Optimizing Value for Money in Contracting Health Services

11th Caribbean Conference on Health Financing Initiatives

Bonaire, 25 October 2016

ACSION

SZV
Social & Health Insurances
Because We Care

SEMPER PRO GREDIENS

FOR FURTHER INFORMATION

	ACSION	SZV
Address	Van Engelenweg 21A Willemstad Curaçao,	Sparrow Road 4 Philipsburg St. Maarten
Phone	+(599-9) 737-3595	: +1-721-546-6782
Website	wwwacsiongroup.com	www.szv.sx
eMail	Javier.asin@acsiongroup.com	

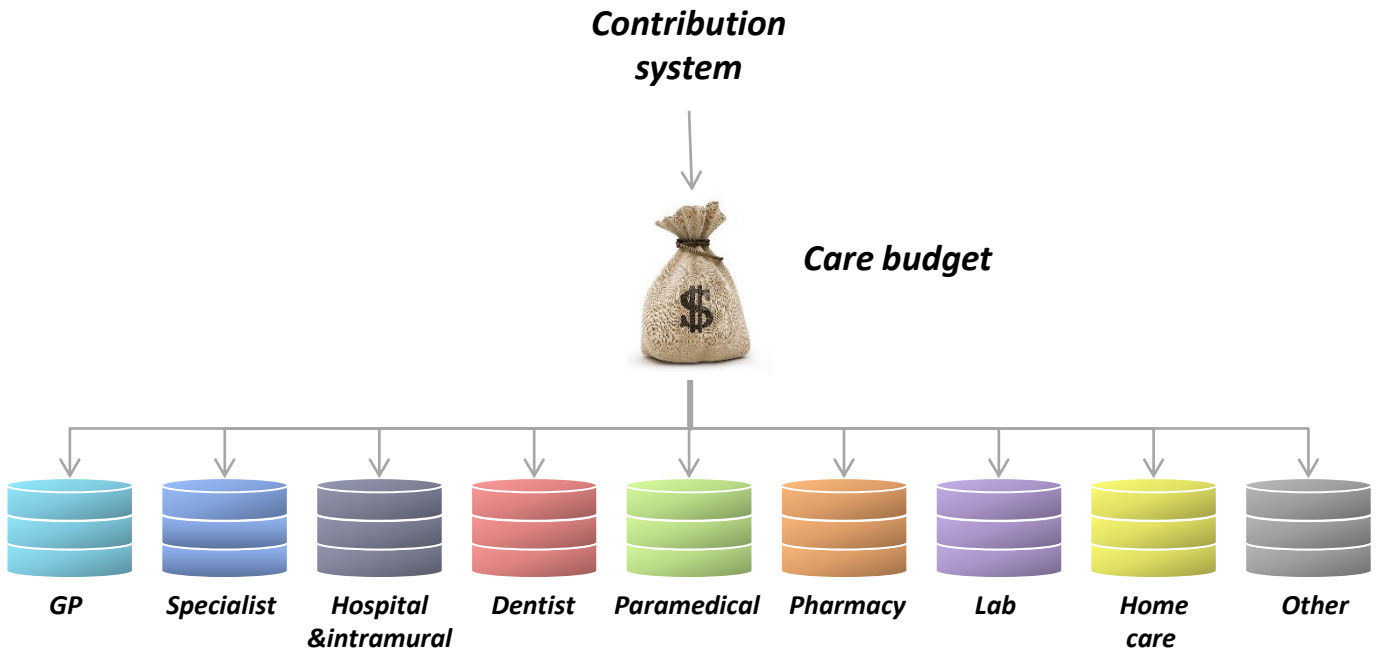
NON DISCLOSURE STATEMENT

Agenda

- **Our perspective on care procurement**
- **Intramural Care**
- **Pharmaceutical care**
- **Challenges**

Procurement up till now

No link with changing care needs of the population and technological developments

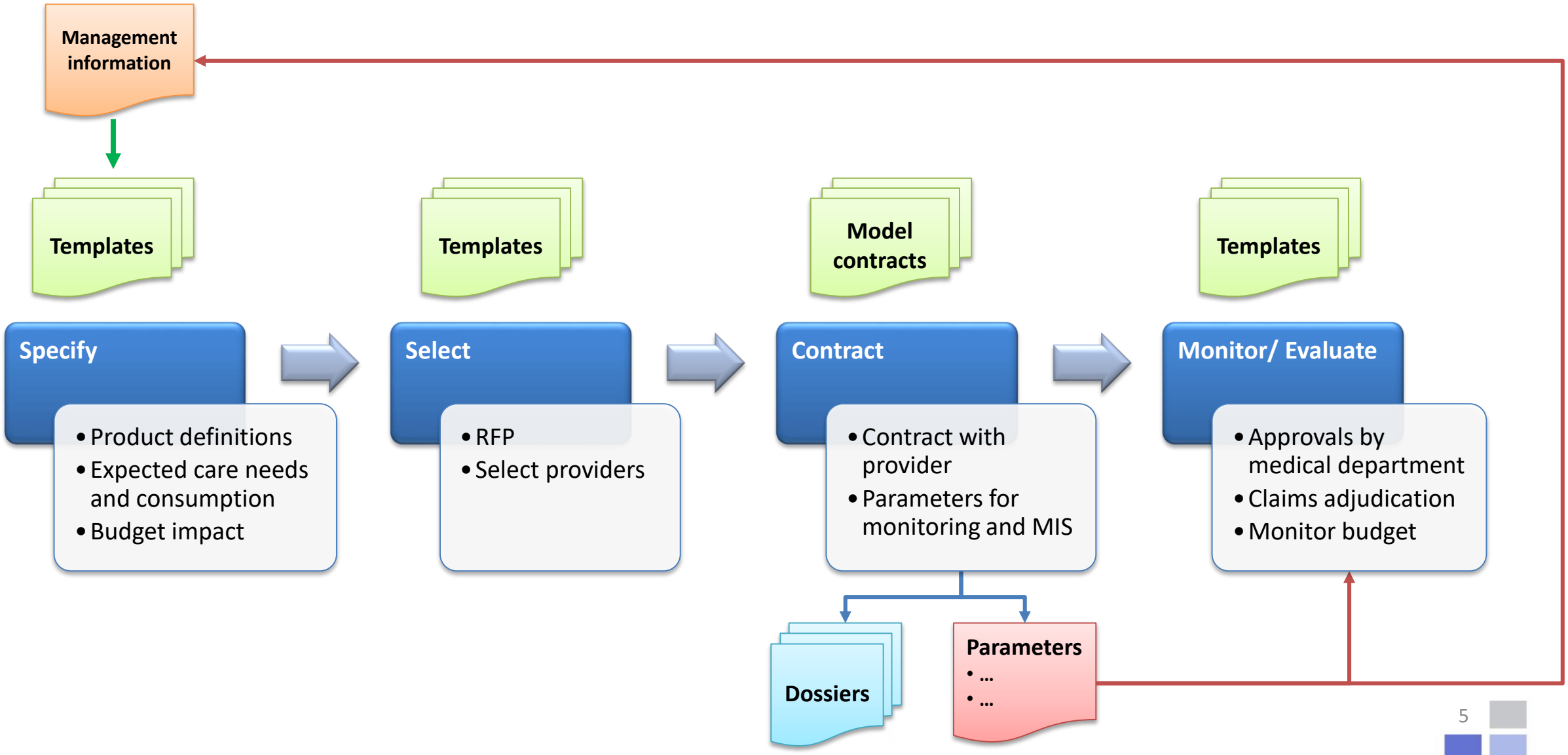


Financing needs of care providers

- *Reimbursement system and Tariffs determined by Law*
- *Contract conditions allow some room for quality management*

