### Development of a payment model

Case study

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#### **Estonia at glance**

Population: 1,33 million

ALE at birth 78, 8 years (2021) Healthy life years for men 55,5 y and women 59,5 y

Solidarity based health insurance coverage: 96% of population

Healthcare financed by 13 % earmarked social payroll tax

Health Expenditure of GDP (2020) 7,6 %

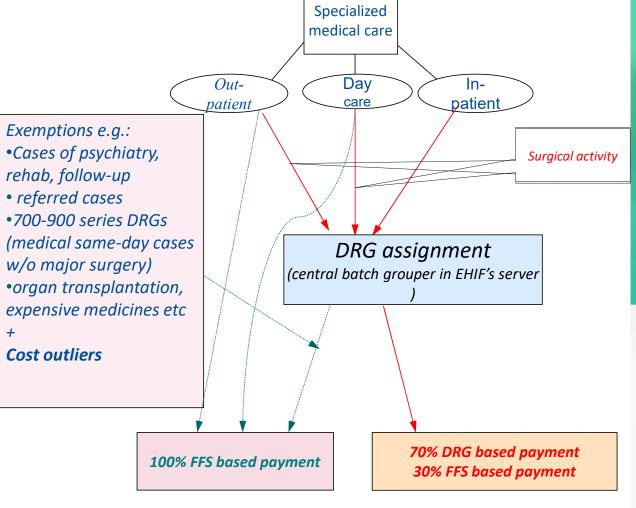
GDP per capita (PPP) 23 600 eur Health Spending Per person Out-of-pocket payments

= 2,1 billion EUR EUR 1 559 23.6 %



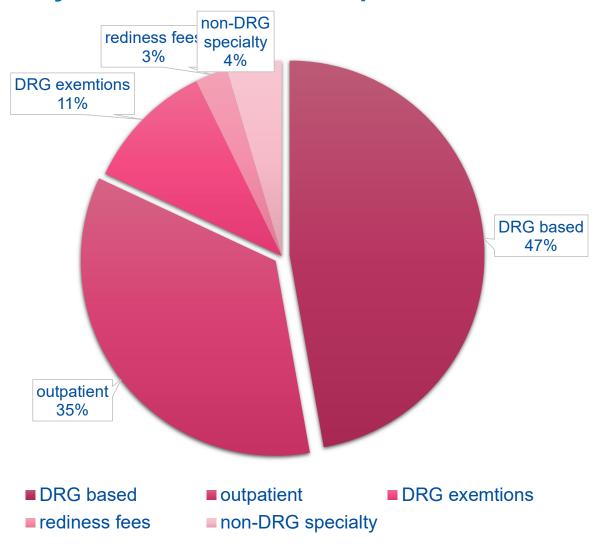
https://www.oecd.org/estonia/estonia-country-health-profile-2019-0b94102e-en.htm

