Activity Based Funding Implementation Plan 2021-2023: Progress in a COVID environment

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Agenda

- Scope of ABF in Hospital System in Ireland
- Role of Healthcare Pricing Office
- How ABF operated in the Pandemic
- ABF as a Priority
- ABF Implementation Plan 2021-2023
- Next Steps

Ireland: some facts and figures

Population 5.1 million

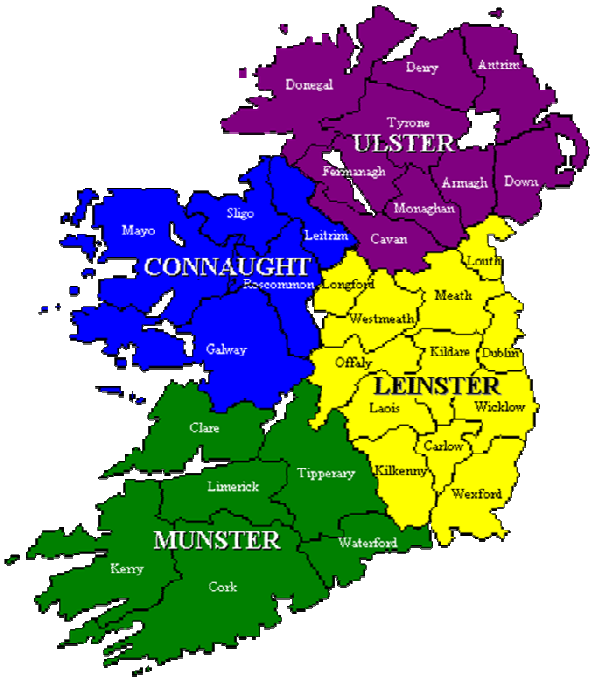
48 acute hospitals

43 ABF hospitals

1.7 million admitted patients

1.2 million ED attendances

3.5 million OPD attendances

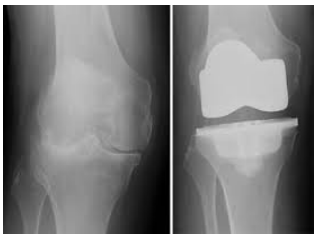


1.7 million episodes

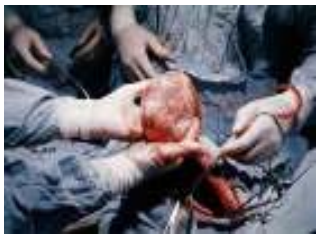
807 Diagnosis Related Groups in AR-DRG

Dialysis
L61
170,000 patients

Normal delivery
O06C
20,000 patients



Knee replacement
I04B
2,000 patients



Heart transplant
A05Z
10 patients

Current scope of ABF

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Activity based funding

Block funding

Acute admitted care

All other activity

Daycase

Inpatient

Outpatients

Emergency department

Other

Acute hospital expenditure 2019

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ABF	**€4.3bn**	(68%)
Block	**€2.0bn**	(32%)
Total acute spend	**€6.3bn**	(100%)
Block component of the above		
Outpatient	€0.7bn	(12%)
Emergency department	€0.5bn	(8%)
Other	€0.8bn	(12%)
Total block spend	€2.0bn	(32%)