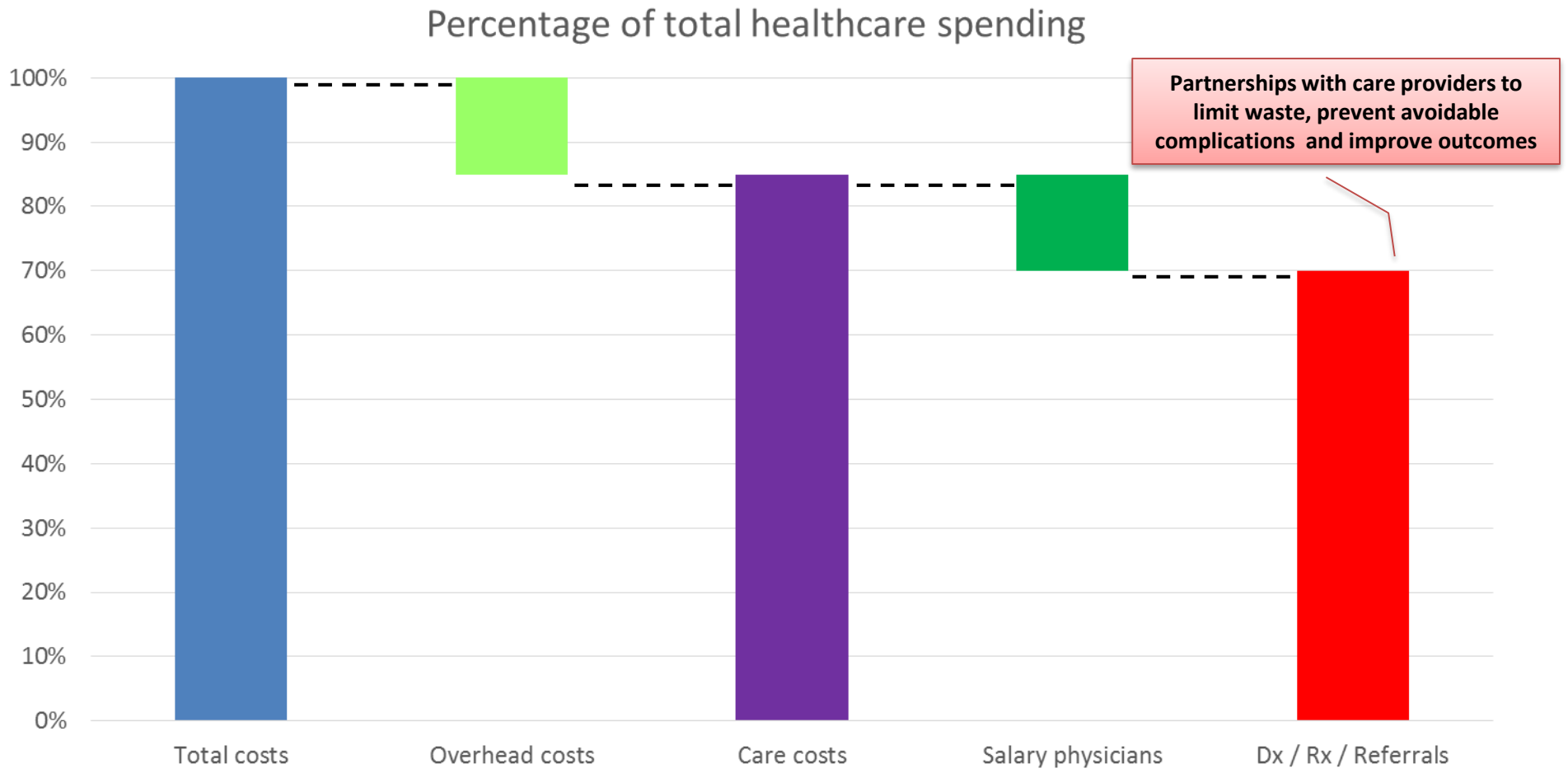
Care procurement now more demand driven

Processes described | interdependencies clear | templates for each step



The conflict model in procurement is not working

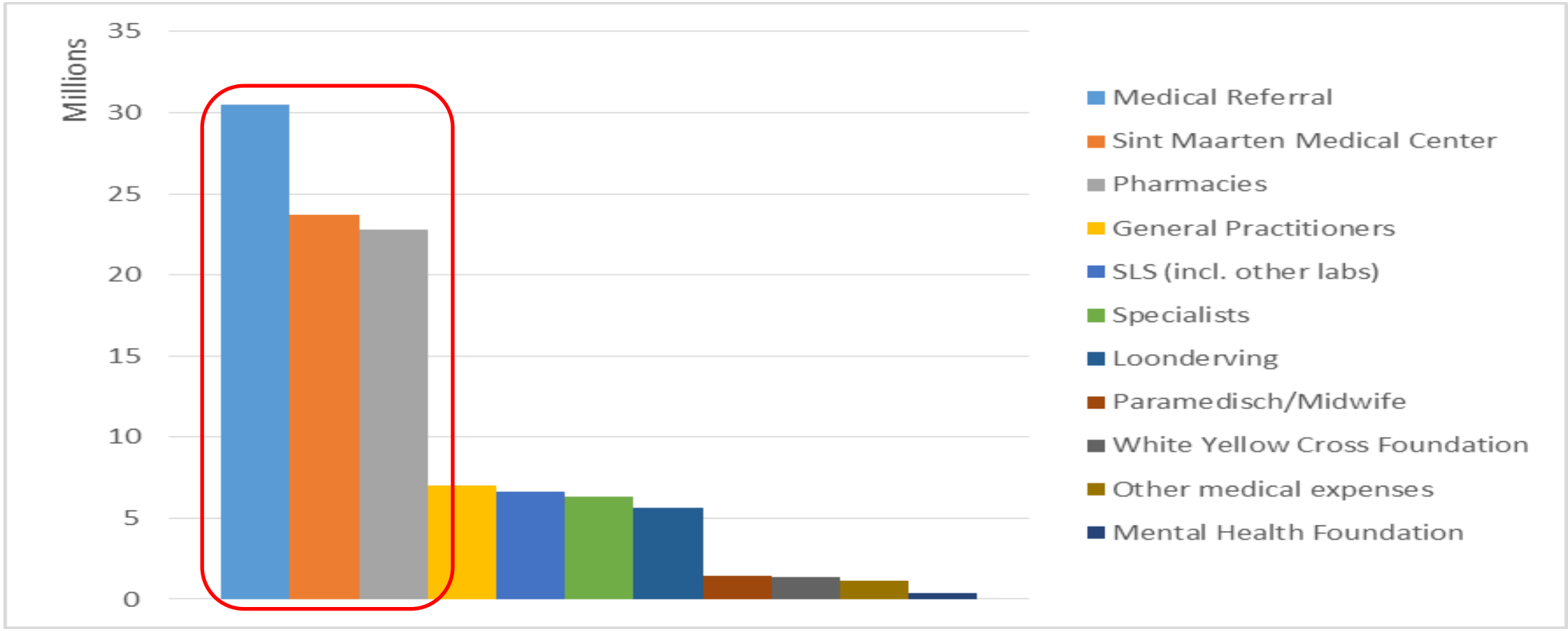
We should partner with care providers to achieve value for money



From conflict model to multistakeholder roadmaps for the future

Healthcare expenditures SXM– Hospital care accounts for ~60%

Strategic focus on intramural care to achieve balance



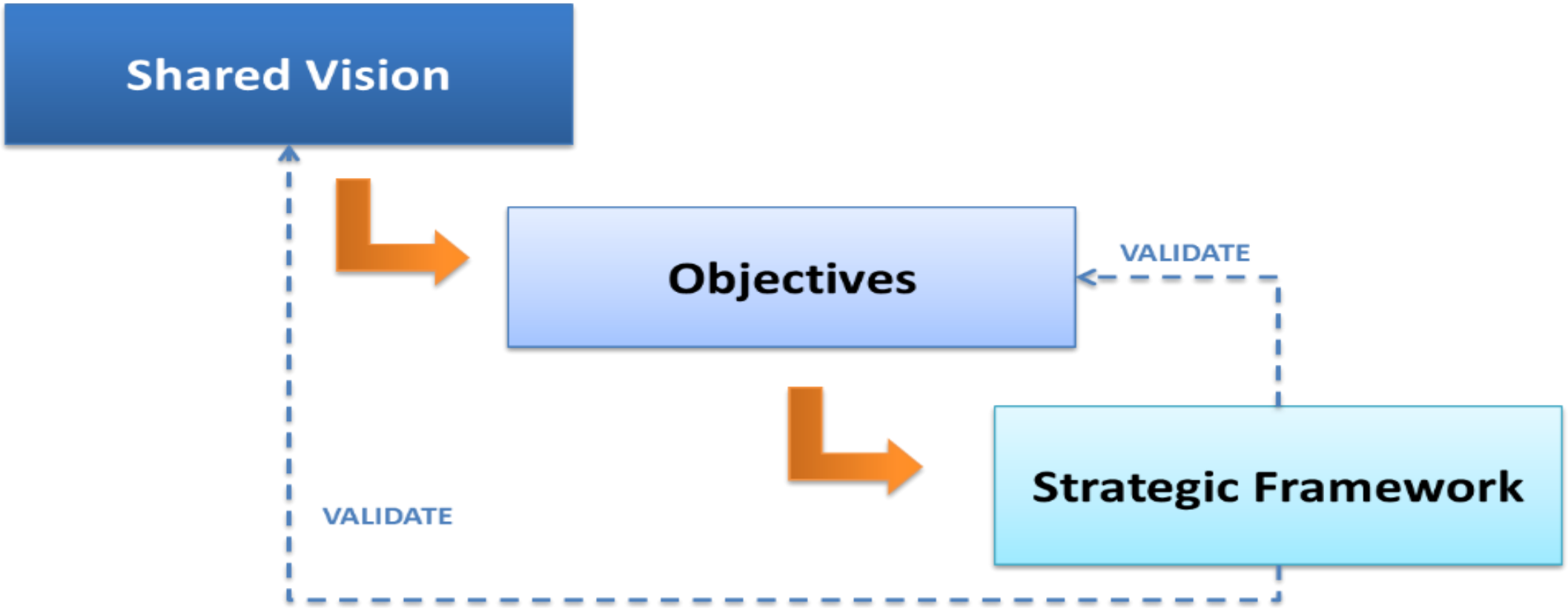
Source: Annual account SZV 2013 certified and Trialbalance 2013