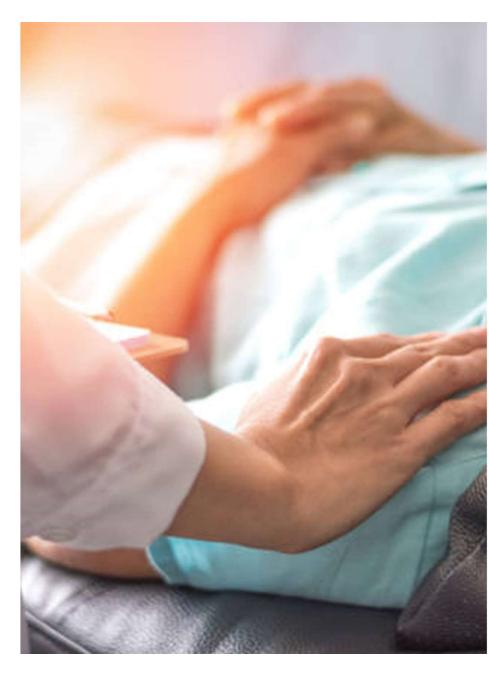
#### NordDRG since y 2003





### Payment methods in hospital care





# Are we doing well? Do we need new payment models?





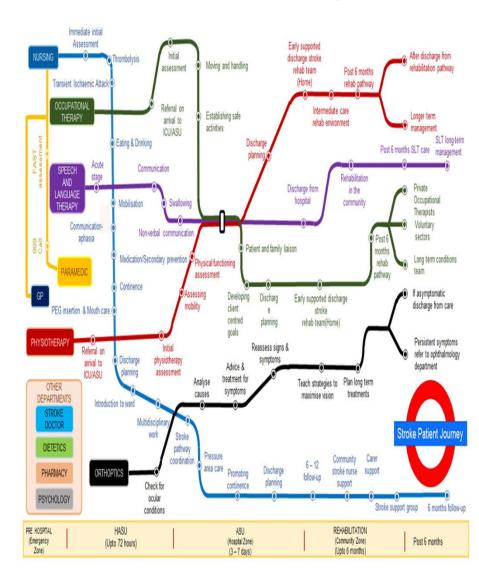
#### Many health conditions have a big impact

- Big burden to the whole society
- Care needs several different actors
- Coordination between actors is weak
- Patient gets "lost" in the fragmented system.
- Patient outcomes not followed nor valued

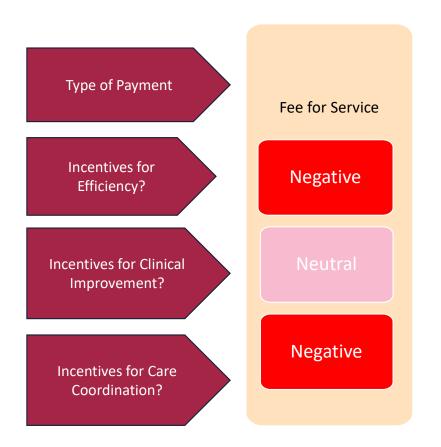
DRG as we use it in Estonia does not cover the whole pathway for specific health probleem (ie. stroke, endoprosthesis, etc)

Bundled payment, also known as episode-based payment, episode-of-care payment, case rate, evidence-based case rate or package pricing value based care payment is defined as the reimbursement of <a href="health care">health care</a> providers (hospitals, physicians) "on the basis of expected costs for clinically-defined episodes of care".

### Stroke Patient Journey



#### **Payment Benefits from Combining Multiple Payment Models**



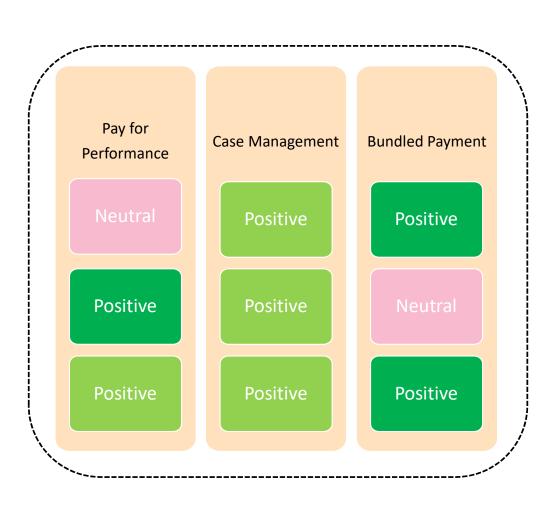


Figure 2. Components, phases, and enablers of the roadmap for the implementation of value-based healthcare.

