

3F - FORMULA FOR FUNDING: RETHINKING PORTUGUESE HOSPITAL FUNDING SYSTEM

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BACKGROUND AND OBJECTIVES

The economic crisis that hit Portugal in 2010, along with the Memorandum of Understanding establishing the European Financial Stabilisation Mechanism in the following years, led to strong and significant reductions in total health expenditures in an attempt to increase and promote efficiencies in the health care network. On a highly public-dependent system, these measures have returned an under-funded health system, with limited hospital management capabilities, as well as a constant struggle to maintain acceptable healthcare delivery.

Portuguese hospitals are funded through global public budgeting, mostly based on production through the Diagnosis-Related Groups (DRG) system¹. This funding mechanism, highly focused on activity instead of on quality of care and health outcomes have been leading to both operational- and governance-related waste.

The existent inefficiencies, along with State expenditure restraints, are raising hazards on healthcare accessibility, healthcare provision quality and hospital sustainability. It is urgent to rethink the Portuguese health system organization, focusing on finding alternative funding models as powerful weapons to reshape the health system. **3F - Formula For Funding** has the main objective of identifying the main hurdles affecting the hospital funding system and healthcare provision, and define alternative funding solutions to promote innovation and reduce waste in Portuguese hospitals.

METHODS

A HEALTH SYSTEM ANALYSIS & BENCHMARKING

This project initiated with a Portuguese health system in-depth analysis, focusing on its **organization** and **funding** mechanisms.

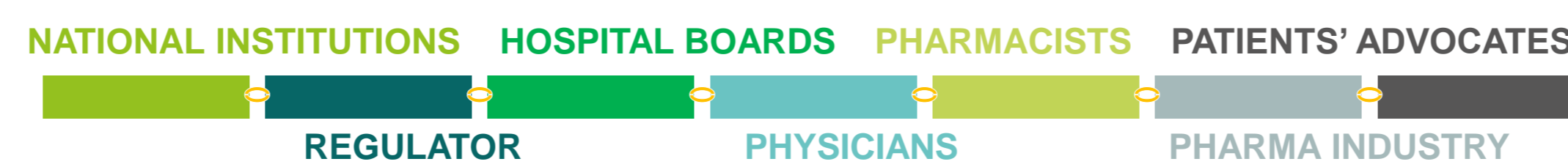
After a quantitative and qualitative analysis of several European countries, 11 were selected for a more detailed study.

Main selection criteria were countries' health system organization and funding mechanisms similarity to Portugal, which allowed the identification of **European best-practices**.



B FUNDING MODEL DISCUSSION

The funding model discussion was conducted in a workshop format. Experts from all relevant areas within the Healthcare sector got together to discuss the **European best practices** and evaluate their relevance to the Portuguese setting.



Three workshops were held under the topics of **Accessibility**, **Outcomes Measurement** and **Sustainability** with the main objective to create value for the patient and subsequently for the health system.

C PILOT PROJECT DEVELOPMENT

A total of 90 initiatives emerged from the workshops and were grouped into 4 dimensions:

- **Prevention and Health Promotion** • **Disease Management**
- **Care Integration** • **Health Outcomes**

These initiatives derived into 2 pilot projects, structured in a final workshop session, that will be implemented in Portuguese hospitals throughout 2018 and 2019.

RESULTS

RECOMMENDATIONS

The discussion resulted in **10 recommendations** which are essential to improve not just the funding model but ultimately the health system organization:

- Strengthen the **role of primary care** through the development of new competences
- Integrate Primary, Secondary and Continued healthcare** through the development of shared strategies and objectives
- Develop a **community patient support network**, with both clinical and non-clinical intervention
- Empower **citizen participation in health system policies**
- Ensure **interoperability** among health information systems
- Introduce **patient-centred and patient-valued outcomes measurement**
- Provide **transparent information and benchmarking** on healthcare providers performance
- Narrow the distance between the decision makers and patients**, through autonomy and hospital management accountability
- Develop a **vertical and integrated funding models** based on **outcomes measurement**, enhancing **citizen participation and best practices**
- Implement a **serious dialogue** and a **lasting reliability** among all healthcare stakeholders