Agenda

- Our perspective on care procurement
- Intramural Care
- Pharmaceutical care
- Challenges

Our approach

From a shared vision to the strategy for hospital care



Shared Vision

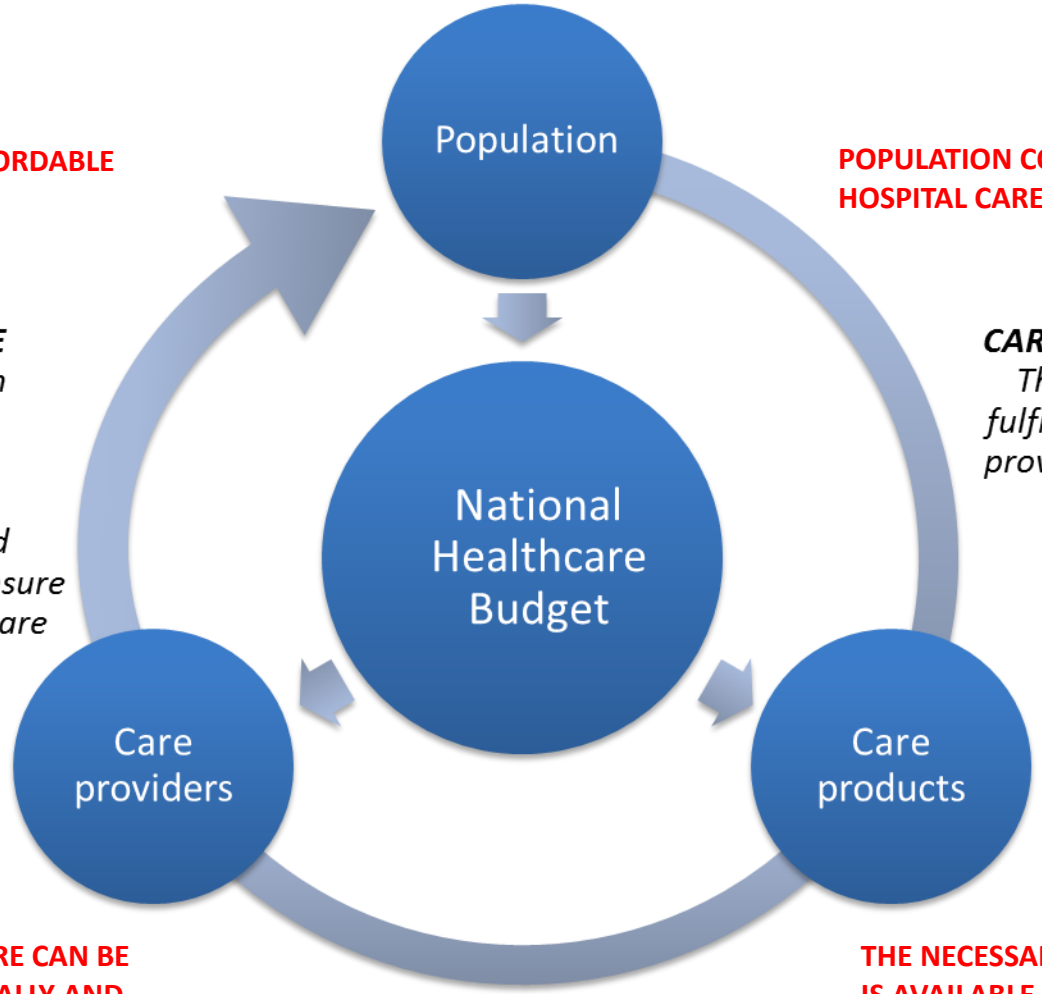
Hospital care is made available for the population of St. Maarten based on care needs of patients, preferably close to home and provided with involvement of their central care provider on St. Maarten in an affordable, sustainable manner and should meet requirements with respect to quality and safety. To safeguard that the shared vision and objectives prevail, representatives of the population and the healthcare system of St. Maarten determine the strategy for their own hospital care and are in charge when decisions have to be taken with respect to hospital care for the population.

Shared vision for intramural care

Build strategy counterclockwise in the 3 balance model

HOSPITAL CARE REMAINS AFFORDABLE

POPULATION COUNTS ON AVAILABILITY AND ACCESS TO HOSPITAL CARE THEY NEED (QUANTITY AND QUALITY)



FIANCIAL BALANCE
Care should remain affordable for the population
-
Care providers need sufficient funding to ensure continuity of quality care

CARE DEMAND = CARE SUPPLY
The care demand has to be fulfilled adequately by the care provided (quantity and quality)

THE NECESSARY HOSPITAL CARE CAN BE DELIVERED PREFERRABLY LOCALLY AND IN A SUSTAINABLE MANNER

THE NECESSARY AMOUNT AND QUALITY OF CARE IS AVAILABLE

VALUE FOR MONEY
Balance between the reimbursement for care providers and the quantity and quality of care they deliver

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Objectives for Hospital care for the population of St. Maarten

1. ***Development of hospital care on St. Maarten is demand driven and guided by the (changing) care needs both in volume and quality of care***

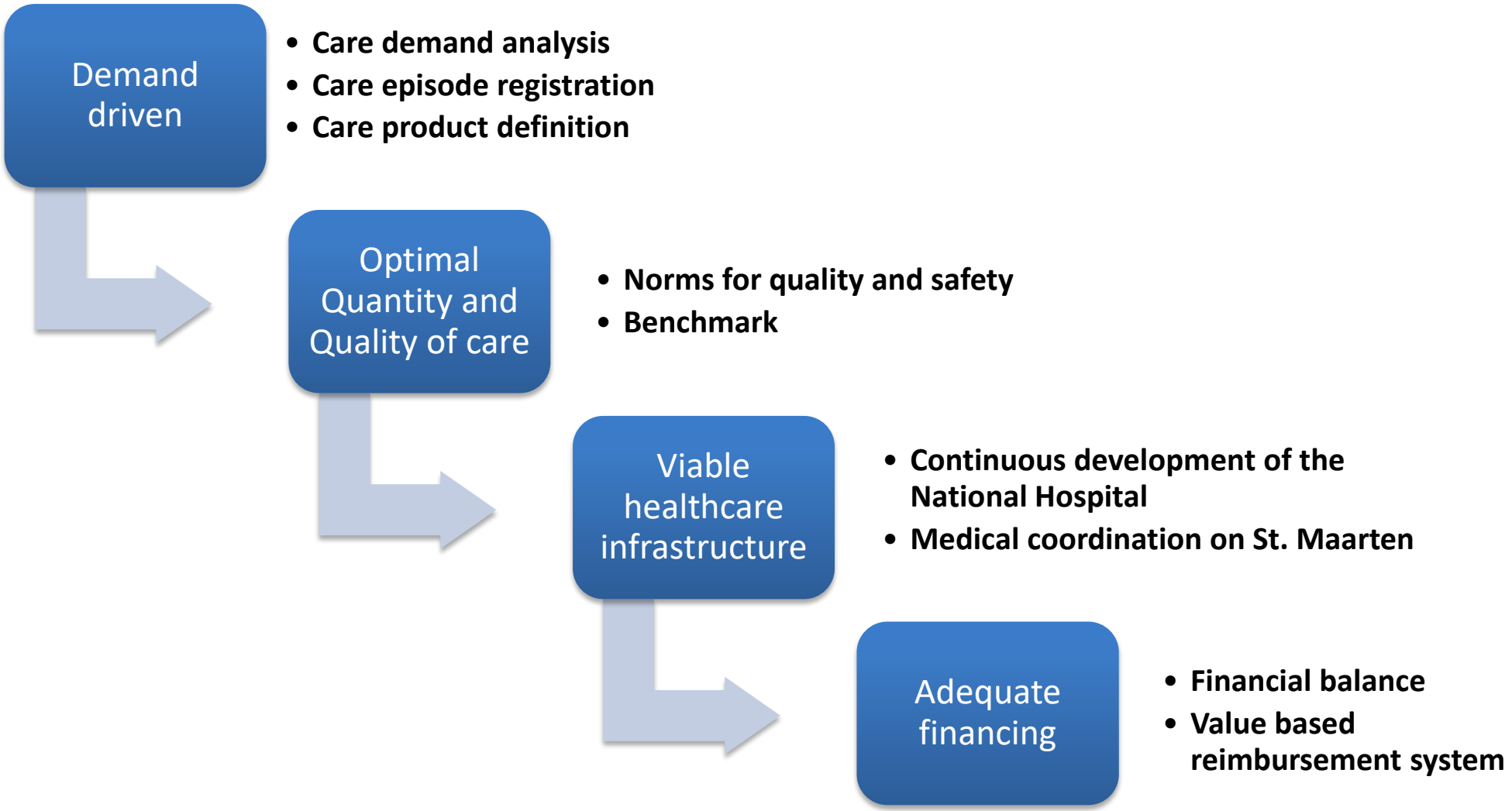
2. ***Optimal Quality and Safety of care***