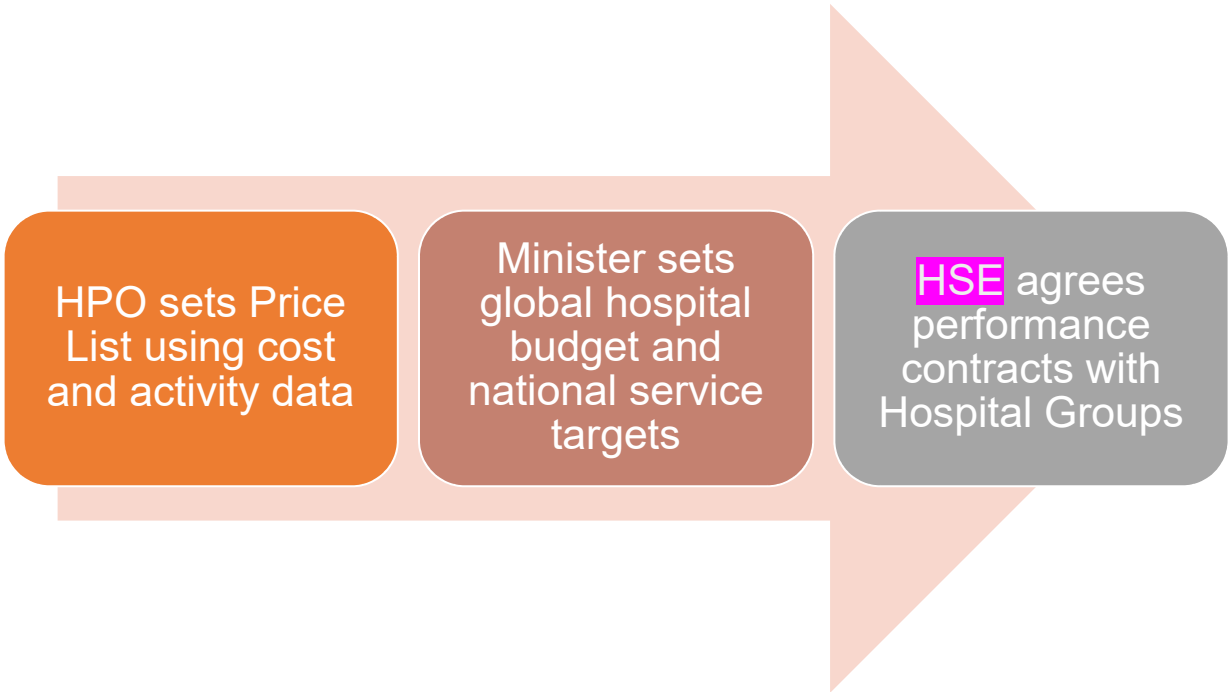
Role of the HPO

Healthcare Pricing Office

- HPO established on the 1st of Jan. 2014 on an administrative basis located in the Finance Division of the HSE.
- As well as setting DRG Prices has responsibility for:
  - ABF Funding
  - Costing
  - Coding
  - Data collection and validation
  - Data Quality
  - Data Analytics
  - Costing and Coding Audits
  - Training and Education of all clinicial coders and Costing Staff
  - Provide ABF Monthly Reporting using Qlikview
  - PQ'S/ FOI'S / Data Requests / Monthly Reporting v Service Plan
  - Analytical Support to Acute Hospitals Division

ABF in Ireland

ABF process



Goals of ABF

Increase transparency
- Efficiency
- Value for money
- Sustainability
- Greater accountability

Increase provider autonomy
- Deliver care in the most appropriate, localised way

Comparisons between hospitals
- Benchmark
- Identify opportunities for improvement

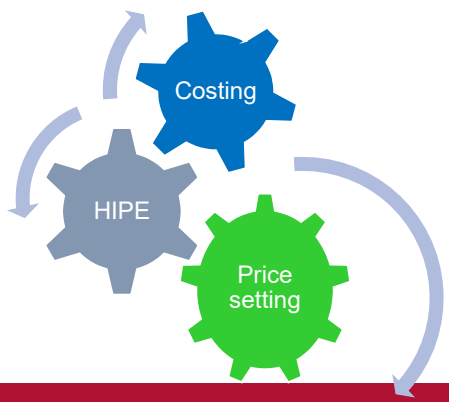
Appears limited at first as focus is only on average cost of care, but…
- Over time it can be used for quality improvement and benchmarking

Focus can shift from measuring
- To managing patient care (Activity Based Management)

National dataset for broader use
- Policymaking
- Service planning
- Commissioning
- Performance management
- Integrated/community approaches

ABF Components

- Activity Information (DRG'S)
  - HIPE
- Costing Information
  - Specialty Costing
  - PLC
- Price Setting



