



Activity-based funding of hospitals: We've waited long enough

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Plan of the presentation

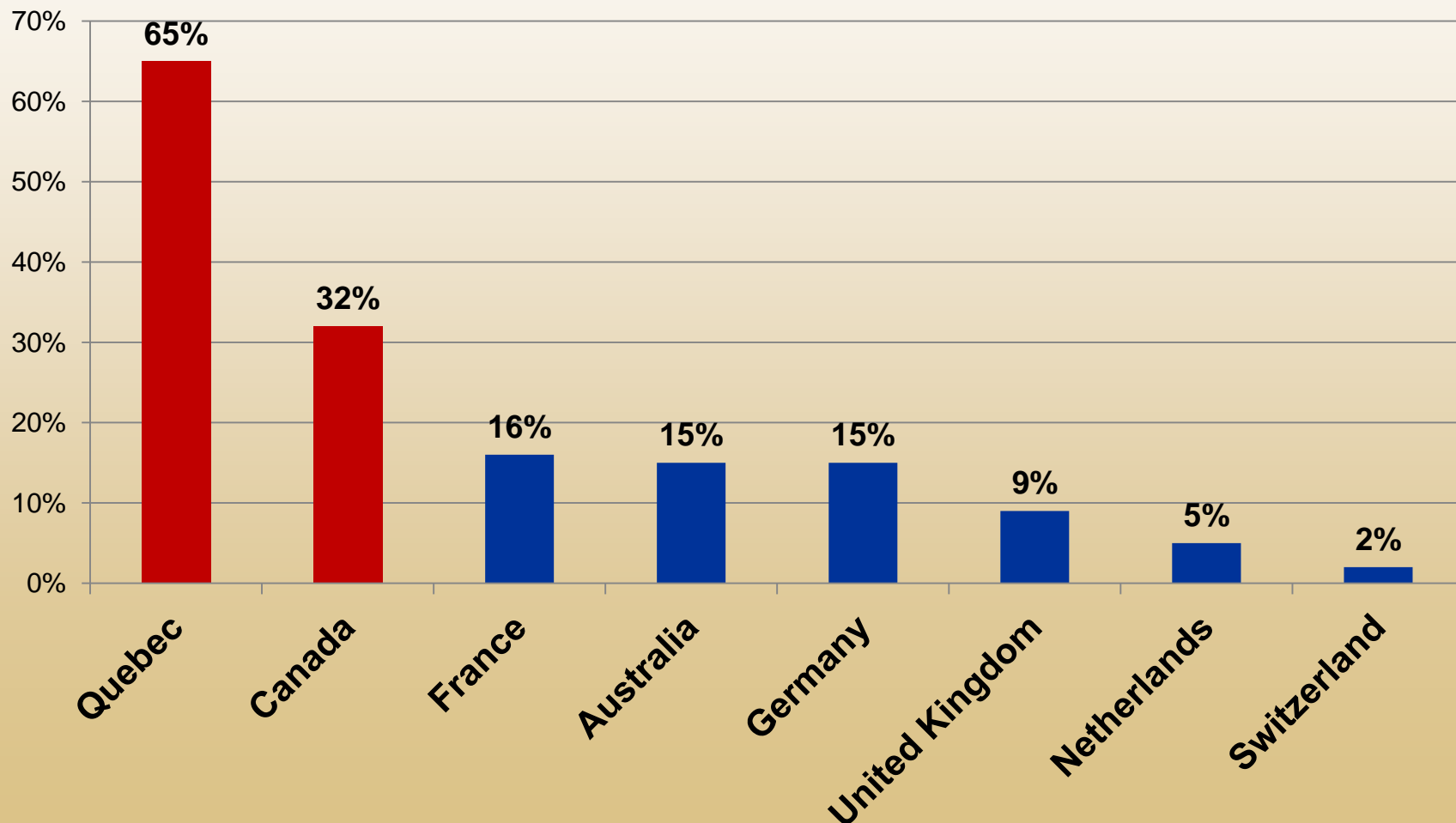
- Global budgets: at the root of the chronic problem of waiting lists in Quebec
- Activity-based funding: a model with better incentives
- The experiences of Scandinavia and England with ABF
- Some challenges

Global budgets: a funding model that needs to be re-examined

- Currently, nearly all Quebec hospitals receive their funding in the form of global budgets, based on amounts spent in the past
- Global funding offers no incentives for hospital managers to innovate in order to reduce expenses and improve access
- Patients are a source of additional expenses with this model, so there is no gain to make in trying to reduce wait times
- The chronic problem of waiting lists is thus rooted in part in hospitals' global funding model

