B.C. LAUNCHES PATIENT-FOCUSED FUNDING PROVINCEWIDE

VANCOUVER – Patients will benefit from more timely, accessible care as British Columbia invests an additional $250 million over the next two years to launch its patient-focused funding model to the 23 largest hospitals across the province, announced Health Services Minister Kevin Falcon.

“Our new approach builds on the success of the pilot projects implemented through the Lower Mainland Innovation and Integration Fund, which proved patient-focused funding can improve access for patients for everything from emergency care to breast cancer treatment,” said Falcon. “Patient-focused funding is part of our broader innovation and change agenda to improve patient care while managing growing health-care costs and preserving our public health-care system for our kids and grandkids.”

Currently, the overwhelming majority of funding for health authorities from the Ministry of Health Services is through block funding, which is not attached to specific targets or priorities. Under a patient-focused funding approach, hospitals receive financial incentives for delivering acute-care services for a competitive, set price.

Falcon said in each of the pilot projects there was better management of resources and dollars by hospitals and health authorities – and most importantly, more timely quality care for patients. For example, shorter wait times for breast cancer diagnosis and spinal surgery, increased hip- and knee-replacement surgeries and being seen faster in emergency departments to aid decongestion. The ministry is taking patient-focused funding and incorporating it for all health authorities.

Over the next two years, the Province will invest an additional $250 million to implement province-wide patient-focused funding – $80 million in 2010-11 and $170 million in 2011-12. Patient focused funding will be gradually expanded, and by 2012-13 around 20 per cent of eligible acute-care spending will be funded through this approach.

The ministry has registered the BC Health Services Purchasing Organization to oversee the implementation of patient-focused funding. The organization builds on the successes of the $75-million Lower Mainland Innovation and Integration Fund.

The objectives for the end of the first year include:
- Expand emergency department patient-focused funding in hospitals.
- Reduce wait times in selected common surgical procedures.
- Increase same-day surgical procedures by reducing overnight stays.

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“We have already seen the value of patient-focused funding and innovation in health care across the Lower Mainland,” said David Thompson, chair of the new BC Health Services Purchasing Organization and outgoing chair of Vancouver Coastal Health. “Thousands of patients have benefited from decongestion in emergency departments and reduced wait times for surgery. We hope to build on that provincewide.”

Results from the Lower Mainland Innovation and Integration Fund included reducing congestion in emergency departments in Vancouver by up to 25 per cent, reducing wait-lists for foot and ankle surgery and spinal surgery and dramatically improved access to four rapid-access breast cancer clinics for women in the Lower Mainland to identify potential cases of breast cancer quicker.

At the UBC Hospital Centre for Surgical Innovation, successes included performing more hip and knee joint replacement surgeries as a result of increased efficiencies such as cost reductions per surgical case and a drop in the length of hospital stay for patients.

Patient-focused funding will provide financial incentives to health authorities to promote a shift from inpatient services to same-day surgical procedures where appropriate to help reduce wait times in high-demand areas. The funding incentive will also promote more cost-efficient and innovative practices such as in emergency departments, while maintaining the highest level of care possible. The purchasing organization will also provide incentives at the hospital level to encourage and improve upon existing quality levels of care.

“British Columbia continues to be number one in Canada when it comes to surgical wait times according to recent data from the Canadian Institute of Health Information and the Wait Time Alliance,” said Falcon. “However, we can improve patient care and further reduce wait times by learning from other jurisdictions across the world that have successfully implemented patient-focused funding.”

Expansion of patient-focused funding is part of the province’s strategy to drive quality health-care services that are appropriate, safe and effective. The strategy may expand to eventually include providing incentives for health authorities to better manage frailty, chronic disease and mental illness through community care rather than in a hospital or residential-care setting, as well as meeting demand for elective surgeries through reduced hospital inpatient surgery and increase day surgeries in hospital and surgical clinics.

Three backgrounders follow.

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PATIENT-FOCUSED FUNDING EXAMPLES OF SUCCESS

Patient-focused funding has been used in British Columbia to reduce wait times in targeted areas, including hip and knee replacement surgery as well as cataract surgeries. The ministry targeted funding to increase hip and knee joint replacement surgeries by tying the money to performance and increased levels of surgeries. Up to $171 million was made available in 2008-09 to health authorities to perform 12,151 hip and knee replacements – an increase of 1,219 procedures over the previous year. Through an innovative approach, the UBC Hospital Centre for Surgical Innovation (UBC CSI) helped the Province achieve the results where British Columbia now leads Canada in exceeding the benchmarks for all priority areas including joint replacement, according to the latest Canadian Institute for Health Information report.

UBC Hospital Centre for Surgical Innovation successes included:

- Since March 2007, the cost per surgical case at the UBC CSI went from $13,296 to $12,000.
- The launch of the UBC CSI has enabled surgeons to perform 5,000 additional hip and knee replacements overall – an average of 1,600 more cases per year – than would have occurred if the program had not opened at all.
- Average operating room time per case has dropped from two hours to one hour and 40 minutes, an average of 16 per cent faster.
- Length of stay per patient has dropped 14 per cent from 3.5 days to three days.

A patient-focused funding pilot was launched in September 2007 in four emergency departments in Vancouver Coastal Health and was expanded in January 2009 to four emergency departments in Fraser Health. The pilot provided financial payments to health authorities for improving the quality of patient care by reducing congestion and patient delays in emergency departments. Over the course of the pilot, there were noticeable gains in how quickly patients were admitted to hospital or discharged from the emergency department.

