#### **Healthcare Funding News**

June 2015 | Volume 5 | Issue 1

#### From the Editor

Welcome to the latest Healthcare Funding News! The Healthcare Funding team is pleased to release its latest newsletter. During the past eight months, the team has been busy with a number of projects: research and writing on episode-based care, simulating value-based payments in British Columbia, and completing work on risk adjustment methods for episode-based care. Moving forward, our newsletters will be timed to summarize the team's recent research on health care funding and priority areas in Canadian health policy.

In this edition of Healthcare Funding News, we have three areas on focus. First, we introduce a newly-written policy brief on integrated funding models. Then, we summarize recent research on Medicare's bundled payments initiative, and contextualize the results of a recent systematic review of activity-based funding.

Finally, we are pleased to announce that we have updated content on our website, which you can explore at www.healthcarefunding.ca. We are also letting readers know that we are open to suggestions and comments on future newsletter content, directions of current research or new findings, and general questions pertaining to our areas of expertise.

Please contact us at editor@healthcarefunding.ca.

POLICY BRIEF

# Integrated Funding—How and What We Pay For

Sutherland and Hellsten have recently written a policy brief regarding the newest wave of reforms to health care funding: integrative funding models. The policy brief has not been published elsewhere—it is being featured for readers on our website.

It is becoming increasing clear that the international trend of reforms is moving in the direction of integration. Team and collaborative models of care are supplanting silo-based approaches, and funding modes are evolving in a number of countries to support the new models of care.

Splitting the recent wave of health care funding reforms into population-based models and episodic models, the authors provide a comparative policy analysis of international integrative funding reforms being introduced in the U.S. and a number of European countries.

The policy brief also contrasts the objectives of new integrative funding models with Canada's sector-based organizational, delivery and funding approaches. The brief pinpoints how incentives from silo-based models, currently used by provinces, can undermine health system's performance.

The new policy brief concludes by highlighting potential opportunities and risks for provincial ministries of health should they follow the lead of other countries to develop funding models which support integrated models of care.

Read the full policy brief: healthcarefunding.ca/key-issues/integrated-funding/

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**EVALUATION** 

## Bundled Payments: Who Is Participating?

The research team has recently published some early work regarding the early implementation of bundled payments by Medicare in the United States. While evaluations are underway by the Centers for Medicare and Medicaid Services (CMS), the scaling of the bundled payment program is still under consideration.

This research highlights that hospitals participating in Medicare's bundled payments program tended to be urban teaching hospitals. Moreover, hospitals participating in bundled payments tend to focus on well-defined episodes, such as joint replacements. However, there is no evidence to suggest that Medicare's bundled payments program attracted only high-performing health systems that would limit the pilot's generalizability.

The original article can be accessed freely at: www. sciedu.ca/journal/index.php/jha/article/view/6035

**COMMENTARY** 

### Activity-Based Funding: Where Does this Leave Us?

A systematic review of the literature regarding the effects of activity-based funding (ABF) was recently published by Canadian authors. In this study, funded by the Canadian Institutes for Health Research (CIHR), the authors conduct an analysis of the body of evidence published on ABF since 1980. This research is relevant to patients and their families in British Columbia and Ontario where reforms have taken root.

The findings are conclusive: with nine countries publishing results that meet the author's criteria for measuring the impacts of ABF, and none from Canada, there is a relatively small body of evidence from which to draw conclusions regarding the efficacy of ABF. A corollary of this finding is that measuring the empirical impacts of ABF policies is challenging for a variety of reasons, such as access to data and decision-makers, inability to design control groups, and lack of consistent outcome measures.

The findings from the paper frame the discussion regarding the future impacts of ABF in Canada on provincial healthcare systems. In sum, the impacts of ABF are potentially multifactorial and appear across the healthcare sectors even though the financial incentives target hospitals. Furthermore, the lack of strong evidence in some domains indicates a need for more research and stronger evaluation strategies in the future.

In spite of the lack of strong evidence one way or the other, this is the predominant approach to funding hospitals in the OECD. The pressing question remains: what benefits do other countries derive from ABF that provincial policy makers don't see?

The original article is at: www.plosone.org/article/info%3Adoi%2F10.1371%2Fjournal.pone.0109975

This newsletter was produced by the editorial team of www.healthcarefunding.ca, a reliable and impartial resource for literature, news, and discussion regarding health care funding policies in Canada and internationally.

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