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Primary care reimbursement model: Development of financial models for primary health care in Iceland

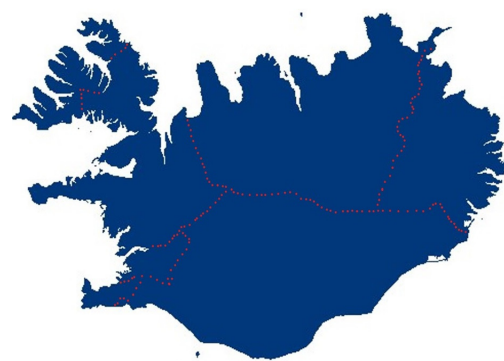
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Overview



- The primary health care financial model for the capital area was introduced in 2017.
- Nineteen primary health care centres are included in the model. Four in private ownership.
- The model is based on a similar financial model from Vastergötland in Sweden but adjusted to Icelandic circumstances.
- In 2018 both urban and rural areas were put together in one combined registration base. All individuals with health insurance can register with health care centres by choice or are added to health care centres by residency (if not registered by choice).
- The primary health care financial model for the outside capital area was introduced in 2021.
- Thirty four primary health care centres (settling primary health care centres in the model) are included in the model from six Health Care Institutions. One in private ownership.
- Many health care centres also have smaller branches with limited opening hours. Fifty nine primary health care centres in total.
- 259.718 individuals in the capital model and 132.774 in the outside capital model.



Fixed capital distribution

➤ Cost index (gender & age)

- Approximately 200 age and gender groups.
- The gender and age index is a constant in the models and is calculated from the number of contacts, phone calls and electronic enquires in 2021, cost scales and population in 2021.
- Primary Health Care cost index is based on the number of clients that are registered each month and the gender and age index.

➤ Adjusted Clinical Group index (ACG)

- ACG classification system classifies individuals according to their burden of disease and is assessed by age, gender and the diseases that an individual has been diagnosed with over period of 15 months. The individuals are weighted differently depending on the combination of diagnoses.
- The ACG index were developed by Johns Hopkins University in Baltimore, USA, based on research on the relations between morbidity and the use of healthcare. The system is widely used as a basis for distribution funds for health care.
- More read on ACG index on Directorate of Health website - [ACG index and quality criteria | island.is \(island.is\)](https://island.is)

Capital area model

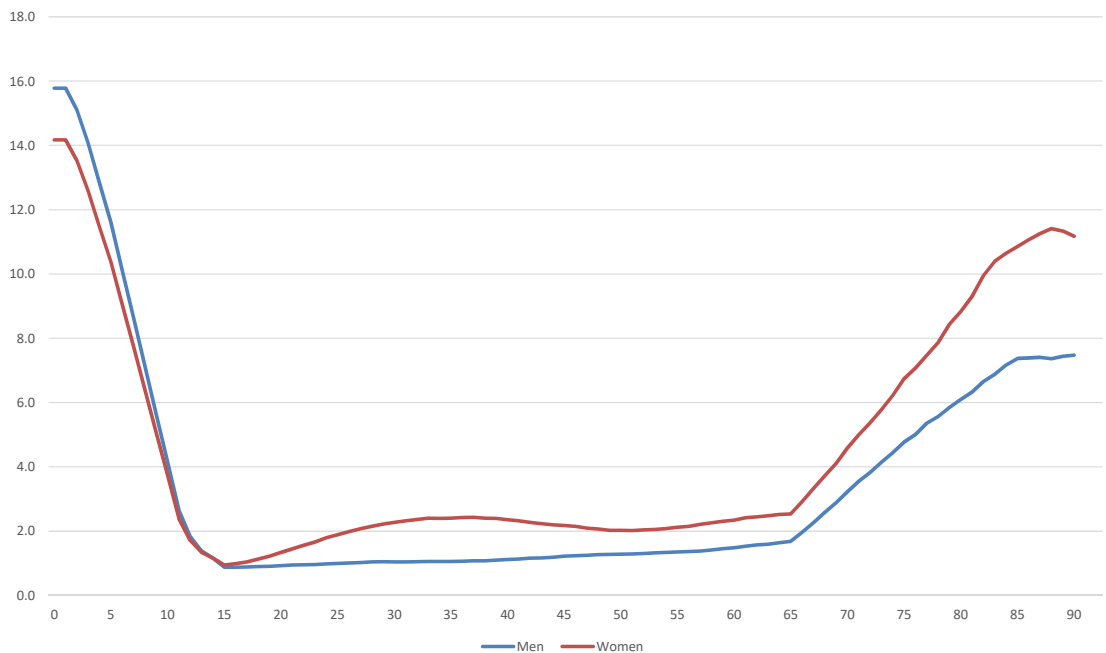
Fixed capital distribution	90.4%
<i>Cost index (gender & age)</i>	36.8%
<i>ACG index</i>	36.8%
<i>Socioeconomics</i>	3.6%
<i>Mental health care</i>	7.1%
<i>Other fixed capital distribution</i>	6.1%
Variable capital distribution	9.6%