3. ***Viable local healthcare infrastructure***

4. ***An appropriate reimbursement system and tariffs for hospital care***

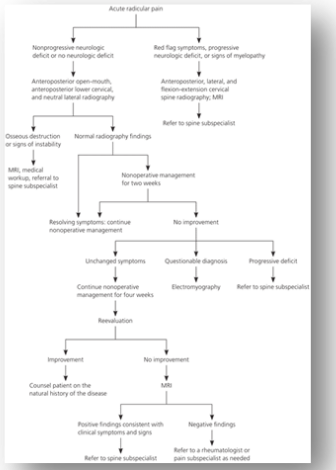
The strategic framework

Translation of Vision and Objectives to a Strategy to be operationalized

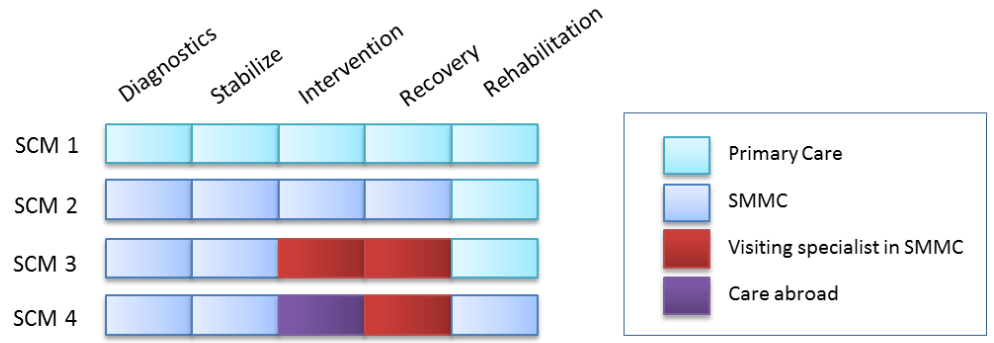


SCM will be described for the most important care products in Care Demand Analysis: high volume, high costs and/or referrals abroad necessary

Top 20 diagnoses	Number
HNP (herniated nucleus pulposus, back/neck hernia)	194
Gonarthrosis (knee pain)	118
Prostate carcinoma (prostate cancer)	76
Epilepsy	56
Varices (varicose veins)	51
Asthma	41
PSA (prostate-specific antigen)	33
Mamma carcinoma (breast cancer)	31
Scoliosis (curvature of the spine)	25
RA (rheumatoid arthritis)	24
Chronic headache	24
Meniscus tear	23
Retinal detachment (ablatio retinae)	23
Mamma reduction (breast reduction)	22
BPH (Benign Prostatic Hyperplasia, prostate enlargement)	22
Diabetic Retinopathy (DRP, eye problems)	19
Cervical spine (C1 t/m C7)	18
Cardiomyopathy (heart muscle disease)	16
COPD (Chronic Obstructive Pulmonary Disease)	15
Prostatic hypertrophy (prostate enlargement)	14



ALGORITHM FOR DIAGNOSIS & THERAPY



- **Predetermined care pathways**
- **Care described in Stepped Care Modules (SCMs)**
- **Every SCM starts, ends and is coordinated by GP and SMMC specialist**
- **Care delivered by foreign specialists is part of SCM procured at the SMMC**
- **Incentives for prevention, timely intervention and conservative treatments**
- **Checks and Balances!!**

HNP

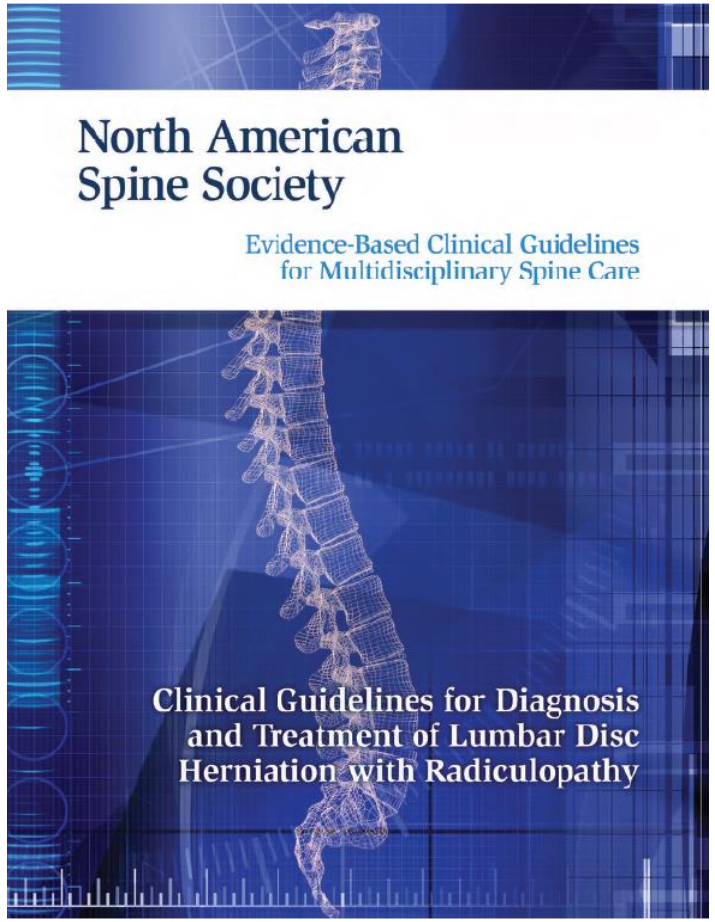
Coxarthrosis (THP) | Gonarthrosis (TKP)

