

# Development of a payment model

Case study

Malle Avarsoo,  
chief specialist

28.09.2022

Estonian Health Insurance Fund

TERVISEKASSA 

## 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

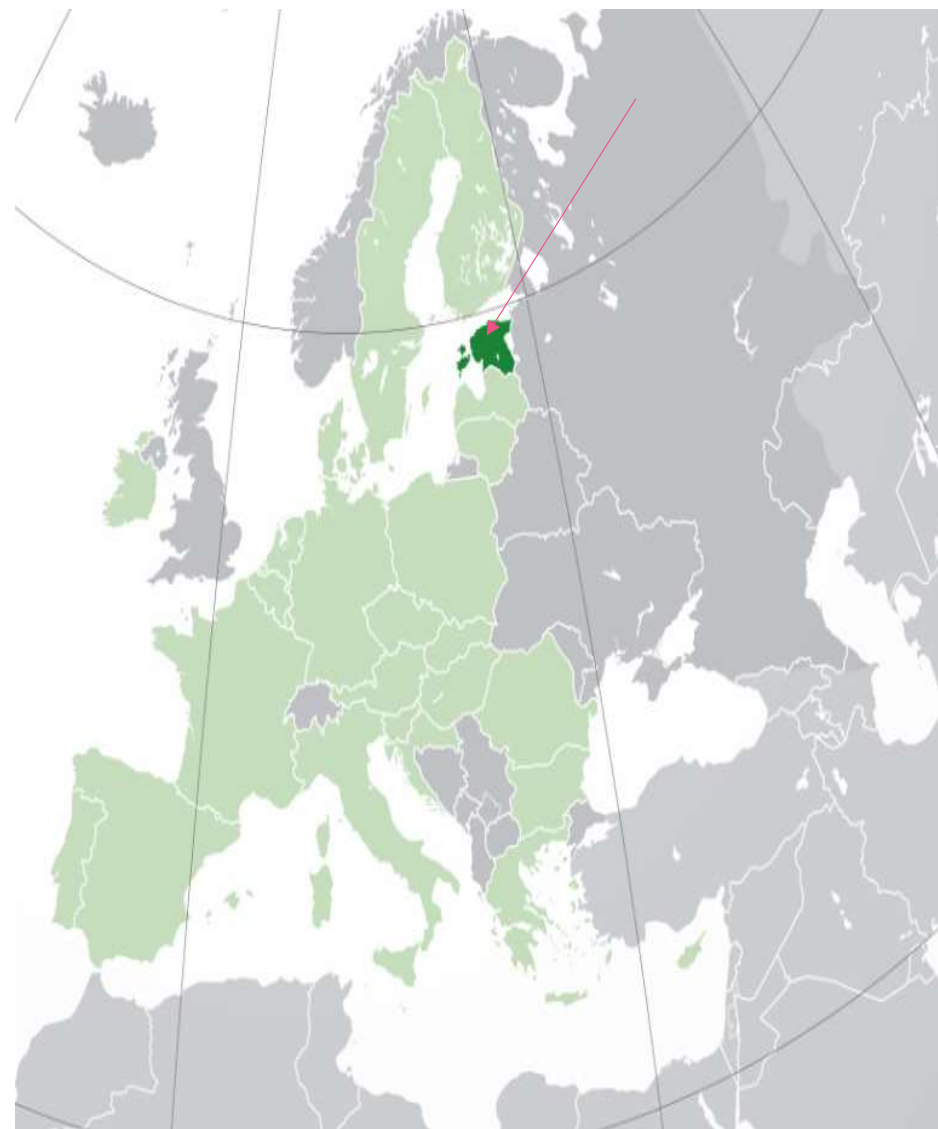
Health Expenditure of GDP (2020) 7,6 %  
= 2,1 billion EUR

