Integrated Delivery Systems
  - Accountable Care Organizations
  - Bundled Payments
- Netherlands
  - Bundled Payments
- England
  - Year of Care





# Contrasting Approaches





## Evidence: ACOs

- ACO beneficiary populations assigned through primary care services + overlay on existing fee-for-service
- Cost set using 3-year historical per capita costs + Quality thresholds
- Reduced service-specific spending in outpatient and physician services seen across many models (N=32)
- All ACOs improved in overall quality
- 13 ACOs eligible for gainsharing



## Evidence: Bundled Payments

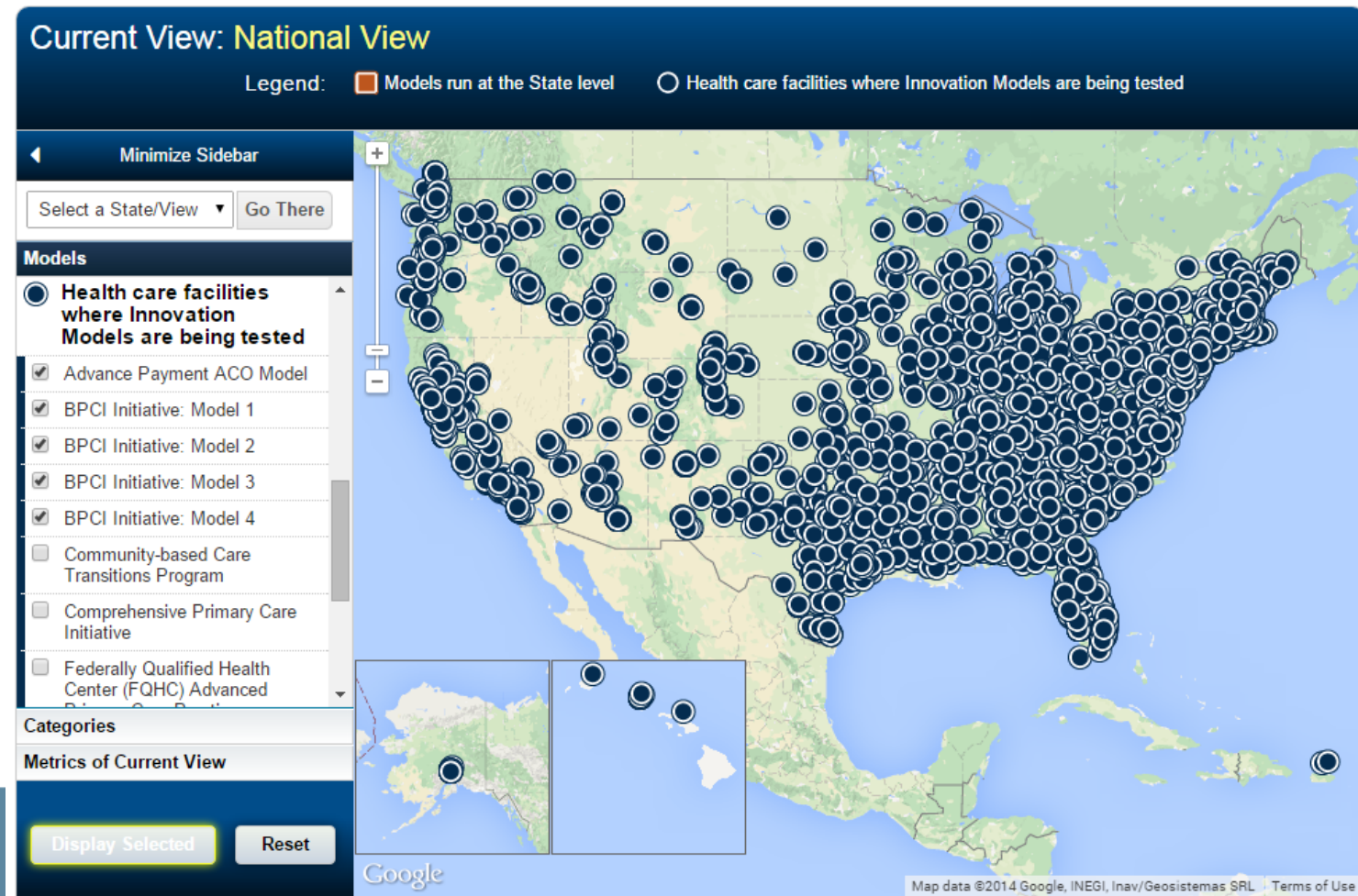
- Bundled payments allow specialists to lead care redesign, and share in efficiencies
- Consistent trend towards a reduction in total measured costs with no detrimental impact on measures of quality or patient outcomes
- These overall conclusions are shared by a high profile 2012 systematic review by the US Agency for Health care Research and Quality (AHRQ) on the effects of bundled payments



## Key Take-Aways

Funding &  
System  
reform is  
not rare

Over 3,000  
in the US  
alone





## Key Take-Aways

- Some 'bundling' already occurs in provinces
  - Chronic kidney disease, Cancer
- Focus on clinical areas with high variability in spending, quality or appropriateness
  - Mixed methods review found many knew where problems existed + data validation
  - Unwarranted variation amenable to change



## Key Take-Aways

- Engage physicians in clinical, financial and leadership domains
  - Most European systems integrate physicians into reforms
  - Physicians allocate substantial % of resources
- Link integrated clinical models with quality
  - Align quality and efficiency using evidence-based treatment protocols





## Key Take-Aways

- Develop a pricing strategy that reflects long-term vision
  - New technology
  - System transformation
  - Quality and safety
- Flexible organizations
  - Limited liability companies, foundations or cooperatives



## Key Take-Aways

- Known Barriers:
  - Information sharing between sectors
  - Privacy
  - Labour contracts and scope of service
  - Physician relationships
  - Measuring outcomes that matter to patients
- Many strengths



## Summary

- Integrated funding models are possible
  - Our system is similar to others undergoing change
  - Provinces hold policy levers - Choose not to use them
- Many templates to choose from
  - ACOs, bundles, year of care, etc Built from fee-for-service
- Not doomed, but we make it more costly and ineffective - and, likely, poorer quality



UBC CENTRE FOR  
HEALTH SERVICES AND POLICY RESEARCH

# Thank You!!

[www.healthcarefunding.ca](http://www.healthcarefunding.ca)



a place of mind

THE UNIVERSITY OF BRITISH COLUMBIA