What ABF Facilitates

Compare and analyse

Hospitals can compare performance against targets and interrogate HIPE data flexibly and quickly, down to the level of individual consultant/ patient, length-of-stay, etc. through a new monthly reporting system, with almost 300 users now registered

Regularly review performance

Monthly performance meetings are now held between the HSE and Groups where ABF performance against targets is reviewed

Work with better, more reliable data

Continued improvement in data quality as a result of a national data audit and auditing programmes

How ABF Operated in COVID-19 Pandemic

ABF During the Covid-19 Pandemic

- The impact of Covid-19 created major challenges for the use of ABF to fund healthcare institutions.
- It was important to recognise and promote the ABF process as an important tool in monitoring and managing our healthcare system despite the requirement to tactically move to a block grant funding arrangement in response to the Covid-19 pandemic.
- Ensuring that the data underpinning the ABF process continued to be collected for the future return to normal ABF funding was a key priority.
- ABF and its building blocks have proved essential in providing the information needed to monitor the impact and effects of the disease and make important decisions as to where resources should be deployed, and will continue to be critical for health system insights and funding into the future.

National Service Plan (NSP) 2022

- HPO worked closely with Acute Operations in relation to the determination of activity levels for NSP 2022
- Using 2019 HIPE data as a baseline as the last full year without the impact of COVID
- NSP Activity determined by calculating the variance between Jul/Aug/Sep 2019 v 2021 for the different categories of patients that the NSP reports on.
- This variance was applied to each month 2019, with a 4% increase in Emergency activity
- Other Adjustments made after discussion with various Clinical Programmes
- NSP profiled by hospital group / hospital and monthly to facilitate group operational plans and monthly reporting

Funding Requests for new services

- Funding for the new beds in 2021 used costing data for the various type of beds and used fully absorbed and Marginal costs as appropriate
- By being able to breakout the fully absorbed cost per bedday into its cost buckets facilitated the process.
- ICU cost per bedday was especially useful in relation to funding requests for ICU and HDU beds.

The need for Data……

- COVID19 has really accentuated the need for and importance of **data** within the decision making process.
- Hospital costing and activity data widely used
- Coding Guidelines updated to reflect new codes for COVID-19
- Daily reporting of COVID19 cases on HIPE provided to the HSE Covid19 data lake.
- This provided key data in relation to profile of patients by Diagnosis, age ,sex, LOS, ICU LOS, Referral Source, Discharge source.

Private Hospital Arrangements

- **SN1 – Cost recovery model with the Private Hospitals**
- ABF Costings used to assess the reasonableness of Private Hospital costs.
- HPO staff trained VHI coders to code the activity from claim forms
- ABF Data used to set the cost per bedday for the transition period at the end of the SN1
- **SN 2 – Fee for service based on VHI prices**
- Retainer Calculation for unutilised capacity assessed against public costings.
- As VHI administering the payment process HPO staff coding the cases from claim form data

Private Hospital Arrangements

- **SN3 – Introduced in May 21 for the impact of the Cyber Attack**
- Similar to SN2 but with no guaranteed capacity or retainer fees
- **SN4- Commenced in February 22** and includes Waiting List patients greater than 12 months. Ended 21 September 22
- Post SN4 – A **HSE Payment Platform for the Purchase of Waiting List procedures has been developed and in place since 01 July 2022.**
- HPO IT have developed an IT UAN system to capture information on patients referred to Private Hospitals (Manual system at present)
- Have also developed an IT based claim system for private hospitals to make claims and a claims management system.
- These systems will streamline the recording, reporting and WL validation requirements within the arrangement.