GDP per capita (PPP) 23 600 eur

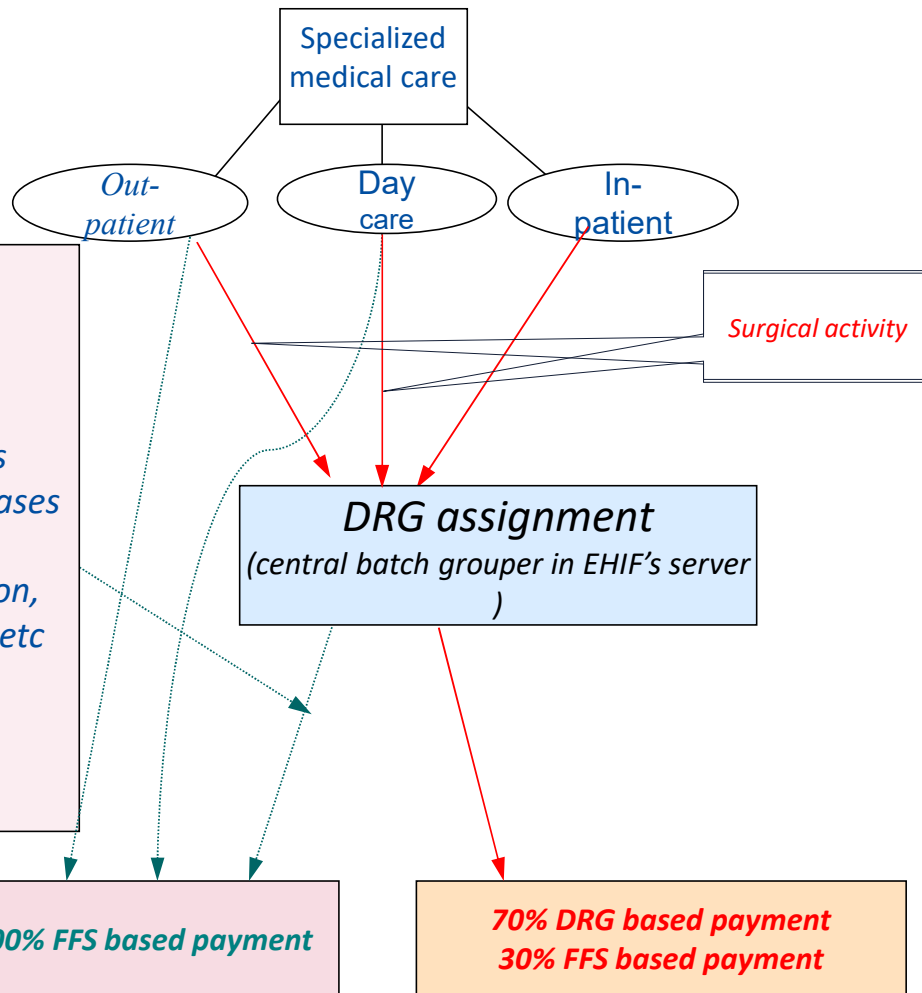
Health Spending Per person EUR 1 559

Out-of-pocket payments 23.6 %

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



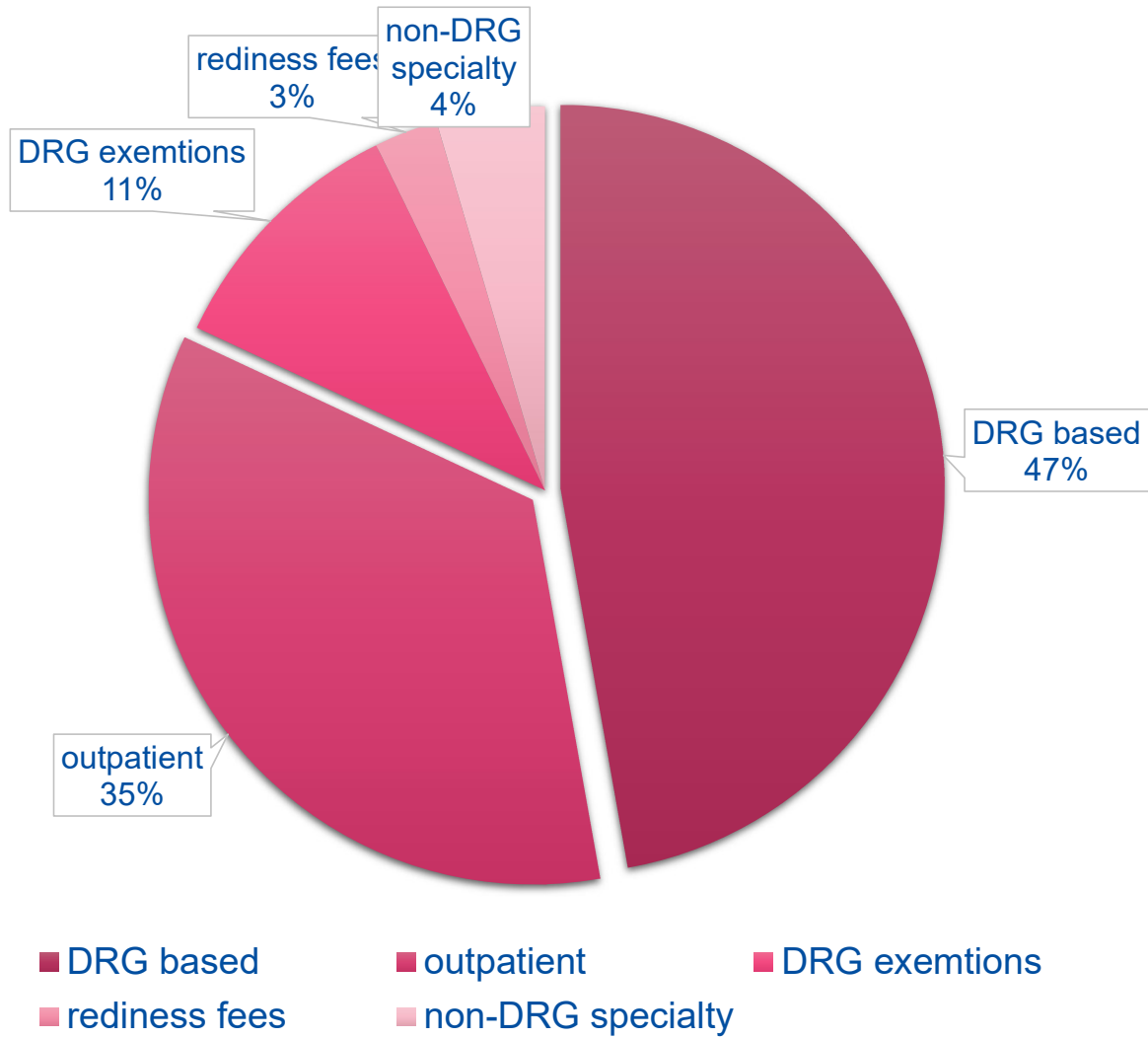
