

Sept. 26, 2012

## PATIENT-BASED FUNDING

### Part 1: Change that is redefining our health care system

The province of Ontario is committed to ensuring that patients get *the right care, at the right place, at the right time*. This commitment is backed by one of the largest changes to the health care system since the creation of the LHINs. Through the Patient-Based Funding model, launched in 2012, Ontarians are seeing a shift in the way health care dollars are being spent for services.

Rather than providing hospitals with a lump-sum of money, hospitals will receive funding based on:

- How many patients a hospital looks after
- The kind of services a hospital delivers
- The evidence-based quality of those services
- The specific needs of the population a hospital serves

*Change is, by its nature, challenging. Patient-Based Funding is change that directs hospitals to take a close look at the services they offer and focus on the core services that are needed.*

### Patient-Based is Experience-Based

Patient-Based Funding draws on 20 years of experience from around the world. Countries such as Sweden, Germany, and Japan have been successfully using this model of funding to reduce wait times and increase quality of care. Additionally, British Columbia and Alberta adopted the model in 2010, and have seen positive results for patients.

### Managing Change

Patient-Based Funding is being rolled out in three phases, with phase 1 beginning in April, 2012. Changes in funding mean significant change to the way hospitals operate. Currently, hospitals across the province offer a wide variety of services, and at a wide range of costs. Some of these services are better suited to be offered through other community-based organizations as they are able to provide increased capacity, higher quality, better access, and lower cost.



Ontario

Erie St. Clair Local Health  
Integration Network  
Réseau local d'intégration  
des services de santé  
d'Érié St. Clair

	April 2011	Phase 1 April 2012	Phase 2 April 2013	Phase 3 April 2014
<b>Quality-Based Procedures</b>	0%	6%	15%	30%
<b>Health-based</b>	1.5%	40%	40%	40%
<b>Global</b>	98.5%	54%	45%	30%

Change is, by its nature, challenging. This change directs hospitals to take a close look at the services they offer and focus on the core services that are needed. The LHIN, as managers of local health care, are working with hospitals and community agencies to ensure that any transition of services is done as smoothly as possible and in the best interest of the patients.

### Next Steps

On September 25, 2012, the Erie St. Clair LHIN Board received the annual plans that hospitals are required to submit. Of the five Hospital Annual Planning Submissions (HAPS) under review, three are managing projected deficits for this fiscal year. Challenges such as deficits are to be expected as the health care system undergoes a change in funding models. What must also be expected is that the hospitals will take steps to address their financial situations and communicate those steps to the public. All agencies, including hospitals, must work with the community to make the necessary decisions in order to live within their budgets.





# Erie St. Clair LHIN HEALTH CARE UPDATE

[www.eriestclairhin.on.ca](http://www.eriestclairhin.on.ca)

The role of the LHIN is to ensure that in making these decisions, hospitals follow a process before any service changes are proposed:

Option 1: Find and implement opportunities for efficiencies within the hospital and continue offering the services in the hospital

Option 2: Partner with community agencies and relocate services into the community

Option 3: If there are no other opportunities to continue the service, then look at reducing services

These steps are followed in order to ensure change is managed as a system, so solutions are in place to guarantee that patients get the care they need, at the right place, and at the right time.

The LHIN will continue to measure hospital performance based on provincial targets. By monitoring the metrics, we will be able to determine if there are impacts on patient care and work as a system to take action as needed.

By examining core services and divesting services that do not necessarily need to be in a hospital, our hospitals will be positioned to provide better care, better experiences, and better value for everyone.

## LEARN MORE

For more information about the Erie St. Clair LHIN, please visit: [www.eriestclairhin.on.ca](http://www.eriestclairhin.on.ca)

For more information please contact Ron Sheppard, Acting Director, Communications and Community Engagement, Erie St. Clair LHIN, at 1-866-231-5446 ext. 3230 or at [Ron.Sheppard@lhins.on.ca](mailto:Ron.Sheppard@lhins.on.ca)

## ABOUT THE ESC LHIN

The Erie St. Clair LHIN is a Ministry of Health and Long-Term Care agency that plans and pays for health care services totaling a billion dollars a year in our region alone – everything from hospitals to Meals on Wheels.

The Erie St. Clair LHIN strives to make the health care system better by understanding and responding to local needs and by getting services to work together more efficiently. That's how we'll all get better health care, while saving money and making the system sustainable for our children and grandchildren.



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