CVRM | AMI

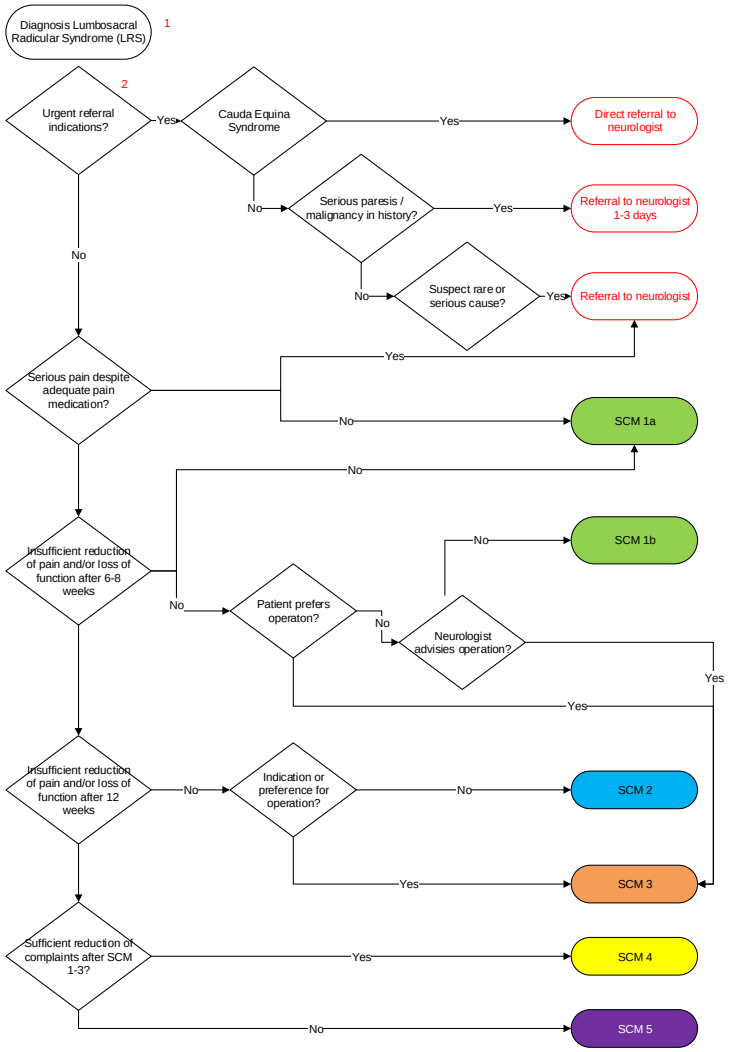
Diabetes mellitus

BHP / prostate carcinoma

SCMs are based on international guidelines



Algorithm and SCMs for HNP

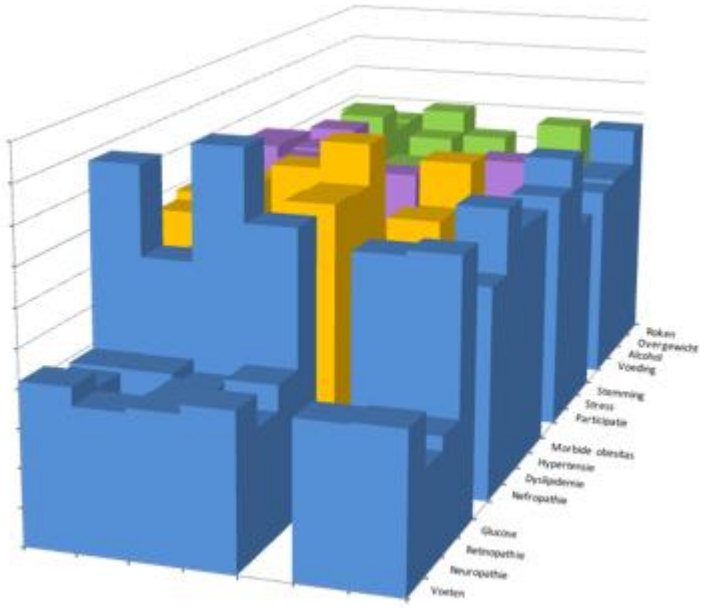


- SCM1a: conservative treatment for 12 weeks
- SCM 1b: conservative treatment for 12 weeks with assessment by neurologist after 6-8 weeks
- SCM 2: Intensive conservative treatment for another 8 weeks
- SCM 3: Operation
- SCM 4: Rehabilitation (after treatment) after successful therapy
- SCM 5: reassessment after first therapy was not successful

Care demand analysis based on episode registration

Input for procurement and development value based reimbursement

Care demand analysis: Insights in volume of SCMs to be delivered



New Hospital

- Volume per SCM
- Criteria per SCM
- Capacity, capabilities and facilities

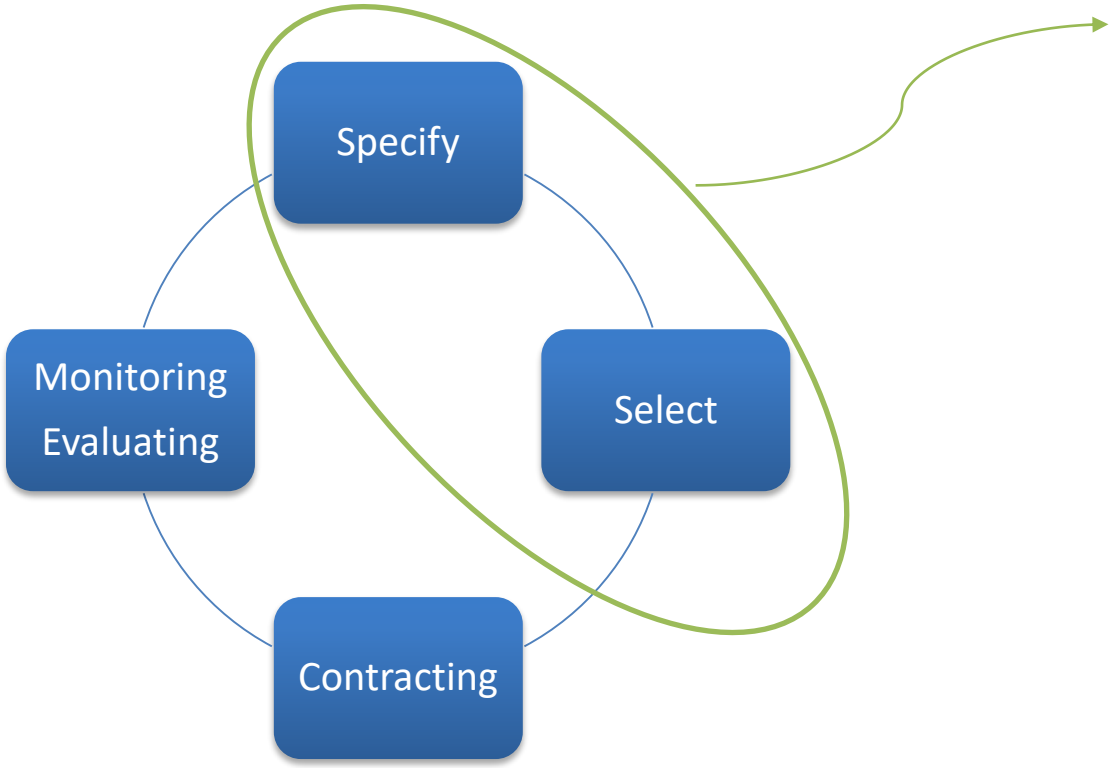
Procurement

- Volume per SCM
- Criteria per SCM
- Benchmark
- Negotiations
- Contract

Follow-up Medical Tariff

- Costs per SCM
- Volume per SCM
- Budget for SCMs
- Deduct from budget related to production

Benchmark framework for care procurement



Care procurement process

Phase 1	**Selecting hospitals based on the care demand analysis** (Based on the care demand analysis the Medical Committee determines which care can be provided by local healthcare providers and which care has to be procured abroad.)
Phase 2	**Request information** (The selected hospitals will be informed by the Medical Committee and asked to complete an online survey.)
Phase 3	**Collection and reviewing requested information** (The submitted information through the online survey will be reviewed by the medical committee.)
Phase 4	**Preparation trip** (Plan on-site visit dates, program and arrange travel)
Phase 5	**On-site visit** (The on-site visit entails an orientation to the hospital's facilities and services and their quality System by means of interviews, document review and facility tour.)
Phase 6	**Reviewing results** (Based on all the information collected - including the patient/client satisfaction - hospitals will be selected per specific treatment)
Phase 7	**Monitoring** (The monitoring is an ongoing process that consists of periodic and ad hoc site visits, and collecting information about patient/client satisfaction.)

Different phases in the benchmark process

Hospital Survey

General

- General
- Capacity and production

Quality and Safety

- Policy & Strategy
- Structure
- Safety
- Infection Prevention
- Documentation and information transfer
- Internal & External Assessment
- Services

HOSPITAL SURVEY – General

General

1 Name Hospital

Hospital Type ☐ Aca ☐ Gen ☐ Dist ☐ Com

2 Number of employees

Capacity and produ

1 **Capacity**

No. nursing wards
No. MC beds
No. employees (total)
No. doctors

2 **Production**

No. of admissions
No. of day care admissions
No. of hospital days
Av. length of stay

HOSPITAL SURVEY – Quality and Safety

QI Policy & Strategy

1	The hospital's aims and mission explicitly include quality and safety of care?	☐ Yes ☐ No
2	The hospital has a written description of the quality improvement policies and strategies?	☐ Yes ☐ No
3	The hospital has a quality action plan at hospital level?	☐ Yes ☐ No
4	The hospital has quality action plans (incl. plans for improvement) at department level?	☐ Yes ☐ No
5	The hospital has a quality manual/ handbook?	☐ Yes ☐ No
6	The hospital has an annual quality report (or quality section in the annual general report)?	☐ Yes ☐ No

QI Structure

1	The hospital has identified responsibilities for quality improvement?		☐ Yes ☐ No
2	If yes, is the director or leader of quality improvement at a senior level in the organization?		☐ Yes ☐ No
3	The hospital has one or more of the following provisions for quality improvement:		
	a) One or more quality steering groups or committees have been established?		☐ Yes ☐ No
	b) One or more quality coordinators/officers have been appointed?		☐ Yes ☐ No
	c) External quality management consultant has been hired?		☐ Yes ☐ No
4	The hospital has a designated responsible person or group/committee for the following functions?		Documented?
	a) Control of hospital infections	☐ Yes ☐ No	☐ Yes ☐ No
	b) Patient safety	☐ Yes ☐ No	☐ Yes ☐ No
	c) Blood transfusion policy	☐ Yes ☐ No	☐ Yes ☐ No
	d) Antibiotics policy	☐ Yes ☐ No	☐ Yes ☐ No
	e) Prevention of decubitus	☐ Yes ☐ No	☐ Yes ☐ No

Typical agenda for an on-site visit

Activities during the on-site visit

Hospital Visit Agenda		
09:00-09:30	Pre meeting	Hospital CEO and SZV Visiting Team
09:30-11:30	Opening Meeting	Hospital CEO, members hospital leadership team, hospital visit coordinator and SZV Visiting Team
11:30-13:00	Document Review	SZV Visiting Team (and assistant from) hospital
13:00-14:00	Lunch	
14:00-16:00	Facility tour	SZV Visiting Team, chief engineer and circulating supervisory engineer(s), safety officer and/or facility manager, fire safety officer, in-charges of hospital departments, infection control practitioner and nursing leadership.
16:00-17:00	Departmental Interviews	Head of department/other leadership and SZV Visiting Team
17:00-18:00	End-of-day Briefing	Visiting team and CEO or other hospital leadership staff.