## NordDRG since y 2003



We fulfill the Casemix needs in healthcare

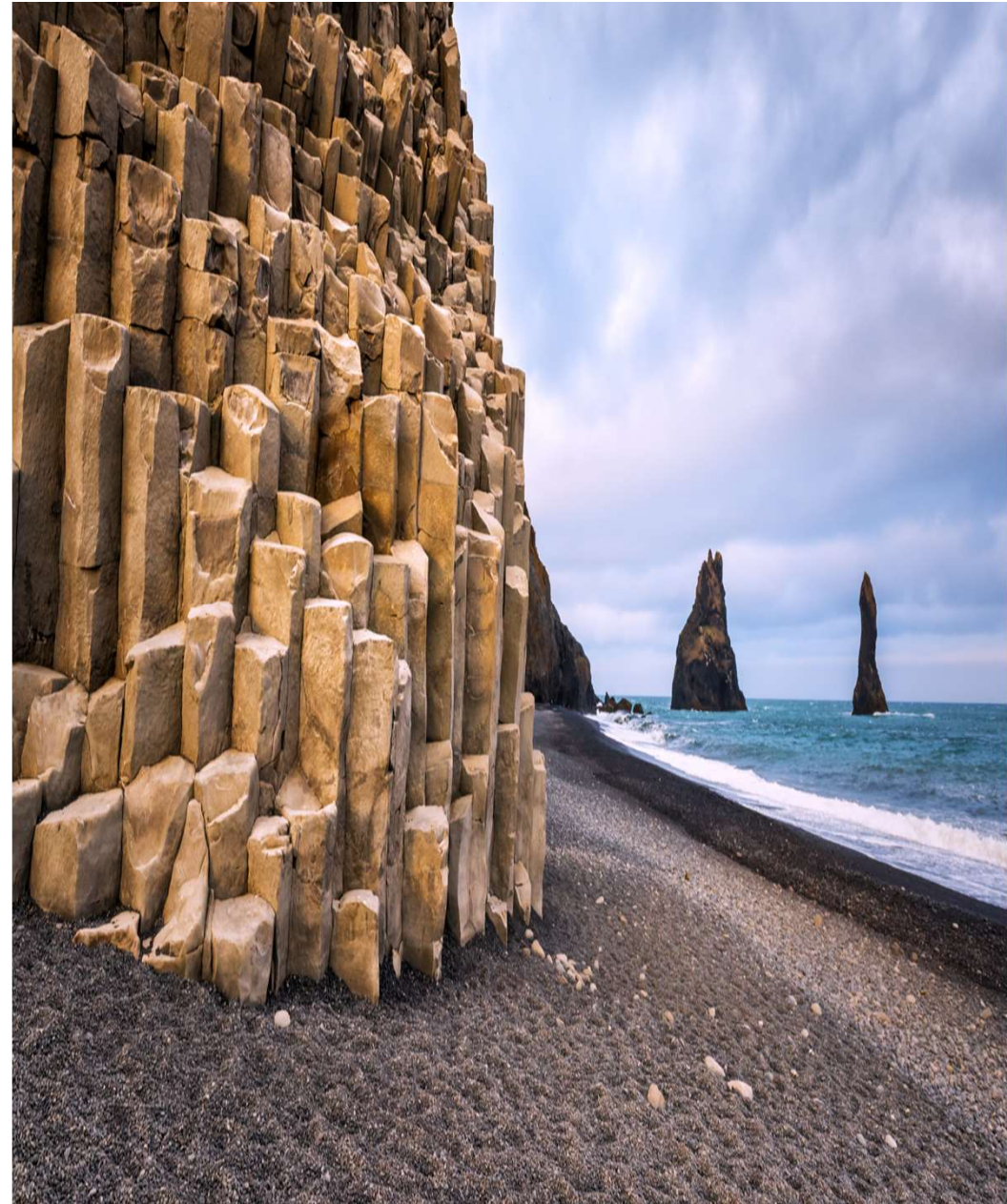


## Payment methods in hospital care





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



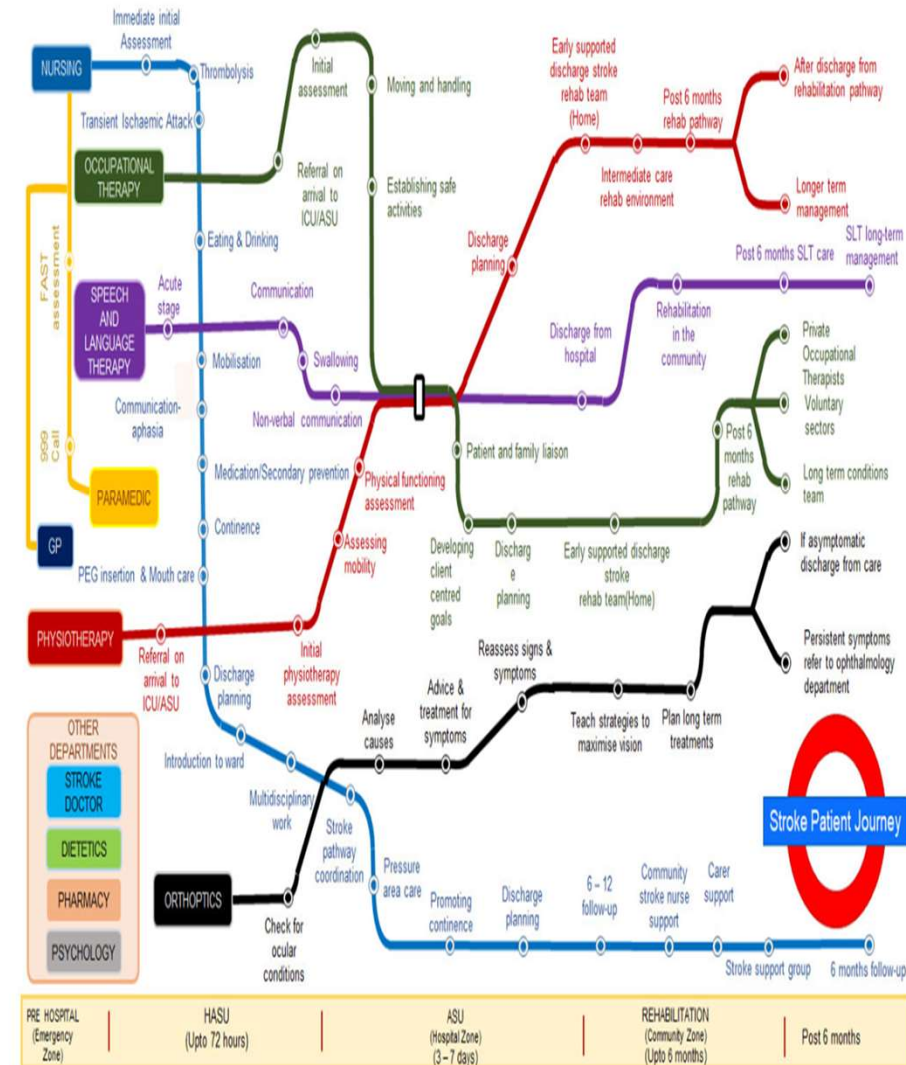
## Many health conditions have a big impact

- 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 problem ( 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 health care 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

Type of Payment

Incentives for Efficiency?

