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Financing mechanisms to promote care for people with multiple chronic conditions in Europe

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on behalf of the ICARE4EU consortium

Policy Issue

Growing prevalence of people living with multimorbidity is challenging health financing.

→ Finding adequate and sustainable sources

→ Payment mechanisms should improve collaboration and quality of care

→ Payment mechanisms should adequately account for complexity of treated patients

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First things first: where should funding come from?

- Funding should be sustainable and cover:
  - Development cost
  - Administrative cost
  - Provider payment
- Very different approaches visible in ICARE4EU
- Start up funding often from governments, payers and providers

Examples from Icare4EU

Example: Various different funding approaches

Danish clinic for multimorbidity at Silkeborg Regional hospital): start up funding from regional government and own budget

Dutch INCA project: first p[illegible]ealth, next phase by the health insure[illegible]

It shows the importance of addressing medium- and long-term funding right at the start of a project.

The German Gesundes Kin[illegible]ivate company and a network of physicians and therapists secured funding from two German sickness funds

POTKU project: grants from the Ministry of Health and Social Affairs. When this money ran out, the programme also stopped, even though evaluations were positive. (a POTKU II project is now operational).

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Payment mechanisms and incentives for ICC programmes for people with multimorbidity

Ideally, provider payment mechanisms:

(1) motivate actors to be productive in terms of number of cases treated and services provided
(2) avoid incentives that would lead to risk selection (a concern for patients with multimorbidity)
(3) contribute to overall health system efficiency through expenditure control
(4) are administratively easy
(5) encourage providers to achieve optimal care outcomes.

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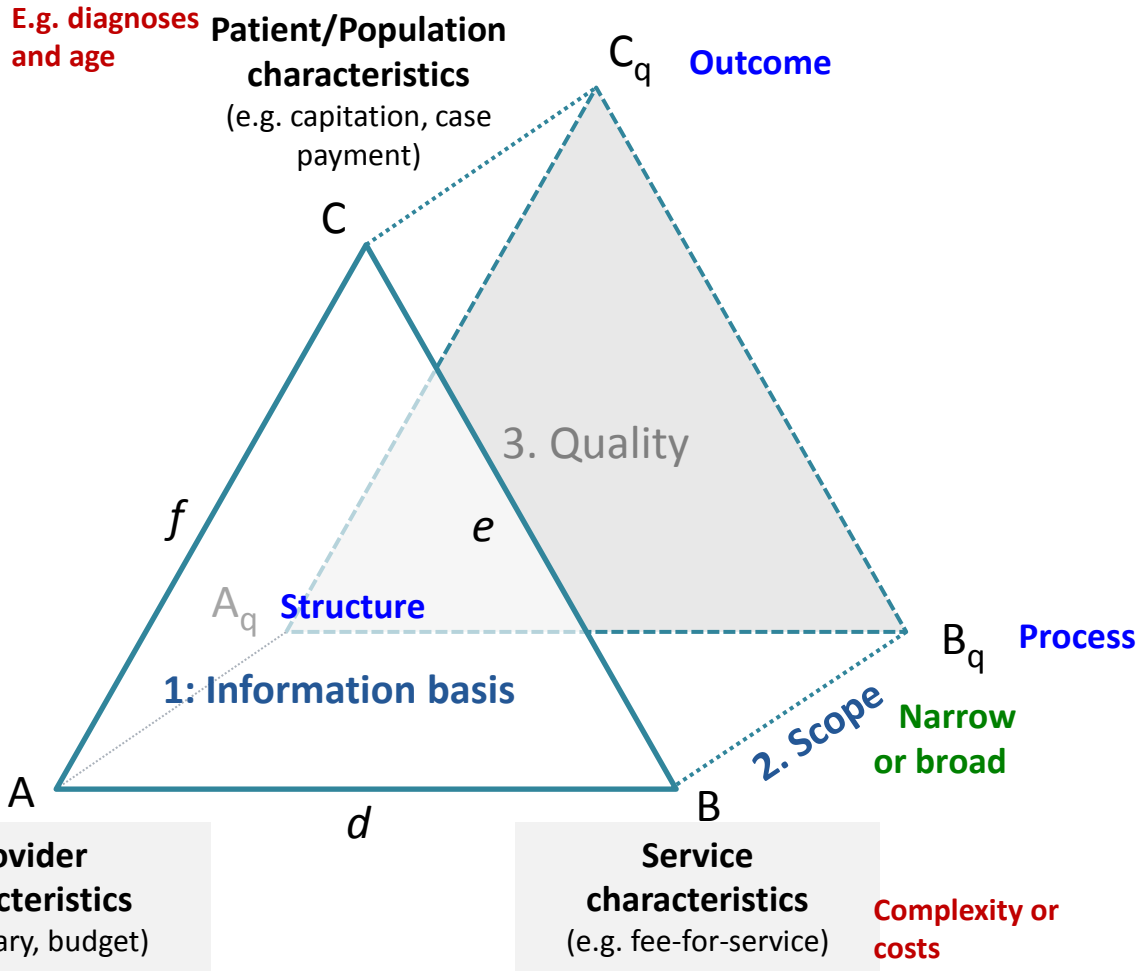
Basic forms of payment mechanisms and their expected incentives

