

2018/19 Reallocation Strategy

Central East Local Health Integration Network Board of Directors
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Presented By: Health System Strategy, Integration, Planning and Performance



Ontario

Local Health Integration
Network

Réseau local d'intégration
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2018/19 Reallocation Process

Background

- Under the *Local Health System Integration Act, 2006* and the Ministry-LHIN Accountability Agreement, Local Health Integration Networks (LHIN) have the authority to allocate and reallocate certain funding as outlined in the Agreement.
- Reallocations can take place within sectors, between sectors, and between LHINs.
- To maximize the use of all funding allocated to the Central East LHIN, staff conduct a review of health service providers' (HSP) year-end forecasts as well as forecasts of expenditures by initiative.
- This review is based on the second quarter (Q2) Self-Reporting Initiative report submitted by HSPs and surveys issued by the Central East LHIN staff during the third quarter (Q3).
- In preparation for the one-time reallocation of any confirmed in-year operating surpluses, staff regularly collect information on all potential unfunded pressures and investment opportunities that HSPs have submitted via emails or business case.

What Can Be Reallocated?

- A review of HSPs' year-end forecasts of base allocations and various special funding initiatives is conducted by staff during the 2nd and 3rd Quarters every fiscal year.
- Potential one-time surpluses may be from in these areas:
 - Annual base funding allocations;
 - Other one-time funding;
 - Unallocated Urgent Priorities Funding (UPF); and
 - Dedicated funding (e.g., Community Health Centre [CHC] physician funding, Sessional Fees [SF])
- There are Ministry of Health and Long-Term Care (MOHLTC) rules pertaining to some of these funding sources and, in some cases, specific MOHLTC approval is required.

Where Can It Be Reallocated?

- One-time reallocations of in-year surpluses may be used for potential unfunded pressures and investment opportunities, including:
 - System and Sub-Region Planning Table initiatives;
 - Other one-time investments that align to Central East LHIN / MOHLTC priorities / strategies;
 - One-time start-up costs;
 - Pressures beyond the demonstrated control of the HSP;
 - Minor capital requirements; and
 - One-time integration costs.

Strategy for Reallocations

- In order to determine how to reallocate surplus funding, LHIN staff assess options relative to a range of strategic considerations, including:
 - The need / initiative must require one-time funding only;
 - The proposed expenditure must align with Central East LHIN / MOHLTC priorities and strategies;
 - The proposed expenditure must align with 2016-19 Integrated Health Service Plan key priorities and strategies;
 - If an initiative is associated with a wait-time expectation, then the eligible surgical and/or diagnostic activity must achieve an actual reduction in wait time;
 - Measurable outputs and/or outcomes can be associated with the funding;
 - The receiving HSP must have the ability to expend the entire reallocated amount within the current fiscal year (i.e., before March 31, 2019);
 - Where required, ensuring that reallocated funding remains in the same Transfer Payment Business Entity as the original funding.

Current Estimate of 2018/19 Funds Available for Reallocation

Sector/ Initiative	Comments	Estimate
UPF	Unallocated balance of UPF for 2018/19 available for either base or one-time allocations in any sector	\$1,262,639
CHC	Physician Salary Surplus - requires prior approval from MOHLTC (last year's surplus was \$590,350) and regular operating surplus amounts (last year's surplus was \$691,879)	TBD
Other Community Providers	Regular operating surplus amounts (last year's surplus was \$269,250)	TBD
Community Mental Health Providers	SF requires prior approval from MOHLTC (last year's surplus was \$74,900) and regular operating surplus amounts (last year's surplus was \$526,584)	TBD
Long-Term Care Homes	Beds in Abeyance (BIA) – requires prior approval from MOHLTC (last year's surplus was \$983,361)	TBD
	Total 2018/19 Estimate (2017/18 total was approximately \$3.1M)	TBD

Potential 2018/19 Reallocation Request

Sector/ Initiative	Comments	Estimate
Sub-region Planning Table Proposals	Various projects submitted by the Sub-region Planning Tables	\$241,666
CHC	Various requests to address pressures, one-time costs and minor capital requests. Includes a request from one CHC to fund a Francophone Health Promoter position.	\$150,000
Community Support Services	Various requests to address pressures, one-time costs and minor capital requests	\$346,036
Hospitals	Various requests to address pressures, one-time costs, integration costs and minor capital requests	\$821,408
	Total Current Estimate	\$2,380,518

**2018/19 Health System Funding Reform
Quality-Based Procedures Reallocation –
Knee Arthroscopy**

Context

The MOHLTC provided a summary update on the evolution of HSFR in January 2018. The goals and objectives first outlined in 2012/13 still apply. HSFR will:

- Reflect the needs of the community;
- Provide equitable allocation of healthcare dollars;
- Provide better quality care and improved outcomes;
- Moderate spending growth to sustainable levels;
- Adopt / learn from approaches used in other jurisdictions; and
- Adopt a phased approach over time at a managed pace.