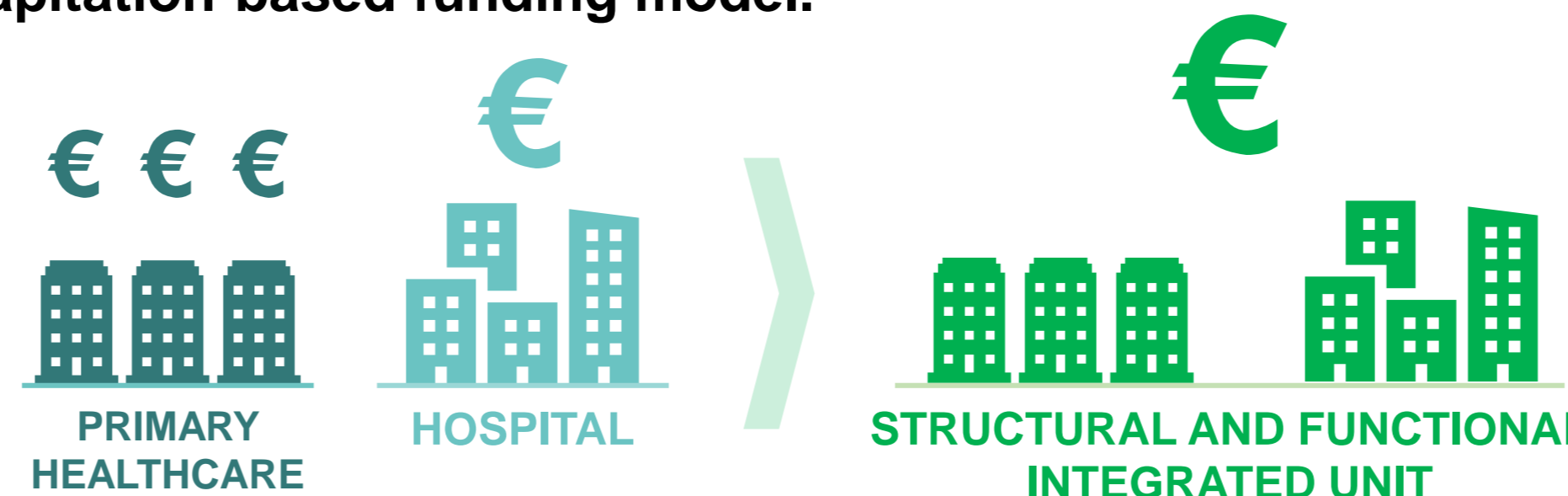
PILOT-PROJECTS

IMPLEMENTATION OF A CAPITATION-BASED FUNDING MODEL, FOCUSED BOTH ON HEALTHCARE INTEGRATION, DISEASE PREVENTION AND HEALTH PROMOTION IN CENTRO HOSPITALAR DE TRÁS-OS-MONTES E ALTO DOURO (CHTMAD)

CHTMAD influence area is characterized by different funding models, depending on the healthcare provider (Primary and Secondary Care), with different objectives and evaluation criteria.

Four key initiatives were developed to promote a more integrated and functional care, with common objectives and funding mechanisms

Besides ensuring the delivery of an **integrated care** to its citizens, this pilot-project aims at introducing a common and more accurate **capitation-based funding model**.