Payment mechanism	Productivity		Avoidance of risk selection	Expenditure control	Admini-strative simplicity	Quality of care
	Number of patients or cases	Number of services per patient or case				
Physician payment (ambulatory care)						
Fee-for-service	+	+	+	-	-	O
Salary	-				+	O
Capitation	-				+	O
Hospital payment (inpatient)						
Per diems	O				+	O
Global Budget	-	-	O	+	+	O
Case payment	+	-	- (if insufficiently casemix-adjusted)	O	-	O

- **conflicting incentives for "productivity" and "expenditure control**
- **No explicit incentives for quality**

A framework for understanding payment

Three dimensions largely determine incentives in the system



Based on Ellis and Miller (2009) with modifications.

What is payment based on in practice?

The ICARE4EU survey of 101 programmes found:

(1) Only 27 have developed own payment schemes
(2) No payment system developed to foster integrated care for patients wi
(3) No dominant i of provider, service or patient)
(4) Only 10 use so yment
(5) 32 programme tion or bonuses
(6) 17 programmes use P4P, 16 programmes shared savings
(7) 21 programmes use incentives for patients to participate

This suggests there is an unexploited potential to improve payment methods especially for persons with multimorbidity..

But how?

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How to improve payment for people living with multimorbidity?

Payment mechanisms could be adjusted to:

(1) promote coordination and ultimately integration of care

(2) better account for multimorbidity

(3) to encourage high quality of care

(1) promote coordination and ultimately integration of care

Payment based on (basic mechanism)	Provider characteristics (salary, budget)	Patient / Population characteristics (capitation, case payment)	Service characteristics (fee-for-service)
To promote coordination ↓ To pay for integration (bundled payment or shared savings)	budgets for multidis…		…se …in
	higher c…		
	budgets for integrated care str…	one capitation or case payment	one fee for multiple services performed
	paymen… with a h… a hospital, rehabilitation providers, and ambulatory physicians)		…nt …nt by

P4C: extra money for better coordination. Easy to implement but no incentive to reduce cost

Shared savings or bundled payments allow benefiting from efficiency gains, but are considerably more complex to implement

Shared savings and bundled payment

Shared savin

(1) Uses establish

(2) Requires a new

(3) Redistribution s

Still uncommon in Europe. Exception: The Gesundes Kinzigtal. Expenses are compared to German standardized cost and a period prior to intervention. If the sickness fund spends less than it receives, the gain is shared. The project led to consistent savings.

Bundled payment pro

(1) More co

(2) The broader the

(3) Requires large or financial reserve

Very broad bundles may not fit well with patients with multimorbidity because the complexity of their needs means that health care costs can exhibit even larger variation than on average in the population.

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2. Better account for multimorbidity

Payment based on (basic mechanism)	Provider characteristics (salary, budget)	Patient / Population characteristics (capitation, case payment)	Service characteristics (fee-for-service)
To better account for multimorbidity	higher budgets for providers with professionals trained in multimorbidity	comprehensive casemix adjustment of payments, explicitly taking multimorbidity into account	pay for patient education and counselling, pay for polypharmacy review
	Relatively easy to do		**Relatively easy to do**

Relatively hard:

- **Patients with multimorbidity may require more resources**
- **If not adequately compensated a strong incentive to engage in risk selection exists**
- **Need increases with a broader scope of payment**

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3. Promote quality

Payment based on	Provider characteristics	Patient / Population	Service characteristics
(basic mech			
To promot (for above average pe for perfor improvemen			tion of ith patients ng had review

Designing incentives is complicated:

- **Quality must be reliably measured**
- **Meaningful indicators need collecting**
- **How to define targets (absolute or relative?); level of the payment adjustment (Individual, group, institution?); form of the incentive (bonus or penalty?)**

Measuring quality is particularly important when payments are broad because they may provide larger incentives to reduce costs – e.g. by reducing the provision of services