Facility Tour

- **Safety and Security**
- **Fire Safety**
- **Medical Technology**
- **Utilities**
- **State building and rooms**

HOSPITAL SURVEY – Facility Tour

Safety and security

1	The hospital has a program to provide a safe physical facility *(Inspection of safety risks such as sharp and broken furniture, linen chutes that do not close properly, broken windows, water leaks in the ceiling, and locations where there is no escape from fire)*?	☐ Yes	☐ No
2	The hospital has a program to provide a secure environment:	☐ Yes	☐ No
	a) Staff identification through badges?	☐ Yes	☐ No
	b) Restricted areas (e.g. newborn nursery, operating theatre)?	☐ Yes	☐ No
	c) Remote or isolated areas with security cameras?	☐ Yes	☐ No
3	The hospital has a system to safeguard patients admitted or visiting the hospital?	☐ Yes	☐ No
4	The hospital has a system to safeguard possessions of patients (e.g. emergency patients)?	☐ Yes	☐ No
5	The hospital has a program to provide a secure environment?	☐ Yes	☐ No

Fire Safety

1	The hospital has a documented program to ensure that all occupants of the hospital's facilities are safe from fire, smoke, or other non-fire emergencies, including:	☐ Yes	☐ No
	a) Risk reduction trough safe storage and handling of flammable materials?	☐ Yes	☐ No
	b) Safe and unobstructed means of exit in the event of a fire?	☐ Yes	☐ No
	c) Early warning, early detection systems, such as smoke detectors, fire alarms, and fire patrols?	☐ Yes	☐ No
	d) Suppression mechanisms, such as water hoses, chemical suppressants, or sprinkler systems?	☐ Yes	☐ No
	e) All staff participates in at least one fire and smoke safety program test per year?	☐ Yes	☐ No
	f) Inspection, testing, and maintenance of equipment and systems is done and documented?	☐ Yes	☐ No

Client satisfaction

Consist of 4 questionnaires

Depending on the situation should be determined which questionnaire must be filled in.

- **Medical Travel Agency/International department hospital**
- **Inpatients**
- **Outpatients**
- **Hotel**

CLIENT SATISFACTION – Medical Travel Agency/ International department hospital

Name of Medical Travel Agency:

Welcome

1 Were you picked u
2 Was the agency ea
3 Was the chauffeur/
4 Did the chauffeur/e understandable wa

Staff

1 Did the Medical Tra
a) Assist you with
b) Give you a guic
c) Schedule appo
d) Assist you with
e) Help you with

CLIENT SATISFACTION - Inpatients

Your admission to the hospital

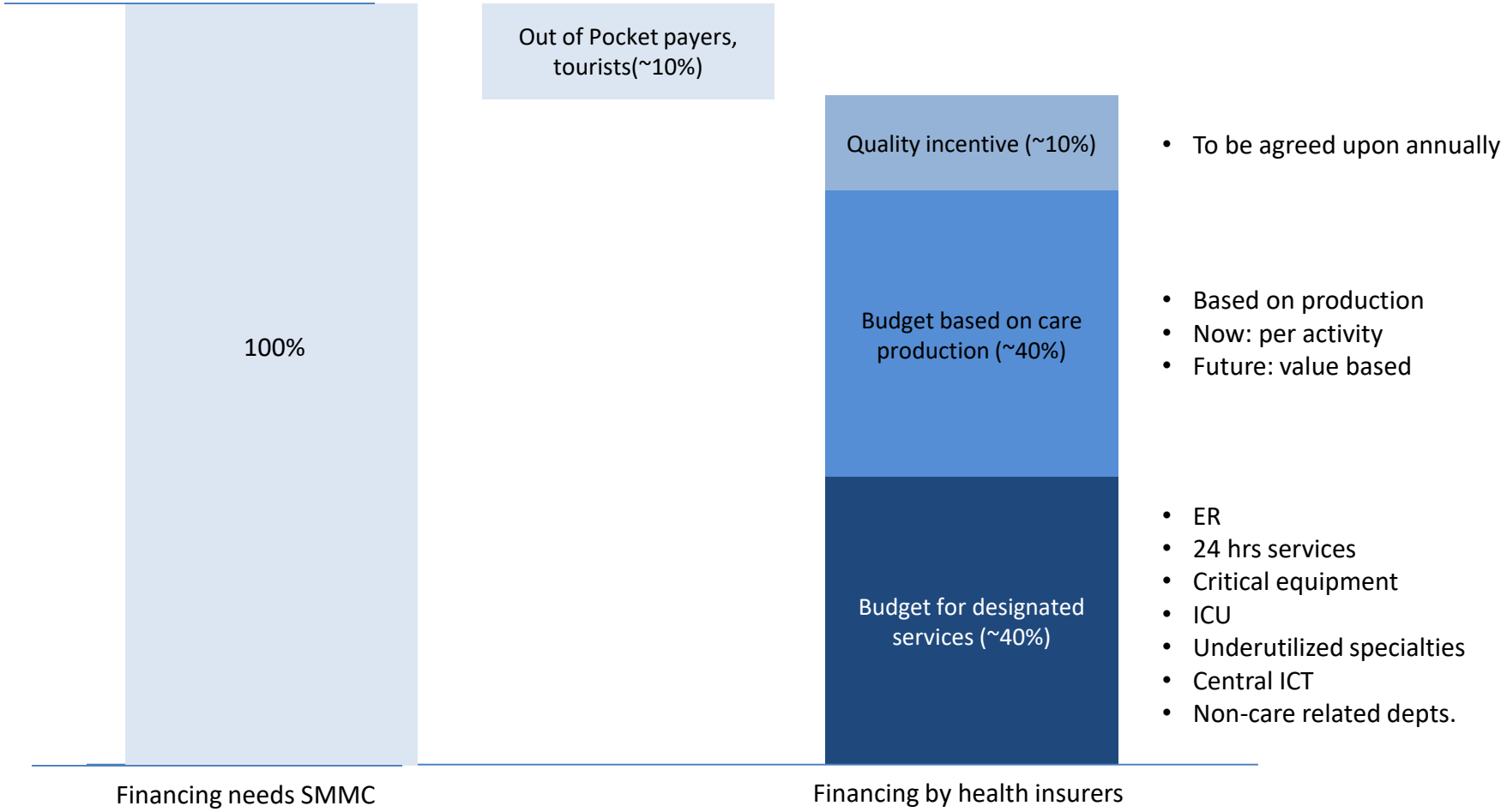
1	Which Department did you stay?	
2	Which option below best describes the reason for this hospital stay?	☐ Surgery ☐ Unexpected illness ☐ Accident ☐ Other medical reason
3	How many nights was this hospital stay?	
4	Were you admitted to this hospital through the Emergency Room?	☐ Yes ☐ No
5	During your admission at the Emergency Room, did the admission clerk / office treat you with courtesy and respect?	☐ Yes ☐ Neutral ☐ No
6	During your admission at the Emergency Room, did the admission clerk / office explain things in a way you could understand?	☐ Yes ☐ Neutral ☐ No
7	Did staff at the Admissions Office treat you with courtesy and respect?	☐ Yes ☐ Neutral ☐ No
8	Did staff at the Admissions Office explain things in a way you could understand?	☐ Yes ☐ Neutral ☐ No

Your care from nurses

1	How often did nurses treat you with courtesy and respect?	☐ Never ☐ Sometimes ☐ Usually ☐ Always
2	How often did nurses listen carefully to you?	☐ Never ☐ Sometimes ☐ Usually ☐ Always
3	How often did nurses explain things in a way you could understand?	☐ Never ☐ Sometimes

Financing SMMC as proposed

Budget financing ensures financial tranquility while developing a value based system



- To be agreed upon annually

- Based on production
- Now: per activity
- Future: value based

- ER
- 24 hrs services
- Critical equipment
- ICU
- Underutilized specialties
- Central ICT
- Non-care related depts.

Services/Investments allocation to the first two compartments in the budget

Compartment 1: Designated services

- **Building and accompanying areas – capital costs**
  - Depreciation cost and interest
  - Insurance (building related)
- **Designated services**
  - Emergency room
  - IC
- **Investments**
  - Depreciation cost and interest expenses
- **Hospital Information System**
  - Depreciation cost and interest expenses
- **Non-care related supportive services**
  - Which are independent of the volume (not care related - management, strategy and policy department, etc.)
- **Training costs**

Compartment 2: Care production based

- **Travel and accommodation costs of medical personnel**
- **Hospital Information System**
  - License fees
- **Care consumables**
- **Supportive services related to the care delivered**
  - Which depend on the volume
- **Patient logistics**
- **Insurance**
  - Not building related insurance (liability, employee illness, deductibles etc.)