Procurement Framework

- ABF Data used to assist the HSE Procurement Framework for Waiting List patients to be treated in Private Hospitals
- WL Data provided by the National Treatment Purchase Fund (NTPF) for all Inpatients and Daycase Procedures
- Procedures tendered by NTPF excluded from HSE Tender
- Procurement Competitions was run for the remainder
- HPO Grouped these Procedures on WL to DRG based on predominant DRG to obtain a Public Price
- DRG Prices used as a comparator to the tender prices
- Tendered Price and competition order included in UAN system

Best Practice Tarriff – Hip Fractures

- BPT of €1,000 per case is paid where an agreed care pathway that follows the standards set out by the Hip Fracture Governance Group are adhered to.
- Notwithstanding the impact of COVID 19 the best practice tariff in relation to HIP fractures showed an increase in 2020 and 2021.
- The total paid to the 16 hospitals for 2020 was €710k compared to a 2019 total of €548k. (+30%)
- Other areas are under consideration for BPT'S such as Stroke and Trauma.
- Clinical Advisory Group chaired by Clinical lead for Acute Hospitals will play a key role in this process
- HPO have developed a paper on Quality Based Funding Process to go the CAG to assist decision making in this area.

Consideration of Quality Factors for ABF

- Hospital Acquired Complications (HACS) and unavoidable re-admissions are two areas Australia have focused on.
- HACs are avoidable complications that occur during a hospital stay and are captured as part of the HIPE dataset
- IHPA have determined a list of avoidable complications where a risk assessed reduction in funding is applied.
- The same applies for unavoidable re-admissions
- HPO commenced work on the HACS and have engaged with Clinical lead for Acute Hospitals and QPS on the matter.
- Individual Health Identifier will assist in identifying readmissions.
- HPO will work to develop a pricing and funding approach for these areas working closely with the hospitals particularly where there are data issues.

Other Ongoing ABF work

- ED Pilot to commence the collection of patient level data using the ICD 10 AM shortlist was started in 2022.
- Development of the Outpatient Classification system and an Outpatient Clinic Register
- Development of a Pricing Framework which gives a broad overview of all aspects of the ABF process and establishes a new annual consultation process with effect from 2023
- Completion of a Costing Improvement Plan and the Creation of a HPO Costing Webpage which is a Central Source of Information on Costing and ABF

Ongoing Training & Education

- Coding training continued on line
- Coding Exams took place in 3 locations
- HIPE Governance Group continued quarterly meetings on line
- Costing training and Education continued on line
- Quarterly Meetings with HIPE Managers continued on line
- Additional Costing resources posted on line on HPO website

National & International Reporting

- PQ's and FOI Requests
- OECD Reporting on PPP Purchasing Power Parity
- System of Health Accounts
- EU Directive on Cross Border treatments
- Research

ABF as a Priority

Sláintecare implementation strategy

Action 7: Reform the funding system to support new models of care and drive value to make better use of resources

7.1.1	•Expand ABF for inpatient and day-cases to other acute hospitals
7.1.2	•Significantly increase the ABF proportion of hospital budgets by reducing transition payments and introducing stronger and more real-time financial incentives for productivity to drive value
7.1.3	•Examine the use of ABF for outpatient services
7.1.4	Advance the community-based costing programme to measure unit costs and productivity in community-based services.

Letter of Determination

- The LOD 2021 has identified ABF as 1 of 12 Ministerial priorities and part of a programme of work to support the delivery of the Slaintecare Implementation strategy.

- 12. *In line with **Sláintecare** and the Finance Reform Programme, continue key projects including development and adoption of Integrated Financial Management System (IFMS) by all statutory and larger Executive funded voluntary services, **alongside further development of activity based funding for hospitals and community services** together with enhancing procurement governance and systems.*

HSE Corporate Plan 2021-2023

Improving Financial Control P22

- 10 -"We will continue to embed Activity Based Funding across the system to increase understanding of and accountability for costs and identify opportunities for improved efficiency and effectiveness"

- 11 - We will expand the capacity of our Health Care Pricing Office to enable it to lead our efforts to enhance the costing of community services. This is a key precursor to the expansion of Activity Based Funding within our community services.