From April 2009 to January 2010 compared to April 2008 to January 2009, as a result of patient-focused funding, the four busiest Fraser Health’s emergency departments saw:

- 107 per cent more patients with lower medical concerns being treated and discharged from emergency within the two-hour target.
- 55 per cent more patients with higher medical concerns being treated and discharged from emergency within the four-hour target.
- 62 per cent more patients who needed to be admitted getting a hospital bed within the 10-hour target.

Pay-for-performance funding to ease emergency department congestion was first piloted in 2007 by Vancouver Coastal Health (VCH).
In the first half of 2008, compared to the first half of 2007, VCH saw:

- 22 per cent more patients with lower medical concerns being treated and discharged from emergency within the two-hour target.
- 13 per cent more patients with higher medical concerns getting care within the four-hour target.
- 62 per cent more patients who needed to be admitted getting a hospital bed within the 10-hour target.

The two-year trial of patient-focused funding using the Lower Mainland Innovation & Integration Fund has shown reductions in wait times for various procedures and has been embraced by all levels of health providers and managers. LMIIF examples included:

- **Breast cancer clinics**: Women across the Lower Mainland can now visit one of four rapid access breast cancer diagnoses clinics to catch potential cases of breast cancer. The clinics have seen more than 1,000 patients and the median wait time for diagnosis has been reduced from 43 days to 11 days.

- **Spinal surgery**: Wait times for spinal surgery were reduced by coordinating spinal surgery resources across the Lower Mainland for the first time with a 14 per cent improvement in the percentage of patients receiving surgery within benchmark wait times. The median wait time dropped from 7.2 weeks to 2.3 weeks and streamlined patient care plans enabled about half of all cases to be converted from inpatient cases to day procedures thereby reducing demand on inpatient beds.

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PATIENT-FOCUSED FUNDING IN BRITISH COLUMBIA

In the first year, patient-focused funding will be rolled out to 23 hospitals:

Fraser Health:
- Abbotsford Regional Hospital
- Burnaby Hospital
- Chilliwack General Hospital
- Eagle Ridge Hospital
- Langley Memorial Hospital
- Peace Arch District Hospital
- Ridge Meadows Hospital
- Royal Columbian Hospital
- Surrey Memorial Hospital.

Interior Health:
- Kelowna General Hospital
- Penticton Regional Hospital
- Royal Inland Hospital
- Vernon Jubilee Hospital.

Northern Health:
- The University Hospital of Northern British Columbia.

Vancouver Coastal Health:
- Lions Gate Hospital
- Mount St. Joseph Hospital
- Richmond General Hospital
- St. Paul’s Hospital
- UBC Hospital
- Vancouver General Hospital.

Vancouver Island Health Authority:
- Nanaimo Regional General Hospital
- Royal Jubilee Hospital
- Victoria General Hospital.

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INTERNATIONAL PATIENT-FOCUSED FUNDING

There are a number of funding methodologies in widespread use amongst jurisdictions including: cost-based reimbursement, global-based funding and activity or patient-focused funding. Many countries have increasingly turned to patient-focused approaches to fund a wide variety of health-care services and these approaches vary in extent and go by a variety of names. Patient-based funding mechanisms are used to promote increased productivity, efficiency and safety and quality of care.

Countries that have used patient-focused funding include:

- Argentina
- Australia
- Denmark
- Finland
- France
- Germany
- Hungary
- Italy
- Japan
- Netherlands
- New Zealand
- Norway
- Spain
- Sweden
- Switzerland
- United Kingdom.

United Kingdom:

In 2002-03, the UK initiated major reforms to its health-care system, particularly the payment system. A payment-by-results system was implemented in 2003-04 and as of 2007 around 70 per cent of hospital funding was based on payment-by-results. As a result of the reformed payment model, wait times have decreased with increased activity in areas such as day surgery. A 2008 Audit Commission study found that payment-by-results contributed to efficiency in elective surgery, including an average increase in the number of patients treated as day cases and a decrease in the length of time patients spent in hospital. Other effects of the reformed payment system included a reduction in unit costs with findings that suggested that payment-by-results represented a stronger incentive to seek unit cost reduction. A 2009 study on productivity and quality found that cost reductions were obtained through increases in efficiency rather than through reductions in quality.
Australia:
In 1993, the Australian state of Victoria introduced activity-based funding or case mix funding to achieve wait times reductions. Initially, it accounted for around 25 per cent of hospital funding and increased to around 70 per cent by 2001. It also expanded from hospitals to support rehabilitation patients and outpatient services. The new funding structure, which included activity-based funding as well as incentives to manage waitlists, in Victoria had an immediate, positive effect: within a year of funding reform, the number of people on the wait-list fell by 16 per cent or more than 4,700 patients.

Norway:
Activity-based financing began in the Norwegian hospital sector in 1997 to increase hospital efficiency to reduce wait times. Since 2006, around 40 per cent of funding is activity-based funding and 60 per cent block funding. After the funding reform, hospital activity increased an average of 3.2 per cent annually over a two year period compared to a two per cent average increase annually over a five year period prior to reform.

Internationally, patient-focused funding has shown that it has the potential to improve health care in three areas – productivity, efficiency and quality, as well as improve accountability and financial performance while stimulating innovation.

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