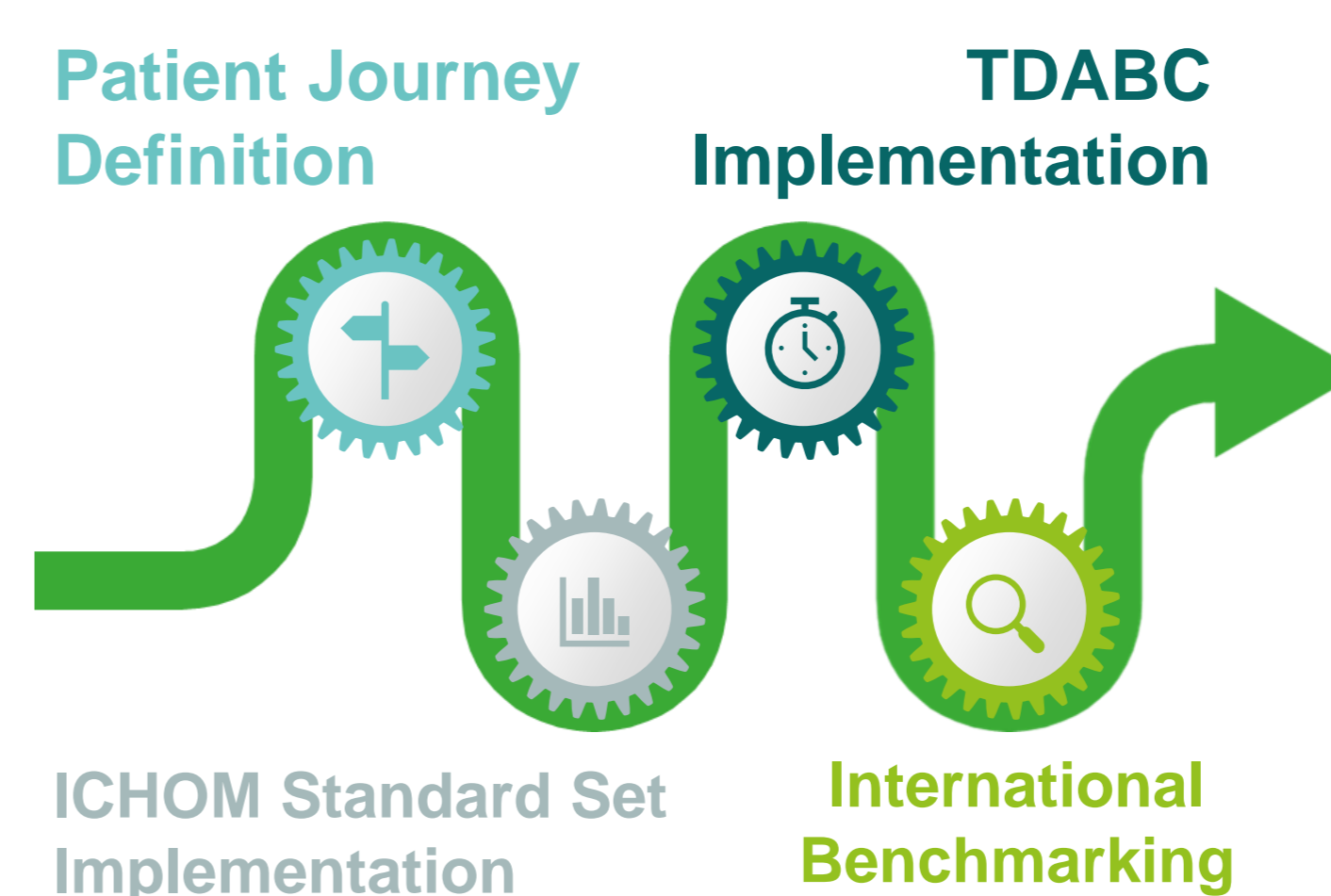
PROPOSED INITIATIVES

- Checklist for Social Discharge**
Checklist to ensure patient indispensable social conditions on hospital discharge
- Structural Costs Identification**
Non-activity dependent costs assessment in order to promote a funding model that considers institutions' setting
- Emergency Department Chronic-Users**
Program for chronic patients to both reduce the burden of disease and avoidable hospitalizations
- Emergency Department High-Users**
Program for frequent users to ensure better healthcare delivery and a more rational services utilization

IMPLEMENTATION OF A FUNDING MODEL BASED ON OUTCOMES MEASUREMENT AND DISEASE MANAGEMENT FOR THE LUNG CANCER PATIENTS IN IPO PORTO