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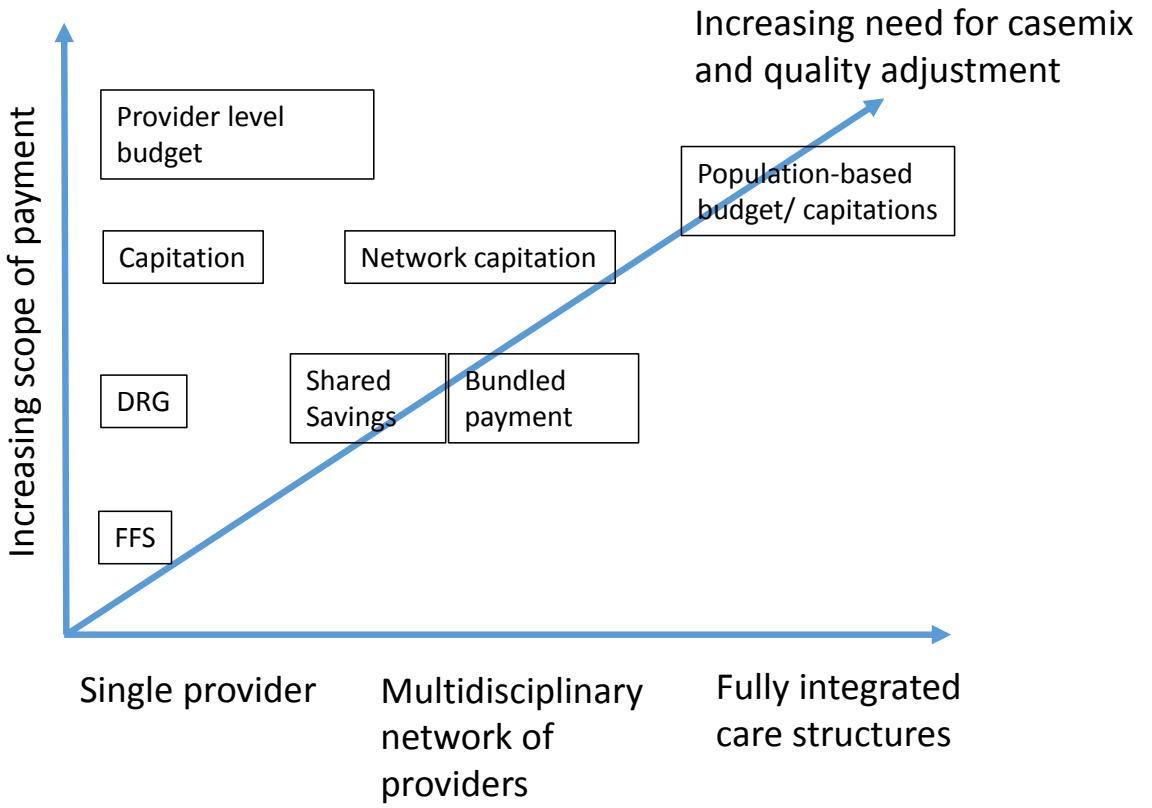
Relationship between scope of payment, care integration, case mix and quality adjustment

There is a hierarchy in the complexity of payment systems

→ Increasing scope of payment, increase need for casemix and quality adjustment

→ Countries should take note as this may provide a roadmap



Source: based on Shih et al. & 2008 and Eijkenaar et al. 2013

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Can ICC programmes for people living with multimorbidity save money?

45 programmes (of 101) report savings mainly resulting from:

- → Reductions of utilisation (emergency care, acute visits)
- → Increased multiprofessional collaboration
- → use of new technologies (Electronic health records and e-health protocols)
- → The reduction of polypharmacy

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Closing observations

- Large unexploited potential to improve financing mechanisms for people living with multimorbidity
- No easy conclusion how to redesign payment and incentive mechanisms
- Lack of evidence of how different payment mechanisms can improve care for (multiple) chronic diseases, the economic impact of integrated care and effects of different incentives on provider behaviour

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Policy directions

- Foster the development and evaluation of ICC programmes and their payment for patients with multimorbidity.
- Assess the local context and take an incremental approach when adopting more complex integrated care payment
- Invest in strong leadership and governance structures at national but also at programme levels.
- Improve information systems
- Innovative payment mechanisms/incentives include (1) pay for coordination (PFC), (2) shared-savings programmes , and (3) bundled payments
- Pay for performance (P4P) can be used to provide incentives for better quality of care

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Take-home message

Adequate #**financingmechanisms** can support and protect people living with #**multimorbidity** but important work lies ahead

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Innovating care for people with multiple chronic conditions in Europe (ICARE4EU)*

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