The government continues to implement Health System Funding Reform (HSFR), which supports system capacity planning and quality improvement by directly linking funding to patient outcomes.

QBP Volume Management Instructions

- Quality-Based Procedures (QBP) are health care services that offer opportunities to reduce variation in quality and costs, improve processes and clinical design, enhance patient experience, improve patient outcomes and drive system efficiencies.
- For each QBP, evidence-based best practices have been defined for clusters of patients with clinically-related diagnoses or treatments, and health care providers receive funding for these services based on an established price.
- Volume management policies provide direction regarding in-year reallocations, year-end reconciliations and general conditions and requirements for Local Health Integration Networks (LHIN) and their health service providers (HSP) related to QBPs.
- LHINs have discretion to perform certain types of reallocations, provided the movement is consistent with the principles for LHIN-Managed Volume Movement.

QBP Volume Management Instructions (cont'd)

- As background, the 2018/19 hospital funding letters noted that “the ministry will update the knee arthroscopy QBP in response to a growing body of evidence that shows that knee arthroscopies do not, on average, result in an improvement in long-term pain or function for degenerative knee conditions such as osteoarthritis and degenerative meniscus tears.”
 - In 2018/19, the initial focus will be on clinical implementation to support the adoption of evidence-based best practices.
 - In 2019/20, knee arthroscopy volume targets will be adjusted (reduced) according to a new cohort definition to be confirmed through a revised clinical handbook. This adjustment will be implemented so that LHINs can reinvest funding towards other Musculoskeletal (MSK) procedures within each hospital.
 - LHINs will be required to support change management efforts at the LHIN and hospital levels and to identify reallocations from arthroscopy to other MSK QBPs in advance of the 2019/20 adjustment; LHINs will also have the option to submit base reallocations during the 2018/19 fiscal year to accelerate the uptake of clinical best practices.”

QBP Reallocation – Knee Arthroscopy to Knee Replacement – Details and Timelines

- On November 21, 2018, the Central East LHIN Musculoskeletal (MSK) Care Steering Committee recommended reallocating 75% of under-achieved volumes and funding from Knee Arthroscopy to Knee Replacement, as a base reallocation.
- Acting on the Steering Committee’s recommendation, Central East LHIN staff submitted the proposed reallocation to MOHLTC.
 - This action demonstrates the inclusion of clinical perspectives in system work through strategic co-design and co-management with Central East LHIN stakeholders.
- However, the MOHLTC disclosed that it is working on an enhanced reallocation model and suggested that the proposed reallocation be for 2018/19 only (i.e., one-time). It further suggested that any proposed base reallocations be undertaken at a later date as part of a broader provincial exercise.
 - The MOHLTC will undertake a multi-step process to identify the volumes to be transferred out from the Knee Arthroscopy QBP.

QBP Reallocation – Knee Arthroscopy to Knee Replacement – Details and Timelines (cont'd)

The table, below illustrates the volume movement completed to reflect the recommendation of the Central East LHIN Musculoskeletal (MSK) Care Steering Committee:

Knee Arthroscopy						
Facility Name	2018/19 Funded Cases	2018/19 QBP Volume Movement				
		Volume Reallocations (+/-)	Funding Rate	Funding to be Transferred	Revised Ministry-Funded QBP Volumes	Base Reallocation? (Yes/No)
		a	b	c	d = b * c	e = a + b
Lakeridge Health	1,429	(392)	\$1,446	(\$566,637)	1,037	No
Scarborough Health Network	1,146	(80)	\$1,670	(\$133,600)	1,066	No
LHIN Total	2,575	(472)		(\$700,237)	2,103	
Knee Replacement						
Facility Name	2018/19 Funded Cases	2018/19 QBP Volume Movement				
		Volume Reallocations (+/-)	Funding Rate	Funding to be Transferred	Revised Ministry-Funded QBP Volumes	Base Reallocation? (Yes/No)
		a	b	c	d = b * c	e = a + b
Lakeridge Health (Bundled)	763	65	\$8,627	\$560,735	828	No
Scarborough Health Network	1,164	19	\$7,306	\$138,810	1,183	No
LHIN Total	1,927	84		\$699,544	2,011	

Recommendation

Staff recommend that the Central East LHIN Board of Directors approve the 2018/19 Reallocation Strategy, delegate authority to the Chief Executive Officer to make reallocations consistent with this Strategy, and direct staff to report back on final reallocations in the 1st Quarter of 2019/20.

Questions