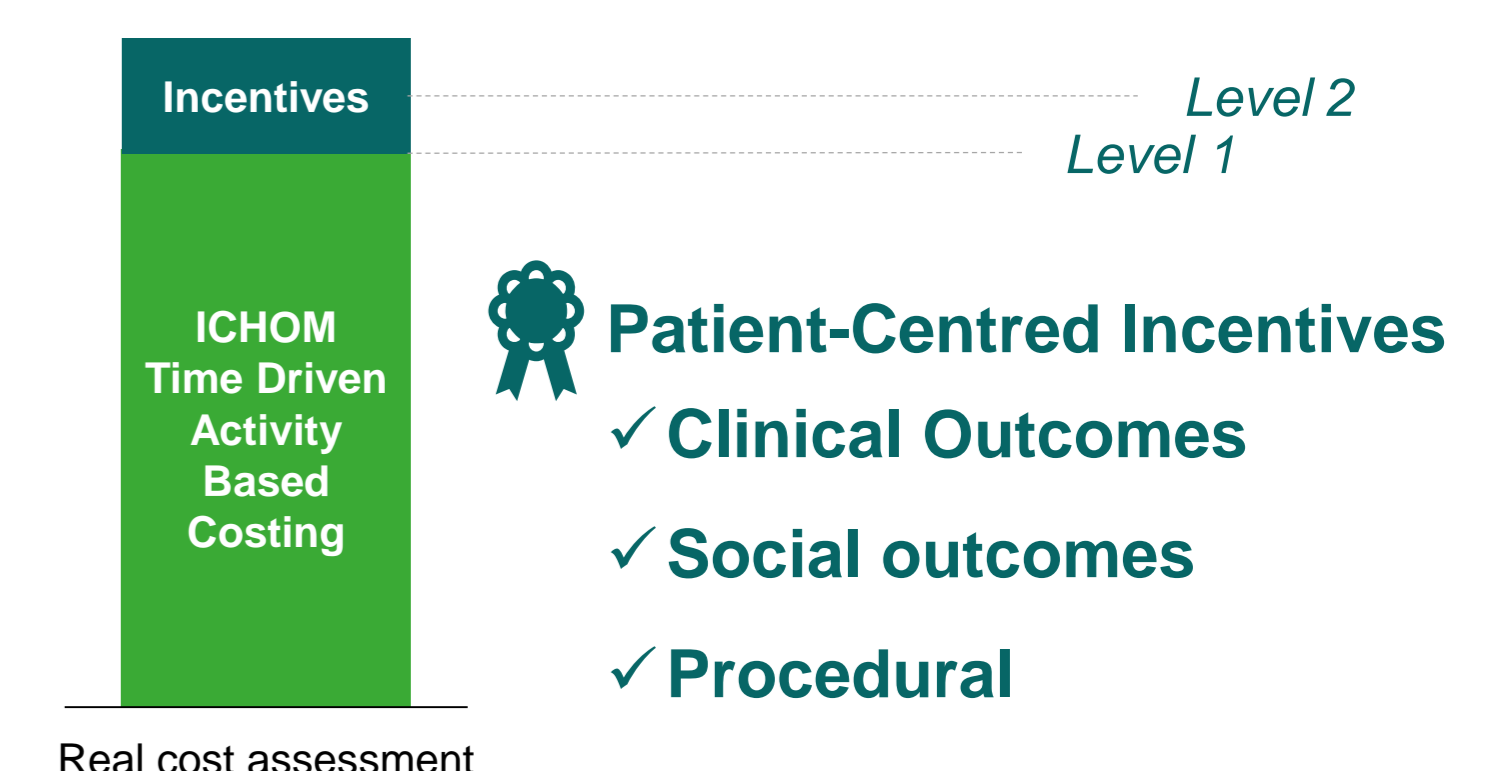
CURRENT FUNDING MODEL

Comprehensive price per treated patient per year to which 5%-incentives are added.



PROPOSED FUNDING MODEL

A new funding model based on patients outcomes, adding an incentive percentage for healthcare quality



CONCLUSION

The Portuguese NHS is chronically under-funded. The focus on production and not on quality of care results in inequities in access and inefficiencies across the health system, which requires an optimization of the current funding model to reduce health debt and provide a better care for the Portuguese population.

3F – Formula For Funding is an initiative that aimed at identifying and defining new solutions to reduce waste and promote innovation in the health system. This project had the participation of numerous health experts that together discussed current and future NHS funding models. This discussion resulted in 10 recommendations, 90 initiatives and 2 pilot-projects that are now in their implementation phase, that will be explored as testing tools and, if successful, replicated to other institutions. This will not only create value for the patients but to all Health-related stakeholders.

The IPO Porto pilot for Lung Cancer will allow health outcomes measurement along with the assessment of real treatment costs, granting the implementation of the Value-Based Healthcare model in Portugal. With this initiative it will be possible to determine healthcare quality, to compare the measured value with the current comprehensive price and to test different incentive models that reward the hospitals with best performances. The second pilot-project will be held in CHTMAD and will enable the structural and functional integration of different healthcare levels in the same region. A capitation-based funding model will be tested and will then be compared with the current separate budgets for the primary and secondary care units.

These pilots intend to disregard the current funding model, which is a barrier to innovation, and promote an ecosystem that allows its promotion, putting together all different healthcare promoters, social sectors and community partners. The purpose of **3F – Formula for Funding** was to develop, implement and evaluate different organization and funding models that will bring added value for patients, healthcare professionals and health system.

ACKNOWLEDGEMENTS

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REFERENCES

1) Health Systems in Transition. Portugal - Health System Review. 2017.