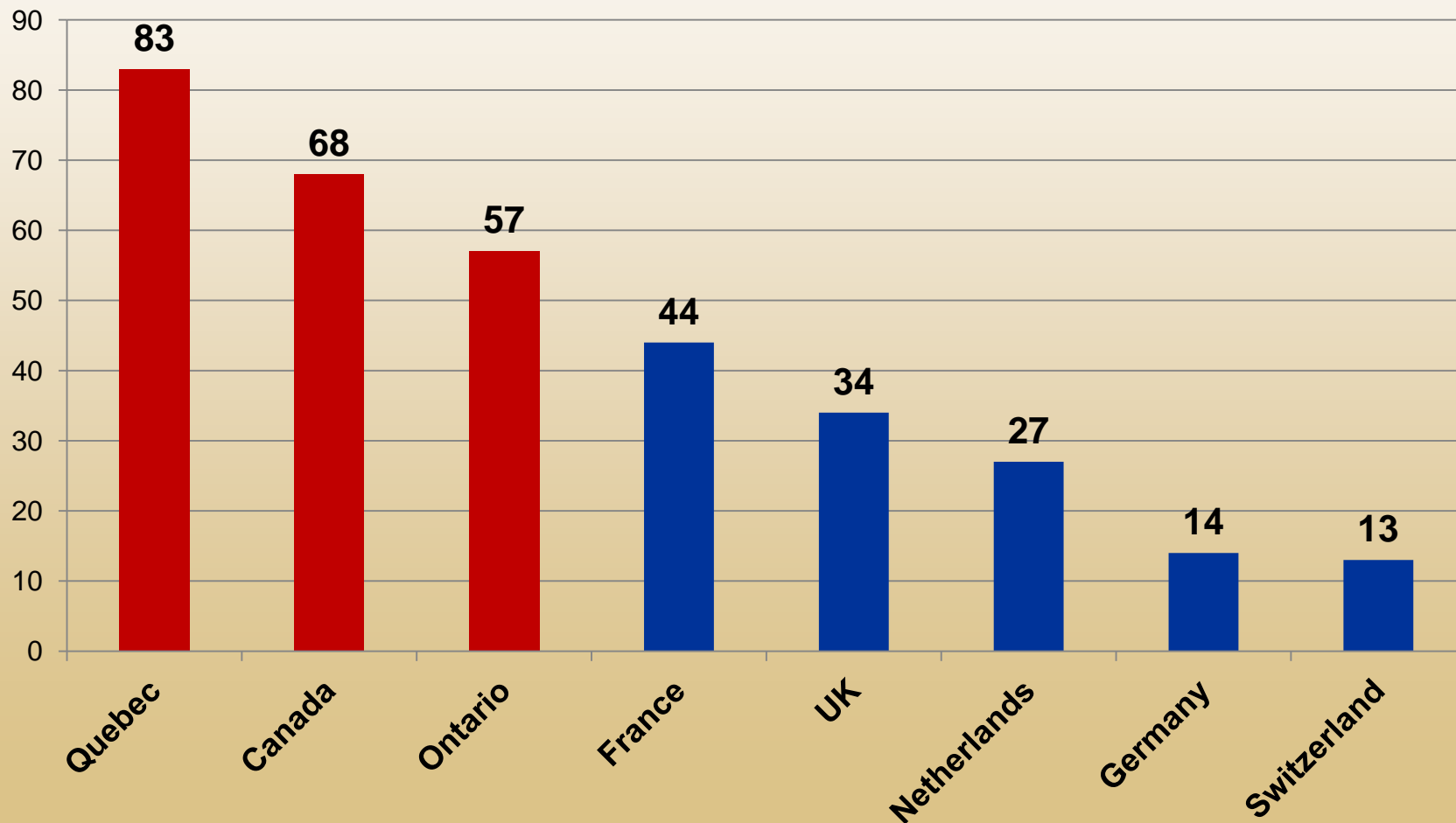
Accessibility and wait times

Patients who must wait more than 5 days to see a doctor (%), 2010



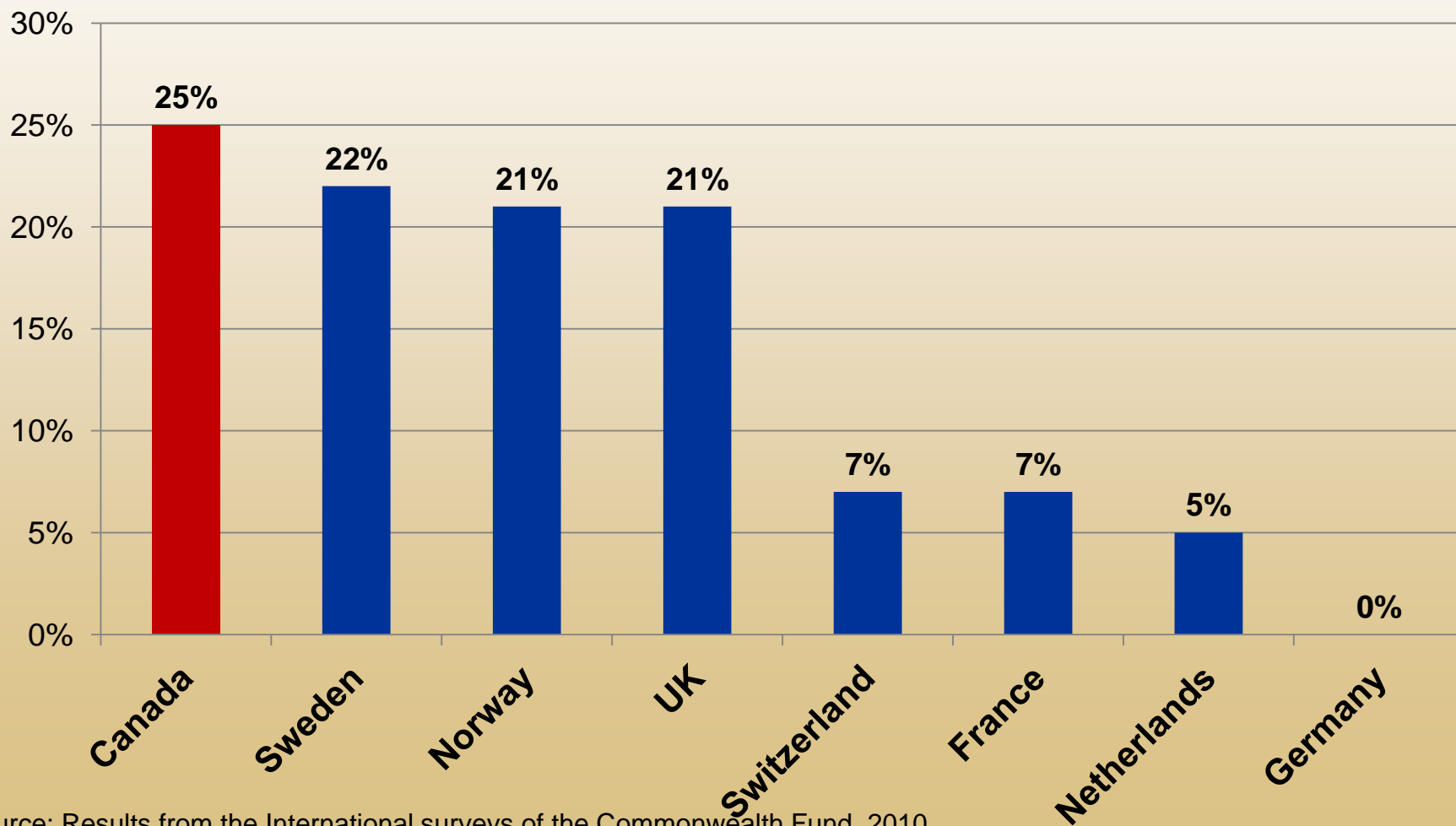
Accessibility and wait times

Number of days before seeing a specialist, 2010



Accessibility and wait times

Patients who must wait 4 months or more for elective surgery (%), 2010



- Most OECD countries adopted activity-based funding of hospitals during the last two decades
 - ❑ These reforms gave hospitals better incentives: good performance is now rewarded with increased funding
 - ❑ Reimbursement based on average cost (of treatment) put pressure on management to improve cost efficiency
 - ❑ Reimbursement based on activity also contributed to improve access to care and reduce waiting lists
 - ❑ ABF promotes competition and creates patient-centered care

■ The experience of Norway (1997):

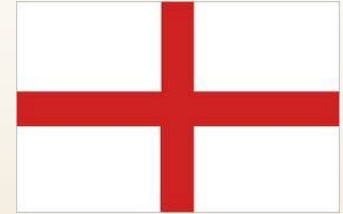


- The reform entailed an increase in the annual growth rate of activity
- Public expenditures remained relatively stable or even decreased in real terms
- Resulted in a significant reduction in wait times
- From 2002 to 2006, hospital admissions jumped by 24% while average wait time for elective surgeries fell by 30%