Outside capital area model

Fixed capital distribution	91.5%
<i>Cost index (gender & age)</i>	26.5%
<i>ACG index</i>	26.5%
<i>Socioeconomics</i>	3.6%
<i>Mental health care</i>	3.1%
<i>Other fixed capital distribution</i>	3.7%
<i>Special fixed capital distribution</i>	28.2%
Variable capital distribution	8.5%



Cost index (age & gender) – Capital model





Fixed capital distribution

➤ Socioeconomic

- Relations are between demographic conditions and the usage of health care.
- The proportion of the socioeconomic in the models is not large but has been increased in recent years.
- The index has 6 variables. Unemployment data not available.

➤ Mental health care

- Capital for mental health care has increased considerable since 2017.
- Capital distributed by the number of clients registered.

Socioeconomic variables
Older than 65yrs that live alone
Childs under 5yrs old
Individuals that have had interpretation service last 15 months
Disability pensioners
Single parents
Individuals that are born abroad (North-America & Western Europe excluded)

Capital area model

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<i>Special fixed capital distribution</i>	28.2%
Variable capital distribution	8.5%



Fixed capital distribution

➤ Other fixed capital distribution

- **Elementary school health care.** Capital distributed by the number of children in each school. Fixed amount for each child with special distance compensation in the outside capital area financial model.
- **Health strengthen receptions.** Capital distributed by the number of clients in certain benchmark group (work in progress, capital distributed by measured service factors).

➤ Special fixed capital distribution (outside capital area model)

- Special rural area compensation.
- Special compensation to small primary health cares with full opening hours.
- Special compensation to primary health cares with more than one operating units.
- Special compensation to smaller primary health cares that provide accident and urgent health care service that is otherwise provided by nearest hospital.

Capital area model

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<i>ACG index</i>	36.8%
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<i>Mental health care</i>	7.1%
<i>Other fixed capital distribution</i>	6.1%
Variable capital distribution	9.6%

Outside capital area model

Fixed capital distribution	91.5%
<i>Cost index (gender & age)</i>	26.5%
<i>ACG index</i>	26.5%
<i>Socioeconomics</i>	3.6%
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<i>Other fixed capital distribution</i>	3.7%
<i>Special fixed capital distribution</i>	28.2%
Variable capital distribution	8.5%



Variable capital distribution

- **Interpretation service.** Fee for service payments.
- **Electronic primary health care.** Capital distributed by the number of appointments booked, enquiries and medicine renewals (initiative program).
- **Health care students.** Compensation by number of health care students in training.
- **Quality benchmarks.** Three to four new quality benchmarks in 2023 (work in progress).
- **Service ratio.** Compensation to primary health care centres for providing service where the patient is registered.
- **Other patients.** If primary health care centres provides service to patients that are not registered they get a certain compensation transfer from the primary health care centres that the patients are registered at.
- These compensations transfers are also between primary health care centres in different models.

Capital area model

Fixed capital distribution	90.4%
Variable capital distribution	9.6%
<i>Interpretation service</i>	0.7%
<i>Electronic primary health care</i>	0.8%
<i>Health care students</i>	1.1%
<i>Quality benchmarks</i>	2.8%
<i>Service ratio</i>	4.9%
<i>Other patients</i>	-0.6%

Outside capital area model

Fixed capital distribution	91.5%
Variable capital distribution	8.5%
<i>Interpretation service</i>	0.3%
<i>Electronic primary health care</i>	0.4%
<i>Visits (house calls)</i>	0.6%
<i>Health care students</i>	0.5%
<i>Quality benchmarks</i>	2.5%
<i>Service ratio</i>	3.5%
<i>Other patients</i>	0.6%