To ensure that the hospital continues to provide the intended value a number of conditions for financing are advised based on the Audit of the Inspection.

Calculation method for the different compartments of the budget financing

Principle for substantiatinmg care production: avoid complexity with only 4 parameters

- **Financing needs SMMC** **100%**
- **Financing by self responsibles, tourists, BES** **10%**
- **Financing through quality incentive** **10%**
- **Financing designated services (at cost)** **~ 40% (-/-)**
- **Financing based on care production** **~ 40%**
- **Financing special functions (at cost)** **~ 10% (-/-)**
  - Dialysis, Medication, Transplants, Blood products
- **Budget that is substantiated with 4 parameters** **~ 30%**

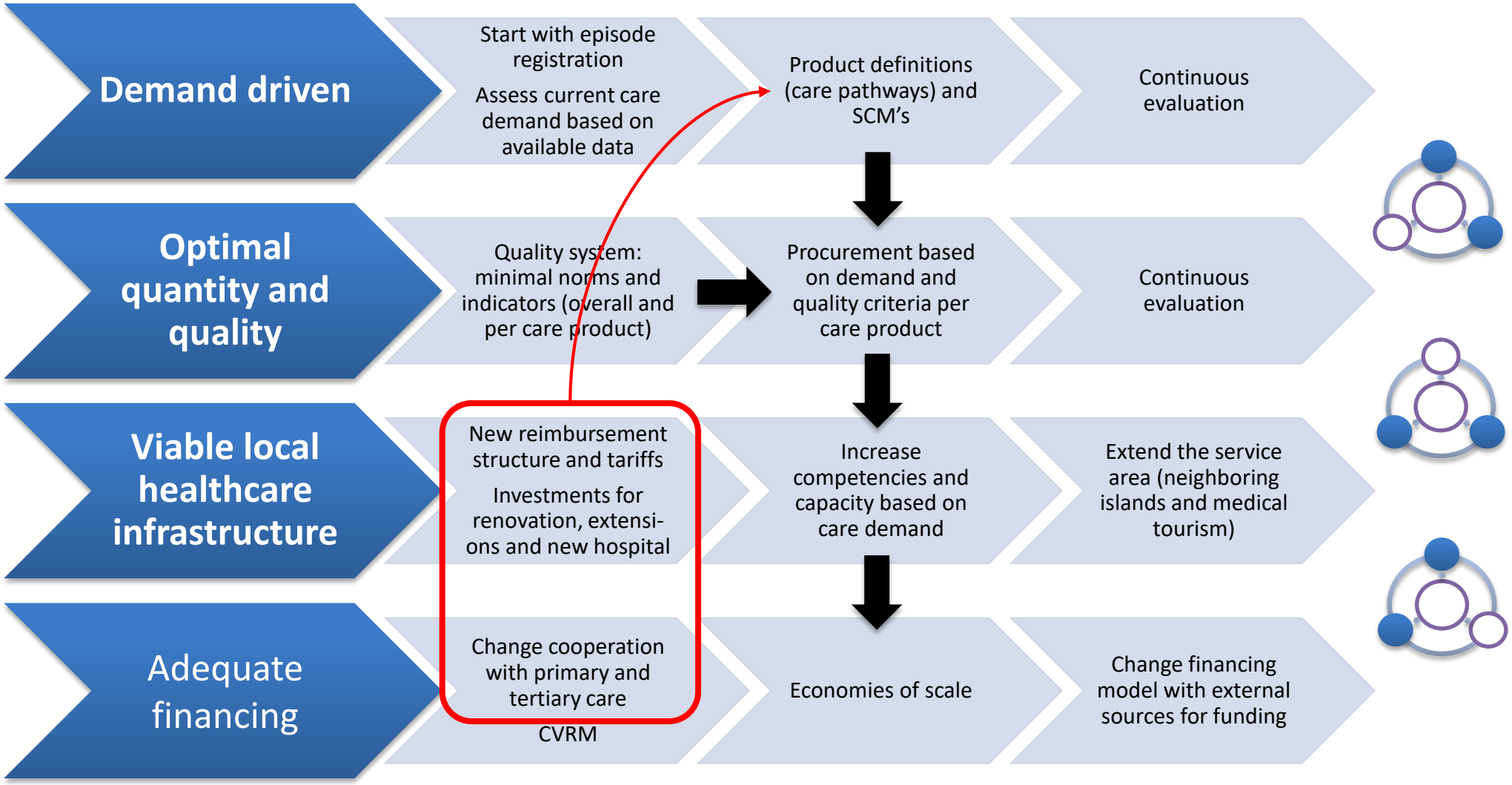
Parameter	#	Weighing	Points
Admission	n	10,00	n * 10,00
Hospital day	x	0,50	x * 0,50
Daycare	y	3,50	y * 3,50
Consultation	z	1,25	z * 1,25
	Total Costs		**Σ**

$$\frac{\textbf{Care related budget}}{\textbf{Total Points}} = \textbf{Value per point}$$

Phased approach towards demand driven affordable care

	Short term (1 – 2 year)	Mid term (3 – 5 year)	Long term (> 5 year)
Budget for designated services	• ~ 40% of total budget • Periodic advance payments • Post calculation based on actual costs	• ~ 30-40% of total budget • Periodic advance payments • Post calculation based on actual costs	• ~ 20-40% of total budget • Periodic advance payments • Post calculation based on actual costs
Budget related to Care production	• ~ 40% of total budget • Periodic advance payments • Substantiation based on 4 parameters	• ~ 40-50% of total budget • 70% substantiation payment based on 4 parameters • 30% reimbursement care products	• ~ 50-60 % of total budget • 50% substantiation payment based on 4 parameters • 50% reimbursement care products
Incentive (Quality)	• ~ 10% of total budget • Incentive for correct and consistent registration of data for care product definitions	• ~ 10% of total budget • Incentive linked to yet to be determined quality indicators	• ~ 10% of total budget • Incentive linked to yet to be determined quality indicators
Advantages	• Cost covering for SMMC • Predictable expenditures for health insurers • Conditions for further development of SMMC	• Relatively more care delivered by SMMC and less medical referrals abroad • More incentives to deliver appropriate care in the SMMC	• More control to reduce medical referrals abroad and enabling more and better care in St. Maarten

Phased approach towards demand driven affordable care



Agenda

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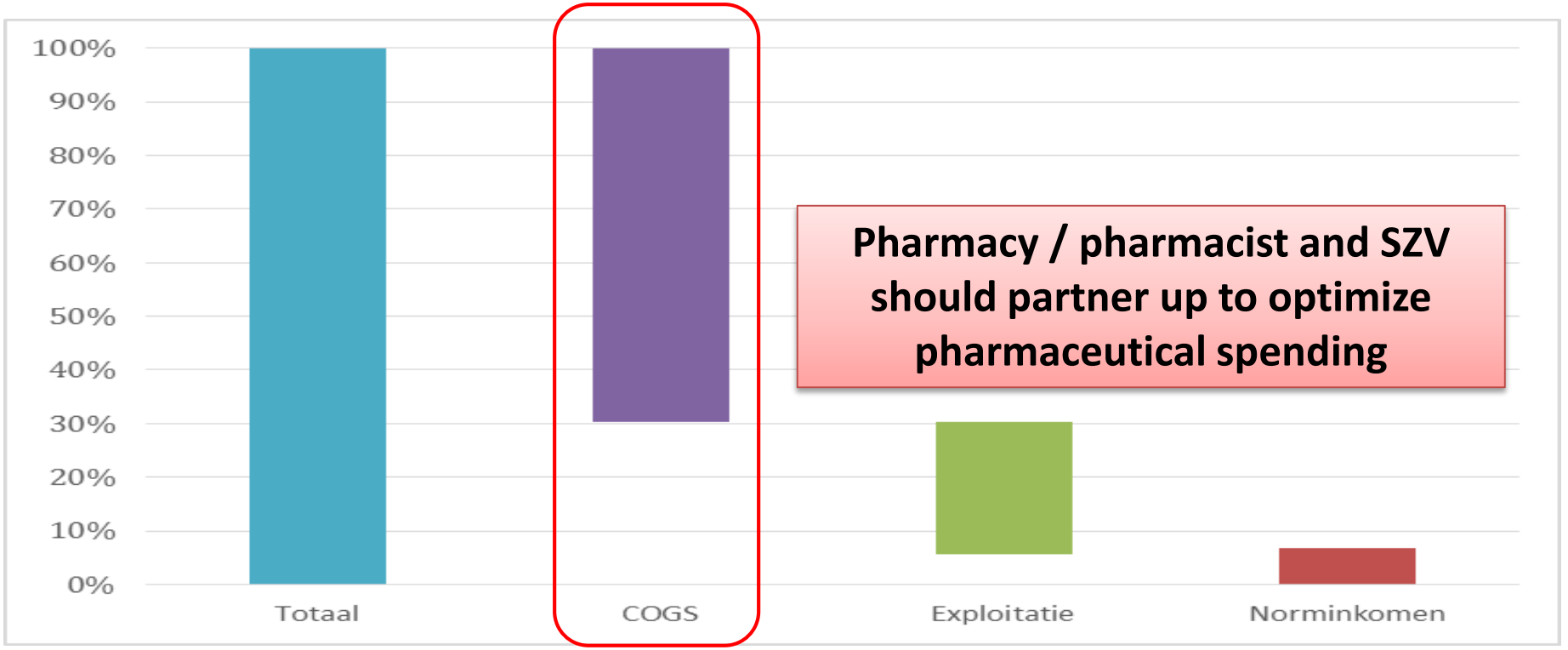
- Intramural Care
- **Pharmaceutical care**
- Challenges

