

BRIEFING NOTE

April 18, 2023

Hospitals Advisory Committee - Briefing Note for Ontario Hospital Association Members

From the Co-Chairs of the Hospitals Advisory Committee:

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This briefing note summarizes meetings of the Hospitals Advisory Committee (HAC) held on December 9, 2022, and March 3, 2023. Both meetings had a strong focus on funding policy, including COVID-19 related topics, updates to MRI/CT, cardiac, and kidney transplant funding, advice on principles for integrated funding models, and considerations on how best to provide the necessary funding flexibility to hospitals to ease pressure and provide stability for FY2023-24.

Updates

At both meetings, members shared general updates. The Ministry of Health (the Ministry) recognized substantial progress made over the past year, highlighting the accomplishments of HAC and the sector. Ontario Health (OH) noted that it had nearly completed its FY2023-24 Hospital Annual Business Planning process. The results of this process will be shared with HAC at a future date. The Ontario Hospital Association (OHA) provided a brief reflection on the state of the hospital sector in Ontario, noting ongoing health human resources (HHR) pressures, the challenges of planning during a time of significant uncertainty, and the need for funding stability to maintain access to care.

HAC Initiatives and Deliverables for 2023-24

HAC endorsed proposed 2023-24 initiatives and deliverables, which were developed collaboratively by OHA, OH and the Ministry. These proposed initiatives align with the previously identified priorities to advance integrated funding, modernize funding policy and models, and introduce new permanent funding flexibility. The next step will be to develop a detailed work plan and assign leads for each initiative.

Funding Flexibility

HAC provided advice to the Ministry regarding options to support hospitals with additional funding flexibility for FY2022-23. The Ministry released a memo on November 14, 2022, to all hospitals announcing that hospitals will be allowed to use Unearned Funds from select volume-based programs to address Fund Type 1 hospital operating cost pressures. In subsequent meetings of the Funding Methodologies Sub-Committee, the Ministry engaged with members to provide advice/feedback on the Unearned Funds Policy and Instruction Guide and Unearned Hospital Funds Statement.

In December 2022, the Ministry continued discussions of funding flexibility by engaging with HAC members in a discussion about Quality-Based Procedures (QBPs) and their role in the future of health care funding.

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Volume Management Instructions

Related to ongoing discussions at HAC on funding flexibility, the Ministry has developed a document that synthesizes a complex set of volume management policies for volume-based funding programs. The document is formatted as a placemat in plain language for hospital leaders to understand hospital-level netting and to prepare for year-end reconciliation. The final version of the placemat was made available during December 12th and 13th webinars co-hosted with OHA.

2023-24 Hospital Service Accountability Agreement (HSAA) Process and Hospital Annual Planning Submission (HAPS)

OH provided an update regarding the ongoing evolution of the HSAA and HAPS process for FY2023-24. The HAPS process for 2023-24 agreements started on November 7, 2022, with the goal of streamlining the process while maintaining the current agreement structure. The HAPS had been completed by most providers, as of the March meeting. Hospitals noted that the process was particularly challenging this year due to the uncertainty in the system, as the sector continues to recover from the COVID-19 pandemic. This will be an ongoing focus of discussion at future HAC meetings.

Growth and Efficiency Model (GEM) and Quality-Based Procedures (QBPs) Funding

HAC endorsed recommendations from the Funding Methodologies Sub-Committee to freeze Case Mix Index (CMIs) for QBPs including Bundled QBPs, maintain 2019-20 efficiency prices for FY2023-24 GEM funding allocations and to use the most recent population growth projections in GEM. HAC members requested that a clear plan for unfreezing the CMI, updating the GEM efficiency prices, and reviewing the funding rate of QBPs and bundled models be developed in FY2023-24. HAC supported initiating a task group with clinician representation to further review proposed enhancements with GEM Emergency Department cost model and refine GEM Rehab cost model.

In-Year Funding for MRI

In FY2022-23, approved base operating funding commenced for 4 net new MRI machines. This funding for FY2022-23, is pro-rated based on when these machines became operational, with full year base funding starting in FY2023-24.

In addition, the ministry also flowed one-time in-year operating funds for MRI/CT, providing the hospitals with the funding needed to utilize 100% of their unfunded capacity for the remainder of FY2022-23.

Integrated Funding Approach for Kidney Transplants

Trillium Gift of Life Network at Ontario Health (OH-TGLN) provided a status update on the development of an integrated care value-based funding model for kidney transplants and proposed updates to funding rates for peri-operative phase effective FY2023-24. HAC endorsed the recommendation from the Funding Methodologies Sub-Committee to proceed with the implementation of updated peri-operative kidney transplant funding rates for FY2023-24. The new funding rates will be reflected in the hospital funding workbooks, with hospitals remaining whole in FY2023-24.

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OH-TGLN will return to HAC secretariat in the spring with outcomes of a costing exercise, proposed rates for pre/post operative phases and a plan to implement an integrated funding approach for all phases of the kidney transplant continuum of care (i.e., including pre- and post-kidney transplant phases) in FY2024-25.

Cardiac Funding Rates Update

In FY2021-22, the Ministry updated the cardiac funding model, including new provincial funding rates for volume-funded advanced cardiac services. At the March 2023 meeting, the Ministry shared their approach for the next phase of implementation – implementing a HIG CMI with improved CMI and funding stability. HAC endorsed the next phase on the recommendation of the Funding Methodologies Sub-Committee. Moving forward, the Ministry has committed to improve the representativeness of HIG CMI for Cardiac procedures in collaboration with OH and Canadian Institute for Health Information (CIHI).

Principles and Values of an Integrated Funding Formula for Ontario

OHA has been exploring the principles for developing integrated funding models that satisfy the goals of the Connecting Care Act (2019). As part of this exploration, OHA engaged CFOs at Ontario hospitals to advise on key principles. In addition, OHA reviewed the peer-reviewed and grey literature, engaged academics and international health policy experts, and conducted research with academics at Laval University to explore what policy makers and other key stakeholders value in integrated care funding policies. OHA presented key principles to be considered for the development of a population-based integrated care funding methodology for Ontario's health care and hospital system: transparency, accountability and integrity, equity, and innovation. HAC members supported continued active discussions on an integrated funding methodology and highlighted the need to align funding incentives with patient outcomes.

HAC and Sub-Committees

At the December 2022 meeting, a revised Terms of Reference was approved. To support stability and equity, it was recommended that the terms of hospital members be staggered. The HAC Secretariat will include an addendum reflecting the need for rotation of membership, with the first member turnover to be completed in FY2023-24.

At the December 2022 meeting, the priorities and membership of the Funding Methodologies Sub-Committee were presented. The workplan and activities of the Patient Based Funding (PBF) Data Advisory Sub-Committee were also presented at HAC.

With any questions, please contact Imtiaz Daniel, Chief, Research and Analysis, OHA at idadaniel@oha.com.