Average waiting times (in days) for somatic treatment in Norway, 1998-2010

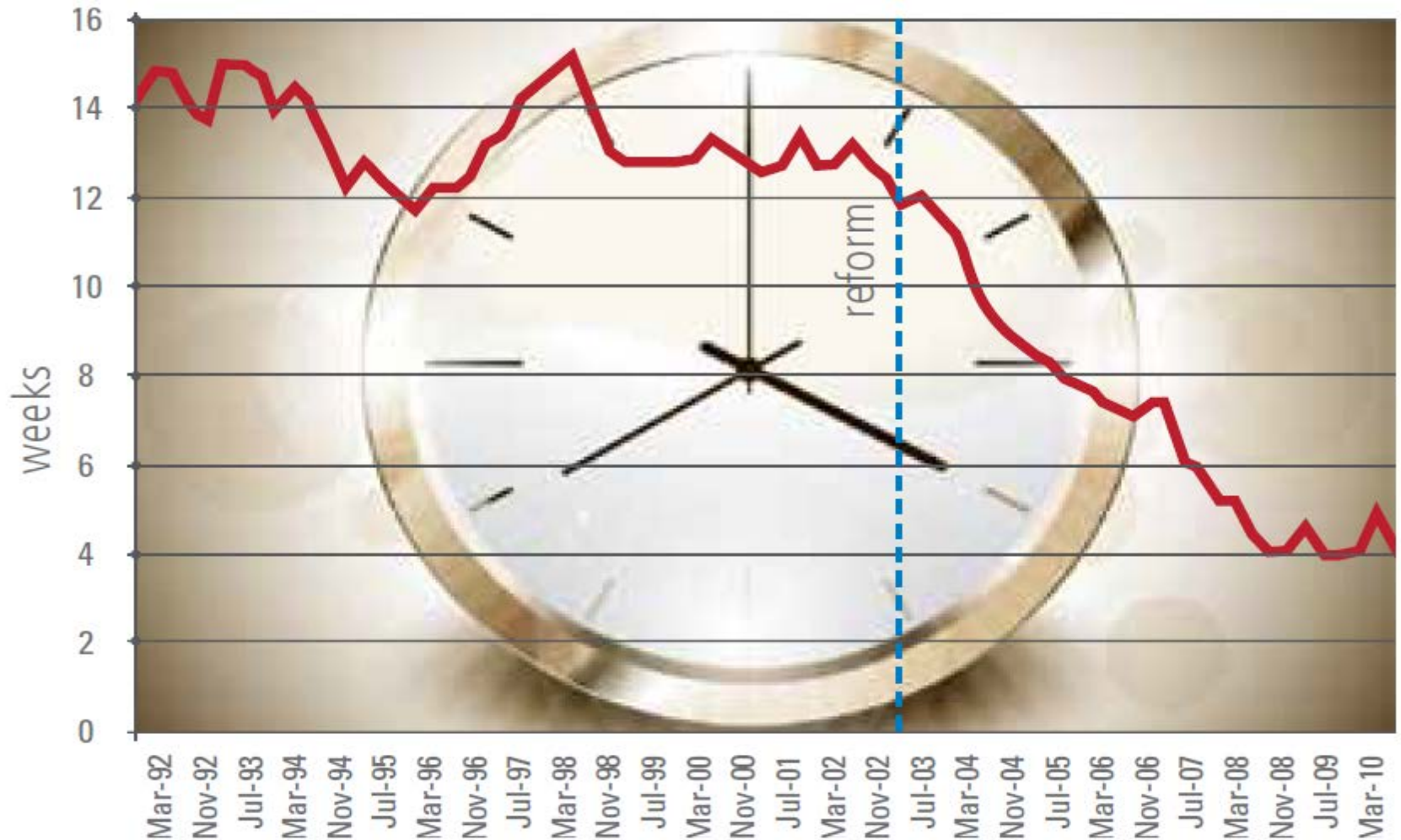


■ The experience of England (2003):



- Average length of stay fell rapidly after the implementation of the reform
- Better use of resources by hospitals led to more patients being treated with no reduction in quality of care
- The median wait time for elective surgery decreased by more than 60% between 2002-2010, partly because of ABF
- Reduction in wait times for cataract surgeries and hip and knee replacements has been greater for patients from less well-off areas

Evolution of waiting times for elective surgery in England, 1992-2010



Towards an activity-based funding reform

- Some challenges...
 - Up-coding
 - Cream skimming
 - Discharging patient too early