ABF Implementation Plan 2021-2023

ABF Implementation Plan

Background to the ABF Implementation Plan

- The Government has reaffirmed it's commitment to ABF through the Slaintecare Implementation Strategy
- The ABF Implementation Plan provides a means for delivering on Slaintecare.
- The plan signals a shift in accountability for ABF from the HPO to the whole system
- The plan sets out a series of 35 actions for the Irish health system from 2021 onwards which will enable the ongoing implementation and expansion of ABF.

Major changes with the new Implementation Plan

Shift in accountability for ABF

From HPO to the whole system

ABF, data and insights can be used for everyday planning and decision-making

ABF Mission Statement

- To establish and facilitate an **evidence-informed system of healthcare resourcing that drives transparency, equity and efficiency.**
- To promote **stakeholder cooperation** and trust, healthy competition and the **greater use of quality health data** in the Irish health system.
- To **improve the health status of service-users** by, in time, **combining accurate cost measurement systems with the systematic measurement of outcomes**.
- To improve patient access to care together with the overall quality and safety of care they receive.

Operating Principles

- Engagement
  - Ongoing health stakeholder consultation, that promotes transparency and trust of stakeholders in ABF processes.
- Responsiveness
  - A dynamic system incorporating ongoing review and updates in response to emergent and evidence-informed healthcare innovation and to demographic trends.
- Independence
  - A price –setting function that is independent of the purchasing function
- Support Integrated Care in the appropriate setting
  - Implementing and maintaining funding processes that support incentivisation to the provision of care in the most appropriate setting

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Operating Principles

- Support Health Service Design
  - Design and implementation of ABF in a manner that supports government objectives including the Sláintecare Implementation Strategy and the transition from Hospital Groups and Community Healthcare Organisations to new RHA'S
  - A system that improves the management of healthcare by facilitating greater analysis and understanding of resourcing decisions and impact
- Feasability
  - Managed/phased and stable implementation and growth based on pilot projects and testing.

What the Plan Covers

1. Embedding and further developing ABF

- Transition hospitals further to ABF : a roadmap for transition payments (Sláintecare)
- Expand ABF for inpatient and day-cases to other acute hospitals (Sláintecare)
- Hospital-led local implementation plans to support the transition to ABF as 'business as usual'
- Publish price list and consult annually for clinical involvement and transparency in the price (Pricing Framework)
- New classification systems for EDs and outpatient care as stepping stones to ABF (Sláintecare)

What the Plan Covers

2. Improving data and data collection

- Continued improvement of supporting data (HIPE and costing)
- Build stakeholder understanding and support for the value of good quality, timely ABF data
- Improve coordination and collaboration for ICT improvements or commissioning new systems

What the Plan Covers

3. Strengthening leadership, understanding and the supporting workforce

- Stakeholder engagement plan to support HPO engagement with stakeholders across the system
- Give ABF a clinical focus with clinical leadership and by enabling valuable clinical insights
- Clarifying roles and responsibilities – DOH, HSE, HPO, Hospital Groups, hospitals, clinicians, administrators, external bodies

What the Plan Covers

4. Roadmap for Structured Purchasing

- Research and stakeholder engagement to determine the current status, health sector appetite and ambition around structured purchasing.
- Setting out a roadmap to design and implement whatever level of structured purchasing emerges from the research and stakeholder engagement exercise.

What the Plan Covers

5. Scope and implement foundational costing and activity measures for a community costing and pricing programme

- Supporting better cost collection and reporting across all community services, via the Integrated Financial Management System (IFMS) programme.
- Assessing the availability of costing relevant activity data and inputting to improvements, and setting out costing principles and standards for community services.
- Providing expert costing input to priority projects including in relation to home support and long term residential care.

Next Steps

Hospital / Group-led actions

Key actions:

- Develop hospital-level ABF implementation plans, including for governance, workforce and infrastructure
- Support increased uniformity in clinical coding and costing across hospitals and groups
- Participate in Pilots for Outpatients and ED as required
- Identification of legitimate and structural costs not accounted for within the ABF system.
- Ensuring appropriate resources assigned to costing and coding
- Use of ABF as part of the performance management process

Questions?

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