Incentives for Clinical Improvement?

Incentives for Care Coordination?

Fee for Service

Negative

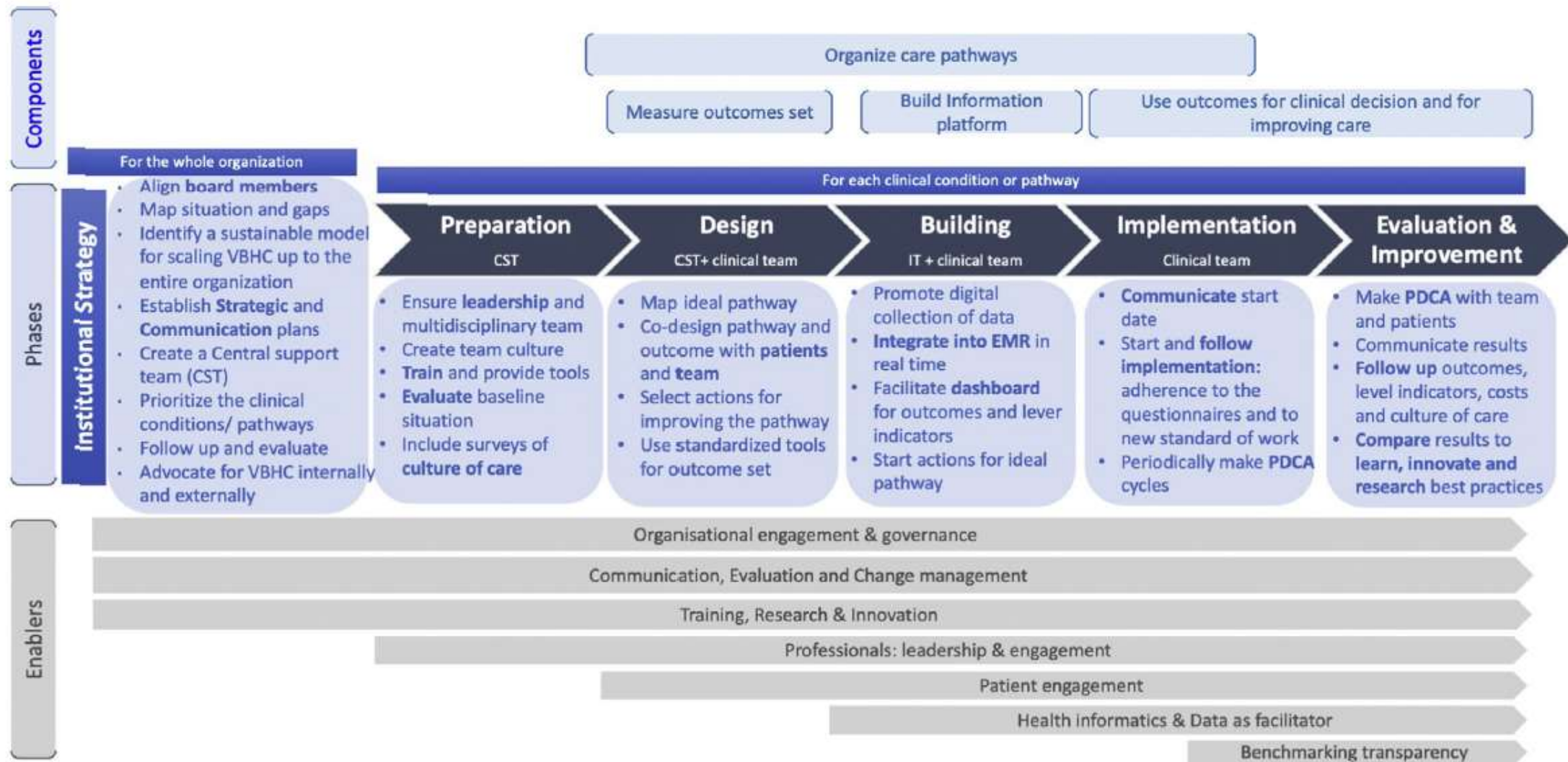
Neutral

Negative

Pay for Performance	Case Management	Bundled Payment
Neutral	Positive	Positive
Positive	Positive	Neutral
Positive	Positive	Positive



