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Hospital Financing Options and Impacts on Hospitals

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AGENDA

1. Introductions
2. Current Situation
3. Hospital Funding Options
4. Changes Required to Implement
5. Impacts on Hospitals
6. Demands on Funding Agency
7. Discussion

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1. Introductions

Steve Kenny

- Health Insurance and Policy Consultant
- 25 years managing health care programs in Canada
- 15 years international consulting

Enabling Equitable Health Reform Project [EEHR]

- USAID sponsored
- 2011- 2014

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2. Current Situation in Albania

- Very low bed numbers
- Low funding levels
- Inequitable Funding
- Questionable Quality
- Patients do not seek care as much as need
- Lack of Innovation, Efficiency, Effectiveness
- Corruption is a factor

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2. Beds and Funding Levels/ 1,000 population

CHART REGIONAL BED NUMBERS

Region	Number of beds	Effective beds in use	Adjusted beds	Population	Adjusted beds /1000 pop	Budget 2012 000 leks	Budget per bed (000 lek)	Budget per adj. Bed X ,000 Lek	Budget/ Populat'n 000 leks
Shkoder	569	183	260	320,842	0.81	837,954	1,473	3,223	2.6
Kukes	372	128	175	111,793	1.57	452,635	1,217	2,586	4.0
Diber	510	192	260	193,710	1.34	629,350	1,234	2,421	3.2
Lezhe	323	143	200	209,331	0.96	523,822	1,622	2,619	2.5
Durres	550	258	365	490,996	0.74	981,512	1,785	2,689	2.0
Elbasan	718	289	405	442,493	0.92	948,611	1,321	2,342	2.1
Fier	670	141	200	466,746	0.43	1,015,874	1,516	5,079	2.2
Berat	385	130	180	219,739	0.82	583,122	1,515	3,240	2.7
Korce	746	253	360	343,175	1.05	973,304	1,305	2,704	2.8
Vlore	483	165	230	351,858	0.65	739,116	1,530	3,214	2.1
Gjirokaster	368	88	120	152,539	0.79	502,575	1,366	4,188	3.3
Total	5,694	1,969	2,755	3,303,222	0.83	8,187,874	1,438	2,972	2.5

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2. International Bed Numbers

• Actual Beds in Albania	1.7 beds/1,000 pop
• Real Beds in Albania	< 1 bed/1,000 pop
• Beds in Canada	2beds/ 1,000 pop
• Beds in Europe	4 beds/1,000 pop
• Beds in Japan	15 beds/1,000 pop

•Why the differences?

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2. Low Bed Numbers

- Albania- More beds than demand
- Canada- Beds are rationed but are complemented with preventive care, community care, nursing homes, acute care protocols, etc.
- USA/ Europe- Public-private mix results in more beds, less coordination.

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3. Hospital Funding Options

Line by Line Budgets

- Hospitals informed as to how to spend budget

Global Budgets

- Hospitals given flexibility as to how budgets are spent

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3. Hospital Funding Options

- Historical Budgeting
- Fee for Service
- Case payment or DRG
- Population / Demographic

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3. Hospital Funding Options - Historical

Advantages:

- Easy to calculate budgets
- Budget levels are predictable

Disadvantages:

- Budgets based on previous years funding levels
- Do not reflect workload or patient demand
- Control by Funding agency does not permit hospital innovation

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3. Hospital Funding Options – Fee for Service

Advantages:

- Only pay for services delivered

Disadvantages:

- Requires good cost estimates for each service
- Tends to cause an increase in services
- Expenditures likely to exceed Budgets

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3. Hospital Funding – Case Payment DRG's

Advantages:

- More precise reimbursement than FFS

Disadvantages:

- Requires very good information base
- Tends to cause volume increases
- Expenditures exceed budgets
- Expensive and time consuming to develop (5-10 years)

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3. Hospital Funding Options - Population

Advantages:

- Budgets calculated based on population served, complexity of services delivered
- More objective than historical
- Budget is fixed so over-runs are controlled
- Budget reflects need based on population

Disadvantages:

- Not as precise as Case Mix

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3. Recommended Hospital Funding Option

Short Term (1-5 years):

- Move gradually from line by line budgetary control to
- Global budgets with greater hospital autonomy

Based on:

- Governance systems in place
- Improved management (skills and continuity)
- Improved information and accountability.

