Activity Based Funding: What does this mean for clinicians and our patients?

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The Problem

- We currently have one of the best health systems in the world
- Continuing increases in health costs and budgetary constraints ⇒ unsustainable
- There is only a finite amount of money to spend on health so we need a strategy to make each health dollar go further
The Ideal Solution

- A system that is patient centred, costs less, drives efficiency AND improves best clinical practice

- = Activity Based Funding (potentially)
Doesn’t cheaper care mean worse outcomes for the patient?

- Current evidence suggests that providing good quality health care actually costs less

James B and Savitz L. *Health Affairs*; 2011:30(6) 1-7.
So how does ABF work and where do the Clinicians fit in?
How does ABF work?
Provide service to patient

How does ABF work?
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How does ABF work?

Provide service to patient

Document in medical record

Medical Records Coded
How does ABF work?

- Provide service to patient
- Document in medical record
- Medical Records Coded
- Classify information into a Diagnosis Related Group (DRG)
How does ABF work?

- Provide service to patient
- Document in medical record
- Medical Records Coded
- Classify information into a Diagnosis Related Group (DRG)
- Send information back to government
How does ABF work?

- LHD funded for activity (efficiency)
- Send information back to government
- Document in medical record
- Medical Records Coded
- Classify information into a Diagnosis Related Group (DRG)
- Provide service to patient
How does ABF work?

- Performance Data Generated and reviewed
- Provide service to patient
- Document in medical record
- Medical Records Coded
- Classify information into a Diagnosis Related Group (DRG)
How does ABF work?

1. Document in medical record
2. Medical Records Coded
3. Classify information into a Diagnosis Related Group (DRG)
4. Performance Data Generated and reviewed
5. Data drives efficiency and resource allocation
6. Provide service to patient
Roles of the clinician in ABF

- Provide service to patient
- Data drives efficiency and resource allocation
- Performance Data Generated and reviewed
- Medical Records Coded
- Document in medical record
- Classify information into a Diagnosis Related Group (DRG)
Roles of the clinician in ABF

Service Provider

Provide service to patient

Document in medical record

Medical Records Coded

Classify information into a Diagnosis Related Group (DRG)

Performance Data Generated and reviewed

Data drives efficiency and resource allocation
Roles of the clinician in ABF

- Data drives efficiency and resource allocation
- Performance Data Generated and reviewed
- Classify information into a Diagnosis Related Group (DRG)
- Provide service to patient
- Document in medical record
- Medical Records Coded

Service Provider
Documenter, Supervisor
Roles of the clinician in ABF

- Data drives efficiency and resource allocation
- Performance Data Generated and reviewed
- Service Provider: Provide service to patient
- Documenter, Supervisor: Document in medical record
- Communicator: Medical Records Coded
- Classify information into a Diagnosis Related Group (DRG)
Roles of the clinician in ABF

- Service Provider: Provide service to patient
- Documenter, Supervisor: Document in medical record
- Communicator: Medical Records Coded
- Analyser, Interpreter: Performance Data Generated and reviewed
- Classify information into a Diagnosis Related Group (DRG)

Data drives efficiency and resource allocation
Roles of the clinician in ABF

- Documenter, Supervisor
  - Document in medical record
- Communicator
  - Medical Records Coded
- Service Provider
  - Provide service to patient
- Analyser, Interpreter
  - Performance Data Generated and reviewed
- Effect Change Input into funding allocation
  - Data drives efficiency and resource allocation
  - Classify information into a Diagnosis Related Group (DRG)
Engagement of Clinicians at all levels will be crucial to the success of ABF
Clinician Knowledge of ABF

- Limited knowledge of ABF
  - “Something they said was coming in years ago”
  - “Another cost cutting exercise”
  - “More paperwork”
  - “I don’t have time for this. I’m too busy taking care of patients.”
  - “Interference with patient management”
  - “Not being able to give the best treatment to my patients”
  - “What’s ABF, is it the new MRSA?”
Potential Barriers to Engagement

- Resistance to Change
- Time poor with increasing patient loads, administration tasks, teaching and supervision
- Clinicians and coders have not historically interacted
- Clinicians and management may have competing interests
- Frustration with “the unknown”
Education is the key....

