

# Alberta Update and Activity Based Funding Approach

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# Presentation Outline

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- Alberta Update
- Levers for Change in AHS
- Activity Based Funding in Alberta
- Primary Care Funding in Alberta

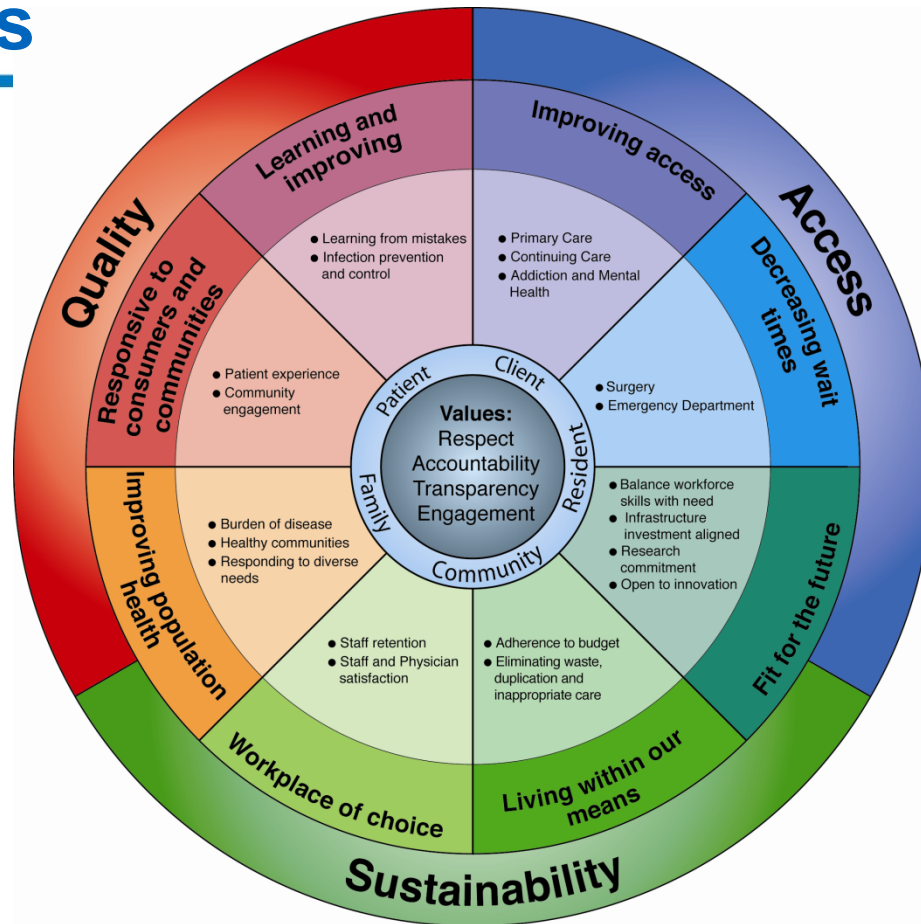
# Alberta Update

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- AHS Formed May 2008
- New CEO April 2009
- \$1.3B Deficit Forecast for 2009/10
- New Strategy/Structure June 2009
- Sustainability Focus 2009/10
- New Minister January 2010
- Five Year Funding February 2010