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3. Recommended Hospital Funding Option

Short Term (1-5 years):

- Population based funding
- Adjusted to reflect demographics (age/sex)
- Adjusted to reflect referral patterns
- Incentives may encourage regional care
- May be implemented with minimal information

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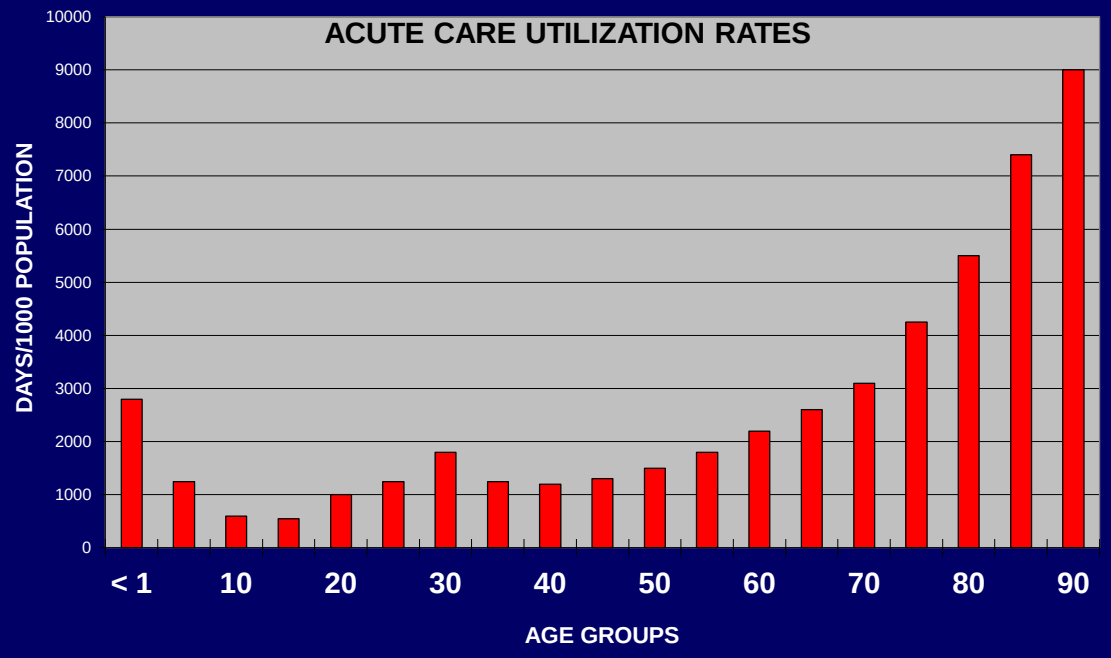
3. Age - Sex Adjustment

Acute Care Utilization Rates



Canadian Advanced Medical Services International

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3. Recommended Hospital Funding Option

Long Term (5-10 years):

- Case Mix or DRG
- Requires much better information base
- Can lead to better management and more precise incentives.

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4. Changes Required to Implement

- Changes may be implemented with minimal information requirements
- Requires good governance system
- Requires skilled and committed management
- Changes may be phased in over a few years
- Information should be improved

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4. Changes Required to Implement

Costing Improvements

- HII Costing Centers represent a great start
- EEHR Costing Project will improve information
- Cost per service will result in more equity
- Good cost data is required for Case Mix system.

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4. Costing Improvements

ICD9 (650)
Lindje ormale

Spitali	number of cases	Total of expenditures	average days of staying	average cost per case
Berat	557.00	9,581,842.00	1.80	17,202.59
Diber	897.00	23,774,926.00	4.15	26,504.93
Durres	3,123.00	39,422,776.00	2.66	12,623.37
Elbasan	987.00	17,857,125.00	1.94	18,092.33
Fier	1,215.00	25,819,929.00	2.11	21,250.97
Gjirokaster	143.00	5,348,465.00	2.99	37,401.85
Korce	854.00	16,892,881.00	1.74	19,780.89
Kukes	1,337.00	29,078,715.00	4.82	21,749.23
Llezhe	730.00	12,182,263.00	2.09	16,688.03
Shkoder	1,073.00	25,332,176.00	1.81	23,608.74
Vlore	656.00	19,362,440.00	2.12	29,515.91
Total regional	**11,572.00**	**224,653,538.00**	**2.66**	**19,413.54**