- Approximately 6,000 doctors, nurses, allied health in SLHD
What’s new to Clinicians?

**Routine**

- ✓ Service Provision

**Needs refining**

- × Quality of Documentation
  - learn the coding language
  - closer supervision of junior staff

**New**

- × Understanding ABF
- × Coding staff Interaction
- × Analysis, interpretation of performance data
  - Reports that are complex and foreign
  - Interpretation of variance
- × Input into future resource allocation
  - Using this data to drive best practice
Education – 5 Key Messages

1. We are all working towards the same goal
   – Best Clinical Practice and ABF are not mutually exclusive
Best Clinical Practice and ABF aligned

<table>
<thead>
<tr>
<th>Best Clinical Practice</th>
<th>ABF</th>
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</thead>
<tbody>
<tr>
<td>● Patient centred</td>
<td>→ Individual patient data</td>
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<tr>
<td>● Evidence Based</td>
<td>→ Improved coding and data</td>
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<tr>
<td>● Equitable</td>
<td>→ Transparent funding allocation</td>
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<tr>
<td>● Easily Accessible</td>
<td>→ Reduces waiting lists</td>
</tr>
<tr>
<td>● Efficient, Benchmark</td>
<td>→ Investigation of cost variation</td>
</tr>
<tr>
<td>● Evolving</td>
<td>→ learn and improve from inefficiencies</td>
</tr>
</tbody>
</table>
Education – 5 Key Messages

2. ABF does not limit the amount hospitals can spend on individual patients

3. Clinicians determine the care needed for individual patients
   - ABF funds hospitals based upon averages; some patients cost more, others cost less

4. ABF is not a cost cutting exercise and promotes evidenced based practice
   - funds set aside for each category reflect the cost of evidence based treatment options not cheapest treatment options
Education – 5 Key Messages

5. Better Documentation = quality, not quantity
   
   - Recording the full complexity of an episode of care is critical in maximising the funding allocated to your hospital
The SLHD experience

- Clinician Engagement
- Education Initiatives
- Coding and Documentation Initiatives
- Opening communication channels between clinicians, coders and administration
Engaging Clinicians in SLHD

- Ongoing process, led from above
- Identify clinicians with an interest, prior knowledge, respected by peers
- Involvement in all levels of governance
  - Each of the facilities have established ABF steering Committees with senior clinician representation
- Departmental ABF champions
- Slowly change culture of organisation
Education Initiatives

- Delivered by Clinicians
  - Hospital Orientation
  - Heads of departments, JMO Teaching sessions
  - Medical Students (PRINT)

- Regular Updates via Intranet and printed media

- Information Technology
  - Web Based Tutorial in development
  - iPhone application
SLHD Documentation Initiatives

- Development of “Documentation Guidelines” for each specialty
  - Collaboration coders and departmental ABF champions

- Coders attending departmental ward meetings

- Encourage and review JMO documentation
  - “Issue lists”, daily documentation /interpretation of investigations
  - Regular chart review at weekly clinical meetings
  - Part of JMO performance review
Areas of Risk

● Disengaging Clinicians
  – Performance data has limitations currently and accuracy will improve over time
  – Focus on understanding and explaining variation rather than a “pointing the finger approach”
  – Delivering reports in “Clinician friendly format”

● Service Delivery versus Research and Education
  – When there are competing interests and only one has a performance measure the other will likely lose out...
Will ABF change a routine day?

- Current day to day practice will not really change
- Encourage us to foster causation based thinking and documentation in our JMOs
- More interaction with coding staff
- More accountable
  - develop a better awareness of how we treat patients in relation to our peers and why
- Balance pressures of service delivery with supervision, research and education
What challenges does the future hold?

- We do not yet have all the answers
- Educating and engaging the large clinician workforce
- Medical school curriculum
- Avoiding clinician disengagement
- Valuing Education and Research
- Auditing the process
- Measuring the right outcomes
- Not forgetting about the patient
Let’s not forget about the patient

• “It is more important to know what sort of patient has the disease (DRG), than what disease (DRG) the patient has”

Sir William Osler