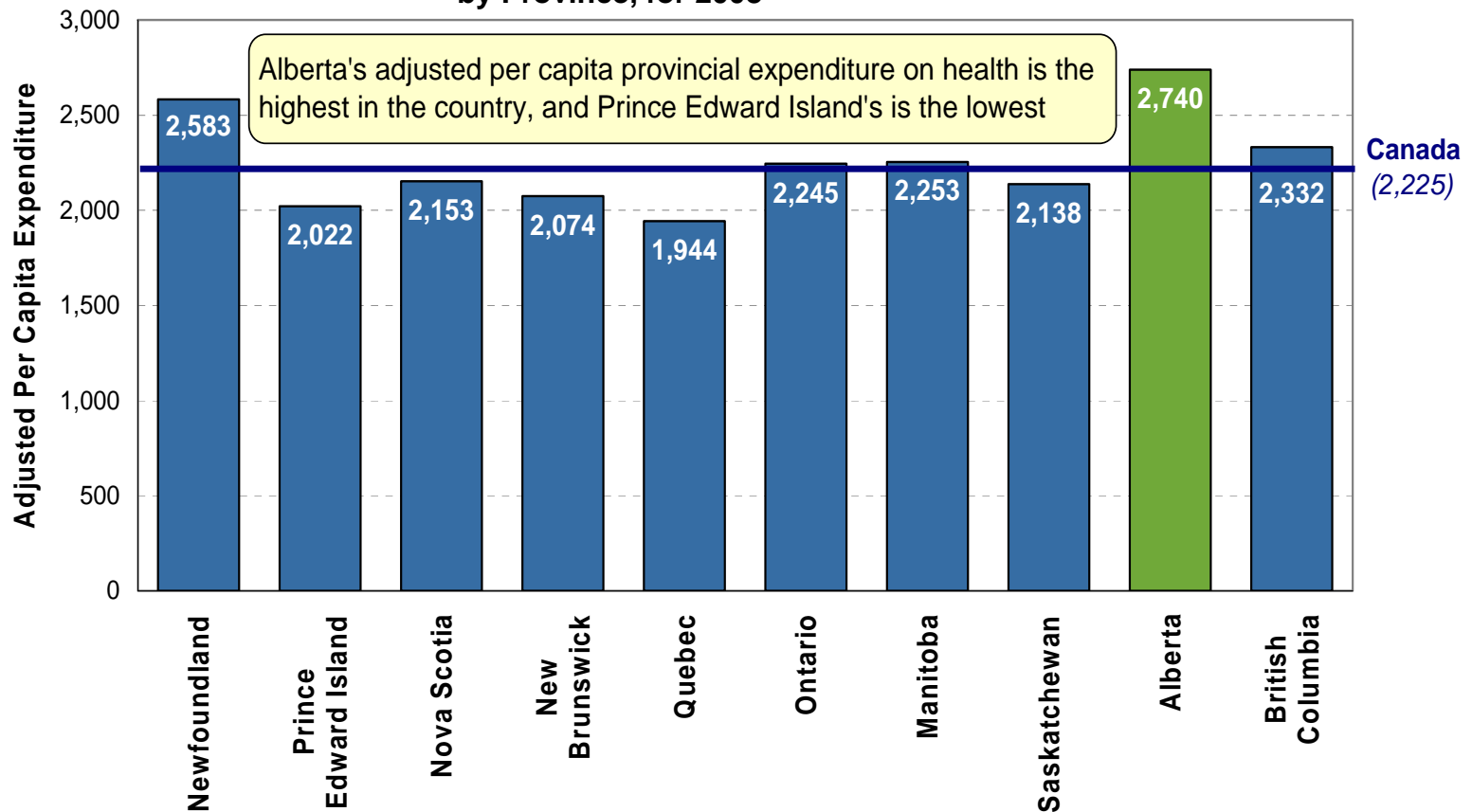
# Strategic Priorities

- Access
- Quality
- Sustainability



# High Cost Structure

Estimated Provincial Government Adjusted Per Capita Expenditure on Health  
by Province, for 2008 <sup>1,2,3,4</sup>



# Levers for Change

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- Rebalance the System
  - Community vs Acute Care Services
- Primary Health Care Reform
- Evidence – Clinical Networks
- Leveraging Technology
- Intra/Inter Provincial Variation
- Accountability
- Activity Based Funding

# Activity-Based Funding – Aussie Style

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- Mid 1990s financial imperative
- Significant access issues
- Case Mix funding based on DRGs vs global/historic funding
- Payment based on volume and case complexity
- Change enabled by labour legislation
- First year results
  - Costs reduced by 5%
  - Increased volumes of 5%

# Previous ABF Experience in Alberta

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- The hospital-performance Index funding system (1989 to 1993)
- Alberta's long-term care facilities were funded based on acuity-adjusted beds (1988 to 2005)
- Imported activity was funded per weighted case under Alberta's population-based funding system (1978 to 2006)
- Province Wide Services funding

# Activity-Based Funding - Design

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- Identification, definition, measurement of services
- Price setting – converting costs to price
- Establish activity ceilings at price
- Establish funding modifiers
  - Rural/remote, teaching, capital equipment etc
- Create “Additional throughput pool”
- Develop quality monitoring processes
- Combine with population based funding/role of gain sharing?

# ABF – Unintended Consequences

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- Gaming the coding
- Inappropriate services/admissions
- Reduced funding for services in inappropriate settings
- Managing to activity
- Crowd ing out
- Risk selection

# AHS ABF Implementation Path

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- Initially to start with sector-wide funding rather than program-wide funding
- Starting with long-term care facilities in 2010/11
- Working to introduce in 2011/12 and beyond:
  - Acute inpatient services
  - Acute ambulatory services
  - Designated Assisted Living

# AHS' Current ABF status

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- AHS is currently rolling out a new ABF system for long-term care for the 2010/11 fiscal year
- Funding is to be based on a provincial price per weighted client day
- Client day weighting to be based on the InterRAI Resource Utilization Group (RUG-III) Case Mix Index (CMI) values
- 2011/12 acute care development work
- Review voucher system approach

# Primary Care Network Funding

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## Local Primary Care Networks (PCNs)

- Eight year agreement (to 2011) signed by government, the Alberta Medical Association and regional health authorities provides \$100 million over three years to improve access to primary care
- Currently 33 PCNs with 10 in development covering 66% of the population

# Primary Care Network Funding Supports

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- \$50 per patient enrolled
- Pilot alternative funding relationships for physicians
- \$15M Transition fund
- \$60M Electronic Medical Record (EMR) support
- \$68.5M Capital fund
- HealthLink established
- Telehealth investments

# PCN Funding – Lessons Learned

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- Need for increased accountability/performance
  - Chronic Disease care protocol adoption
  - After hours care
  - Challenging patients
  - Panel size
  - Health outcomes P4P
- Services with AHS need to be more integrated

# Information Sources

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[www.health.vic.gov.au/casemix/about.htm](http://www.health.vic.gov.au/casemix/about.htm)

[www.york.ac.uk/inst/che/publications](http://www.york.ac.uk/inst/che/publications)