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4. Costing Improvements

ICD9 (485)
Bronkopneumonia

Spitali	Number of cases	Total expenditures	Average days of staying	Average cost per case
Bulqize	195.00	7,358,375.00	8.46	37,735.26
Delvine	27.00	5,100,876.00	8.22	188,921.33
Devoll	221.00	10,555,093.00	6.82	47,760.60
Gramsh	124.00	5,256,586.00	3.73	42,391.82
Has	225.00	7,533,824.00	8.68	33,483.66
Kavaje	183.00	6,823,884.00	4.61	37,288.98
Kolonje	33.00	3,614,102.00	7.09	109,518.24
Kruje	178.00	11,527,735.00	6.23	64,762.56
Kuçove	89.00	2,358,101.00	7.01	26,495.52
Lac	133.00	6,472,500.00	7.71	48,665.41
Librazhd	158.00	6,881,078.00	7.58	43,551.13
Lushnje	926.00	25,385,989.00	4.27	27,414.67
Mallakaster	2.00	2,214,267.00	5.50	1,107,133.50
Mat	462.00	24,261,023.00	7.35	52,513.04
Mirdite	123.00	6,790,507.00	6.63	55,207.37
Peqin	56.00	9,868,643.82	6.57	176,225.78
Permet	118.00	6,837,820.00	5.90	57,947.63
Pogradec	202.00	13,243,431.00	4.88	65,561.54
Puke	190.00	15,371,743.00	7.35	80,903.91
Sarande	132.00	5,867,355.00	5.12	44,449.66
Skrapar	27.00	2,868,003.00	5.96	106,222.33
Tepelene	29.00	2,158,207.00	5.59	74,420.93
Tropoje	114.00	15,888,020.00	7.72	139,368.60
Total district	**3,947.00**	**204,237,162.82**	**6.16**	**51,744.91**
Total regional	**3,823.00**	**173,325,258.00**	**6.15**	**45,337.50**
Total	**7,770.00**	**377,562,420.82**	**6.16**	**48,592.33**

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5. Impacts on Hospitals

Requirements:

- Improved Governance
- Improved Management
- Control of Corruption
- Improve information collection and analysis
- Reporting Performance Indicators.

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5. Impacts on Hospitals

Outcomes:

- Governance improves decision making
- Improved management
- Control of corruption
- Improve information collection and analysis
- Better accountability

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6. Demands on Funding Agency

Better communication:

- Funding letters to hospitals
- Sharing information
- Joint meetings with hospital management
- More auditing for process and data

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6. Performance Measures

Categories:

- Financial Performance
- Hospital Clinical Performance
- Quality Assurance/ Quality Improvement
- Patient Satisfaction

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6. Performance Measures – Financial

- The usual reporting of expenditures by department against budget and noting variations from expected.

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6. Performance Measures – Hospital Clinical

- LOS by Department by Service
- Proportion of out-patient and day surgery
- Infection rates and readmissions
- Morbidity at discharge
- Physician specific rates of performance.

