

CONFERENCE ABSTRACT

Innovative funding models to incentivise integrated care

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Emily Prior, Michael Kitts

PwC Australia, Australia

Introduction: A funding model is not simply about providing enough funding for care providers to cover their costs. It is possibly the most powerful tool available to incentivise the responsible use of resources by the health system for the benefit of the patient and the taxpayer. The right model can:

- Reward good outcomes for the patient;
- Support patient choice;
- Increase clinical engagement;
- Incentivise providers to reduce waste;
- Support and encourage a more integrated model of care, and align stakeholders around a shared goal;
- Increase competition in the market, driving innovation and investment; and
- Reduce health inequalities in the system, and hence support a greater level of equality in society in general.

Having developed a robust Activity Based Funding (ABF) system, Australia is now well positioned to move into the next wave of funding model reform.

Theory, results, discussion, conclusion: The platform for change stems from:

- Real gains in integrated care currently being hindered by disincentives for acute care commissioners and providers to shift care into the community.
- The current lack of focus on paying for value despite a relatively sophisticated understanding of what value means for patients and taxpayers.
- A genuine appetite for change: at every level of the system Boards and Executives are eager to explore different funding mechanisms that could improve population health, improve the experience of patients and reduce cost per capita.

Retrospective simulation modelling on real data shows that two new funding mechanisms are worthy of further consideration:

1) ABF with released capital funding: where acute care commissioners and providers are incentivised to use some of their ABF funding to better integrate care and avoid hospital costs through greater use of Step Down, Out of Hospital and Home Care services. The significant proportion of fixed costs hospitals must cover, which remains even when hospital activity is successfully reduced, is covered

through “released” capital from the deferral of future infrastructure costs because of that reduction in hospital activity.

2) Joint commissioning on an outcome basis to reduce whole-of-health-economy costs and increase integration.

Suggestions for future research: We will share the results of our modelling and also welcome additional innovative suggestions to further enhance this field of thinking.

Keywords: funding; integrated care; incentives