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



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



# bunedeled pathway payment

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



DRG - ACTIVE CARE HOSPITAL



FFS - REHAB HOSPITAL



FFS - NURSING CARE HOSPITAL



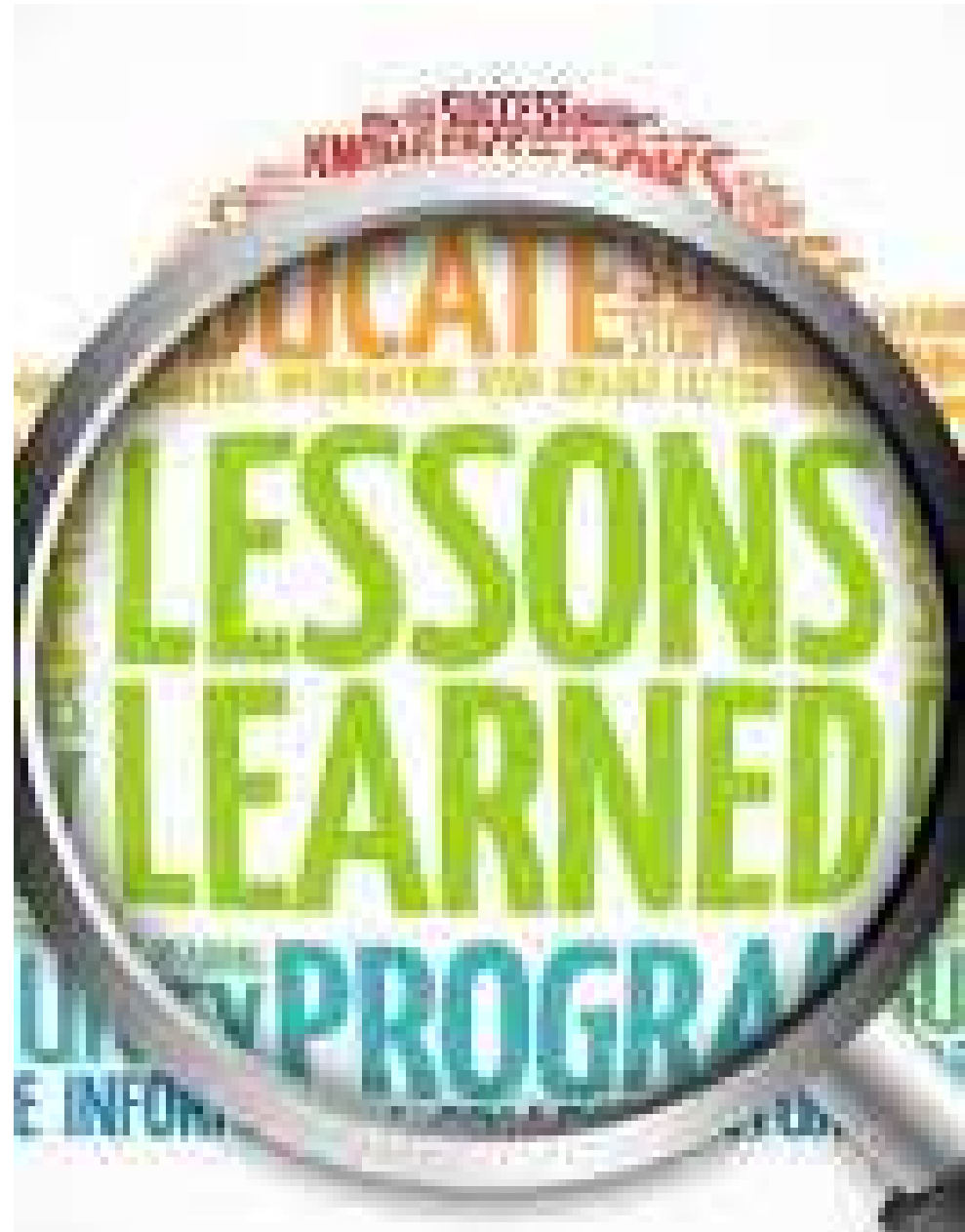
FFS - AMBULATORY REHAB



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 value-based 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!**