UMC - External Perspective

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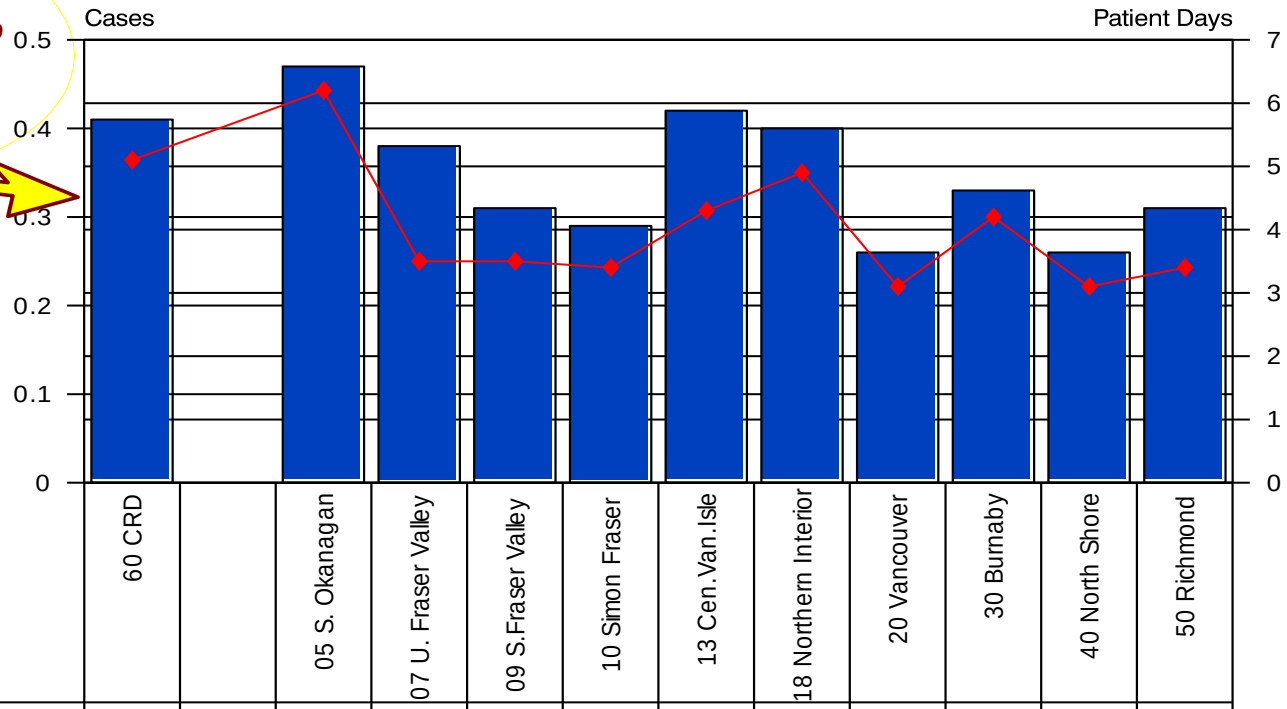
Age-Standardized Rate per 1000 Population

CMG 353 (s) Hip Replacement w/o CC

for Selected B.C. Health Units - April 1, 1993 to March 31, 1994

CRD Rate compared to other BC Regions



	60 CRD		05 S. Okanagan	07 U. Fraser Valley	09 S.Fraser Valley	10 Simon Fraser	13 Cen.Van.Isle	18 Northern Interior	20 Vancouver	30 Burnaby	40 North Shore	50 Richmond
Cases per 1000	0.41		0.47	0.38	0.31	0.29	0.42	0.4	0.26	0.33	0.26	0.31
Days per 1000	5.1		6.2	3.5	3.5	3.4	4.3	4.9	3.1	4.2	3.1	3.4
% of BC rate (cases):	111		128	105	85	81	116	109	71	91	78	85
% of BC rate (days):	121		145	83	83	80	102	115	73	98	73	80