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Components	For the whole organization	Organize care pathways  [ Measure outcomes set ] [ Build Information platform ] [ Use outcomes for clinical decision and for improving care ]		
Phases	Align board members  Map situation and gaps Identify a sustainable model for scaling VBHC up to the entire organization  Establish Strategic and Communication plans  Create a Central support team (CST)  Prioritize the clinical conditions/ pathways  Follow up and evaluate  Advocate for VBHC internally and externally  Preparation  Ensure leadership and multidisciplinary team  Create team culture  Train and provide tools  Evaluate baseline situation  Include surveys of culture of care	Design  CST+ clinical team  For each clinical condition or pathway  Building IT + clinical team  IT + clinical team  Clinical team  Clinical team  Clinical team  Improvement		
		<ul> <li>Co-design pathway and outcome with patients tools</li> <li>Select actions for improving the pathway</li> </ul> <ul> <li>Co-design pathway and outcome with patients</li> <li>Integrate into EMR in real time</li> <li>Facilitate dashboard for outcomes and lever improving the pathway</li> <li>Communicate results</li> <li>Start and follow implementation: adherence to the questionnaires and to</li> <li>Integrate into EMR in real time</li> <li>Facilitate dashboard questionnaires and to</li> </ul>		
		Organisational engagement & governance		
	Communication, Evaluation and Change management			
ers	Training, Research & Innovation			
Enablers		Professionals: leadership & engagement		
	Patient engagement			
		Health Informatics & Data as facilitator		
		Benchmarking transparency		

CST indicates Central Support Team: EMR. electronic medical record: PDCA. Plan Do Check Act: VBHC. Value-based healthcare.

Bundled payment specification	Price €
Ischaemic stroke pathway with thrombolysis, age 19-44y	9378,30
Ischaemic stroke pathway with thrombolysis, age 45–80y	7121,06
Ischaemic stroke pathway with thrombolysis, age over 81y	7010,78
Ischaemic stroke pathway with thrombectomy, age 19-44y	22 557,17
Ischaemic stroke pathway with thrombectomy, age 45–80y	17 575,93
Ischaemic stroke pathway with thrombectomy, age over 81y	16 403,23
Ischaemic stroke pathway, other active care, over age 19	5254,54

# bundeled pathway payment



DRG - ACTIVE CARE HOSPITAL



FFS - REHAB HOSPITAL



FFS - NURSING CARE HOSPITAL



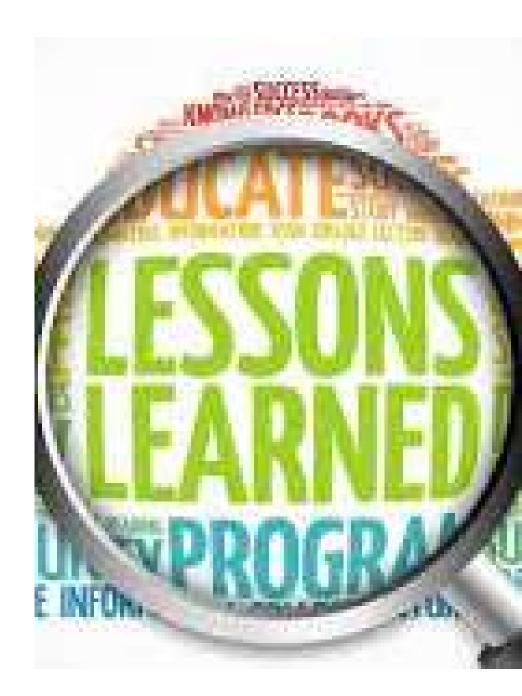
FFS -AMBULATORY REHAB



FFS -AMBULATORY SPECIALIST CARE

#### Lessons we learned

- Bundled payment can promote efficiency and care coordination without significant adverse effects on clinical outcomes or patient satisfaction
- Bundled payment can incorporate valuebased financial incentives to improve clinical performance
- Clinical leadership is important for a successful bundled payment program
- Successful bundled payment requires a substantial investment in information technology
- Implementation of a bundled payment program can require a surprising amount of time and effort



#### Recommendations

- ✓ Finalize the clinical protocols and clinical pathways.
- √ Recognize the potential for supply-side limitations
- ✓ Distinguish clearly between the bundle used for payment purposes and the episode definition that will be used for performance measurement.
- ✓ Develop provider-specific performance report templates
  - ✓ Invoices and administrative data
  - ✓ Patient-reported outcome measures
- ✓ Consider clinical as well as financial outliers in operationalizing the pilot.
- ✓ Consider additional analytics to support proposed bundled target prices and delay financial risk until those analytics are complete.





## Thank you!