

## **HealthLinks Chronic Care: A flexible funding model enabling higher value healthcare.**

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While there are many strengths to activity based funding, it encourages hospitals to treat presenting patient symptoms and conditions rather than focus on care that can reduce reliance on hospital services.

HealthLinks is a funding reform trial in Victoria which challenges health services to focus on outcomes, not volume. The model uses existing activity based funding and converts it to a risk adjusted capitation grant for health services. By using available patient level data, the funding model uses average resource utilisation as the basis for the funding. Health services have the flexibility to invest the funds in early intervention type services while also being confident that the funding pool has been modelled to cover the cost of the average patient in the identified patient cohort.

The funding model offers hospitals with funding flexibility that enables them to respond to the underlying factors which drive hospital admissions instead of the symptoms which patients present which. It also offers a lever for governments to stimulate efficiencies in service provision, with adjustments to the capitation model over time as the actual costs of patients are reduced.

A range of interventions are emerging. Interventions are typically being delivered more proactively in lower cost settings and include remote patient monitoring, telephone-based nursing and care coordination and navigation services. Hospitals have been encouraged to consider not only the mode of delivery but also if there are other providers who may be able to offer services at lower cost.

New models of care are driving changes to structures, processes, relationships and hospital culture. In accepting the funding arrangements hospitals are taking on the risk of managing the enrolled patients within the agreed capitation funding allocations. This has challenged executive and hospital board buy-in and investment in the model but has also driven hospitals to focus on determining an effective mix of services which can reduce avoidable hospital utilisation and deliver greater value.

Hospitals are becoming sophisticated in identifying which interventions are appropriate for different patient cohorts. Risk stratification models and patient clustering approaches are improving the targeting of appropriate services to patient groups based on their characteristics and needs. A co-design methodology has enabled learnings to be shared between hospitals.

An evaluation of the trial, with local results from participating health services, shows a 17 per cent reduction in hospital episodes, a 27 per cent reduction in total bed days and a 33 per cent reduction in the costs accumulated by patients. Qualitative findings are also being collected to understand whether more flexible models of care can improve the experience of patients and those delivering care.

The trial was approved by the Australian Independent Hospital Pricing Authority (IHPA) as eligible for inclusion on the 2018-19 General List of In-Scope Public Hospital Services.

Going forward, the focus is on sharing best-practice and understanding the factors to successful implementation; ensuring that the capitation model accurately reflects patient costs and is driving more efficient and effective service delivery that can deliver better outcomes for patients; and reduce avoidable hospital demand.