source: B.C. Ministry of Health

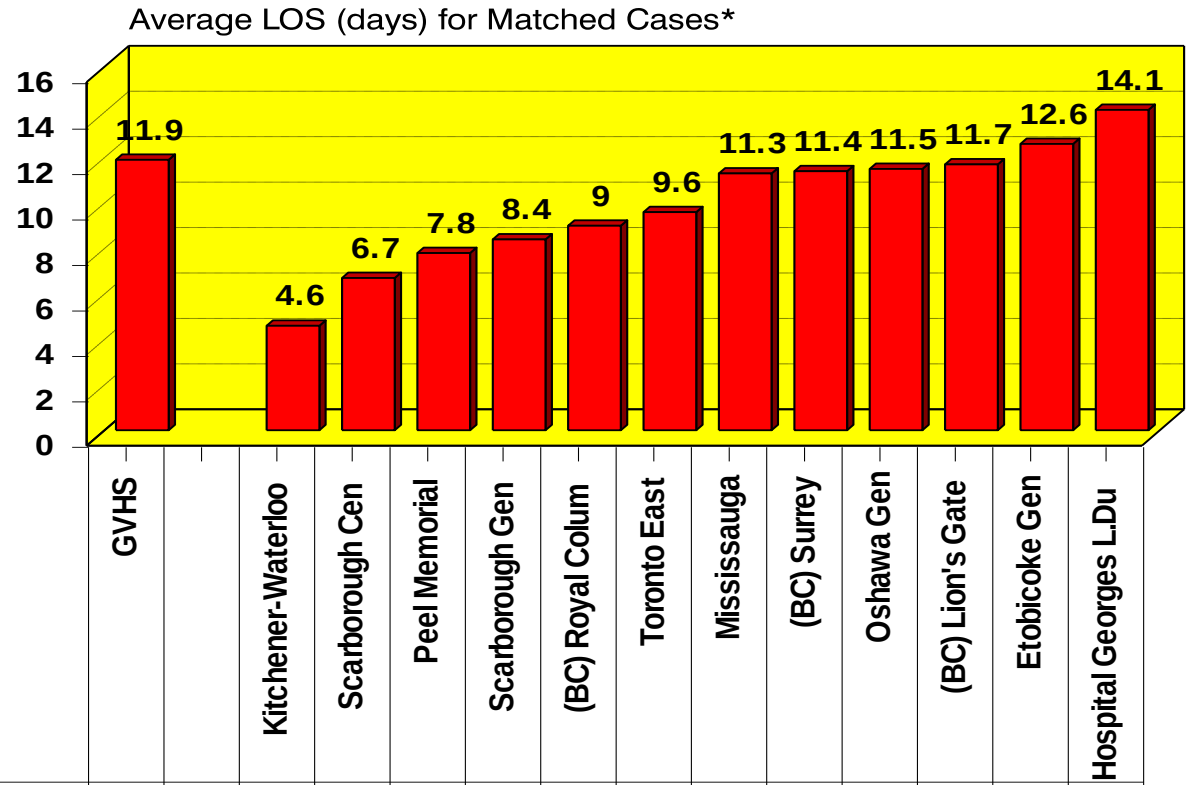
Bulg
Tech

UMC - External (Across Canada)

LOS Comparisons - External Perspective

CMG 354 (s) Knee Replacement

GVHS vs Selected Canadian Hospitals (Apr 1, 1994 - March 31, 1995)



	GVHS		Kitchener-Waterloo	Scarborough Cen	Peel Memorial	Scarborough Gen	(BC) Royal Colum	Toronto East	Mississauga	(BC) Surrey	Oshawa Gen	(BC) Lion's Gate	Etobicoke Gen	Hospital Georges L.Du
Avg LOS:	11.9		4.6	6.7	7.8	8.4	9	9.6	11.3	11.4	11.5	11.7	12.6	14.1
Matched Cases:	100		55	85	80	181	100	133	124	48	66	75	63	18

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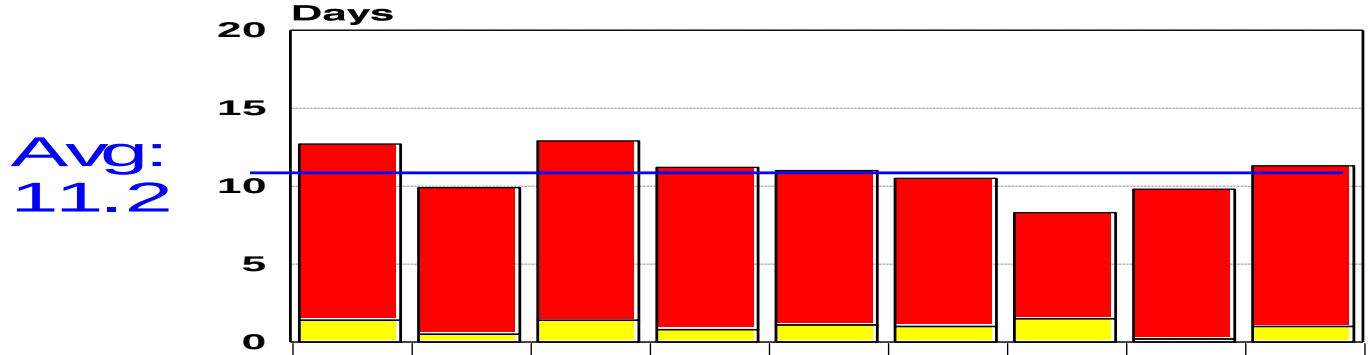
UMC - Physician Specific Comparison

Length of Stay Analysis - by Physician

CMG 353 (s) Hip Replacement without C

Timeframe: April 1, 1994 to March 31, 1995



	J	K	L	M	N	O	P	Q	R
Surgery on Admit	25	16	1	4	1	0	5	7	0
Emerg Admit	0	0	1	0	0	0	0	0	0
Direct Admit	37	32	18	17	14	10	10	9	8
Comp.as a %	0	0	0	0	0	0	0	0	0
Complications	0	0	0	0	0	0	0	0	0
Avg RIW	4.56	4.13	4.56	4.39	4.45	4.31	3.67	4.03	4.55
AWAS	0.95	0.81	0.79	0.76	0.79	0.9	0.8	1	1
Avg Post-Op	11.3	9.4	11.5	10.4	9.9	9.5	6.8	9.6	10.3
Avg Pre-op	1.4	0.5	1.4	0.8	1.1	1	1.5	0.2	1
ALOS	12.7	10	12.8	11.1	11	10.5	8.3	9.8	11.3
Cases	37	32	19	17	14	10	10	9	8

Physician (service code 34)

Source: GHVS Health Records Database (PRA)

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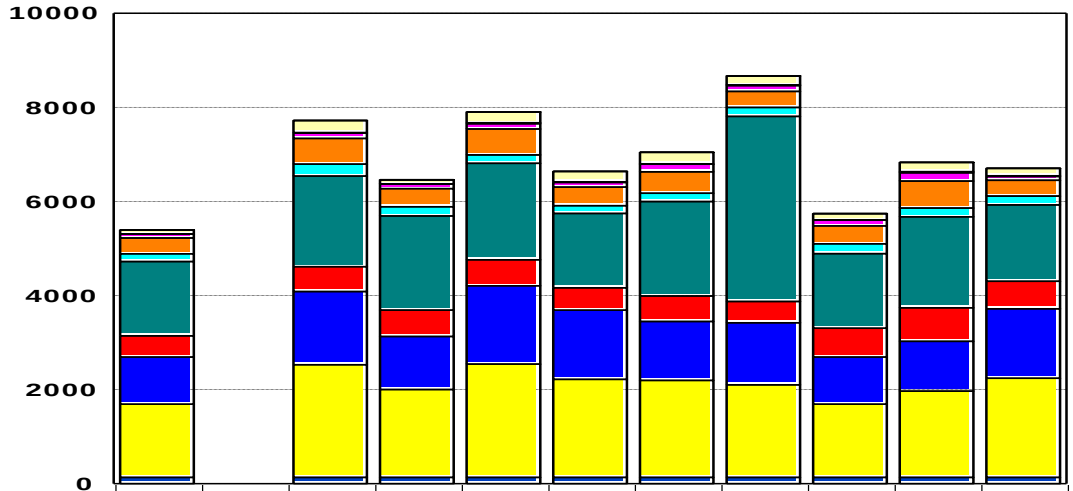
UMC - Physician Specific Cost Comparison

Cost Comparison by Physician

CMG 353 (s) - Hip Replacement without CC

April 1, 1994 to March 31, 1995



	Lowest Cost	J	K	L	M	N	O	P	Q	R
Total	5304	7720	6461	7901	6638	7043	8669	5742	6828	6702
Heart Cath Lab	0	0	0	0	0	0	0	0	0	0
Laboratory	89	257	89	228	221	248	195	140	197	157
Social Work	0	14	3	21	14	5	12	0	23	15
EDS/Med Imag	82	110	98	114	99	160	125	122	175	82
Therapies	335	548	384	549	395	456	341	380	575	335
PARR	165	252	195	181	165	177	190	210	184	187
Prosthetics	1579	1927	2004	2048	1579	2009	3933	1586	1935	1623
O.R. Labour	452	527	559	554	478	540	452	613	714	585
Nursing Unit	1002	1556	1127	1665	1470	1253	1319	1002	1059	1476
Institution	1556	2396	1869	2408	2084	2062	1969	1556	1833	2109
Admit	133	133	133	133	133	133	133	133	133	133
Cases (with complete costs):		36	32	19	17	14	10	10	9	8

Physician (Service 31)

Source: GVHS Patient Costing System - 1994/95 Costs
Costs NOT INCLUDED: Pharmacy, Respiratory Therapy, Blood Bank

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6. Performance Measures – Quality Improvement

- Clinical Guidelines/ Protocols/pathways
- Medical Staff meetings
- Continuing Education for staff
- Infection control
- Hand washing surveys.

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6. Performance Measures – Patient Satisfaction

- Patient surveys at Out-patient/Emergency
- Patient surveys from in-patient departments
- Public surveys.

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6. Hospitals should be Proactive

- Hospitals should lead not follow HII/MOH
- Adopt Clinical Guidelines
- Establish Councils of peer group managers
- Agree on performance indicators and begin to report on them and share
- Look for ways to improve services
- Document them and share.

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Discussion

Thank you,