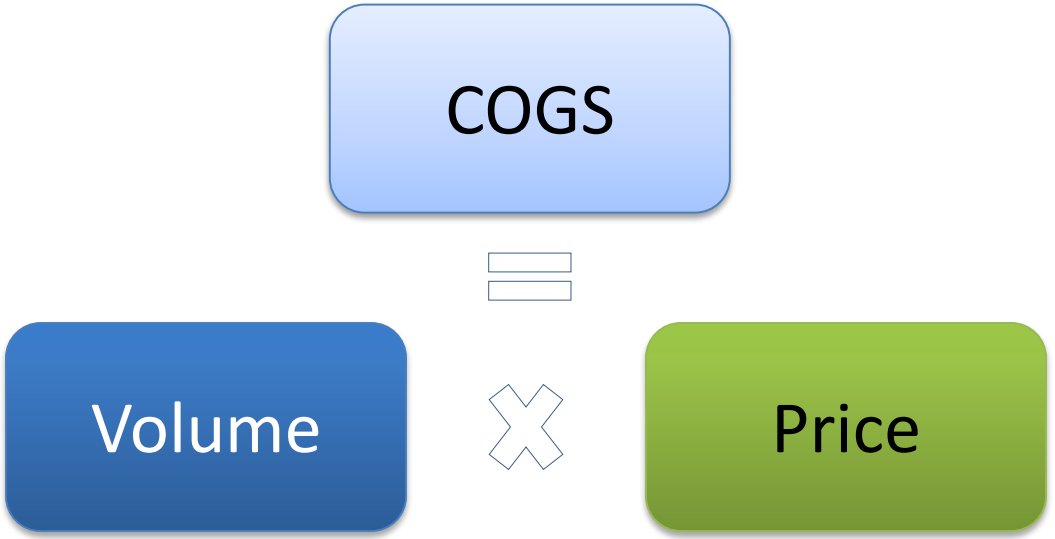
Let's stop fighting battles from the past

Joint responsibility to abolish waste and guarantee continuity



- COGS account for 70% of the expenditures on pharmaceuticals
- Biggest saving potential

Cost of goods sold (COGS)



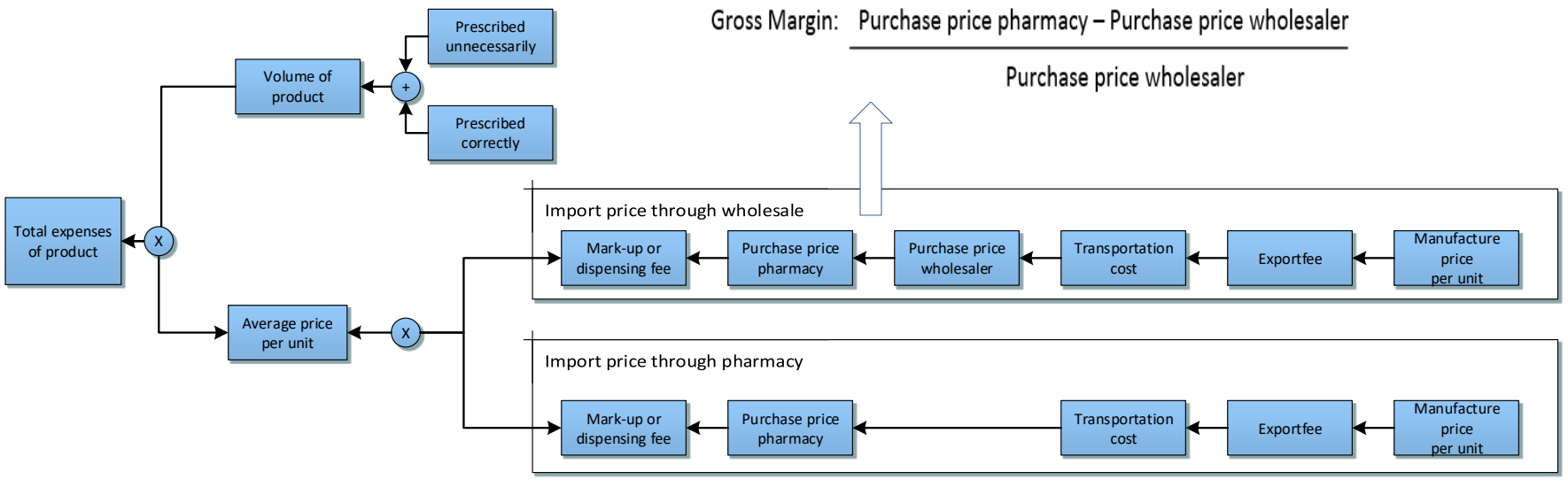
Volume can be rationalized by

- Reducing the package of reimbursed medication
- Stimulating rational prescribing of medication

Prize can be rationalized by

- Reviewing the pharmaceutical value chain
- Analyze cost(driver)s and profit margins

Breakdown of the value chain



- Total expenses per medication are calculated based on parameters entered
- The parameters in the driver three can be adjusted easily to see how it effects the total pharmaceutical expenses
- The driver three gives insight in the gross margin

Policy support dashboard

Virtual savings with different measures

1. Bruto marge

Op dit moment wordt er geen maximum bruto marge gehanteerd. De marges die gehanteerd worden variëren van -50% t/m 344%.

Hardlopers (o.b.v. kosten)

Interventie 1: de bruto marge is maximaal	25%	*(maximaal bruto marge)*
Interventie 2: de bruto marge is gelijk aan	25%	*(bruto marge)*

Overzicht kosten/besparingen

Interventie 1		
ZV	ANG	37.023,33
OZR	ANG	21.217,12
FZOG	ANG	3.612,32
Totaal	ANG	61.852,76

Interventie 2		
ZV	ANG	(81.239,58)
OZR	ANG	(28.604,96)
FZOG	ANG	(6.903,25)
Totaal	ANG	(116.747,80)

Hardlopers (o.b.v. volume)

Interventie 1: de bruto marge is maximaal	25%	*(maximaal bruto marge)*
Interventie 2: de bruto marge is gelijk aan	25%	*(bruto marge)*

Overzicht kosten/besparingen

Interventie 1		
ZV	ANG	58.674,09
OZR	ANG	22.440,99
FZOG	ANG	5.543,02
Totaal	ANG	86.658,10

Interventie 2		
ZV	ANG	58.674,09
OZR	ANG	22.440,99
FZOG	ANG	5.543,02
Totaal	ANG	86.658,10

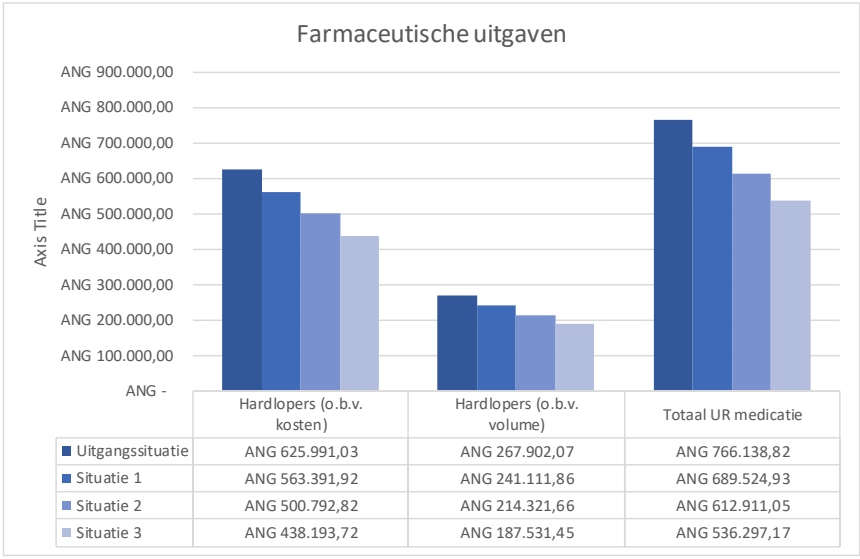
2. Doelmatiger voorschrijven

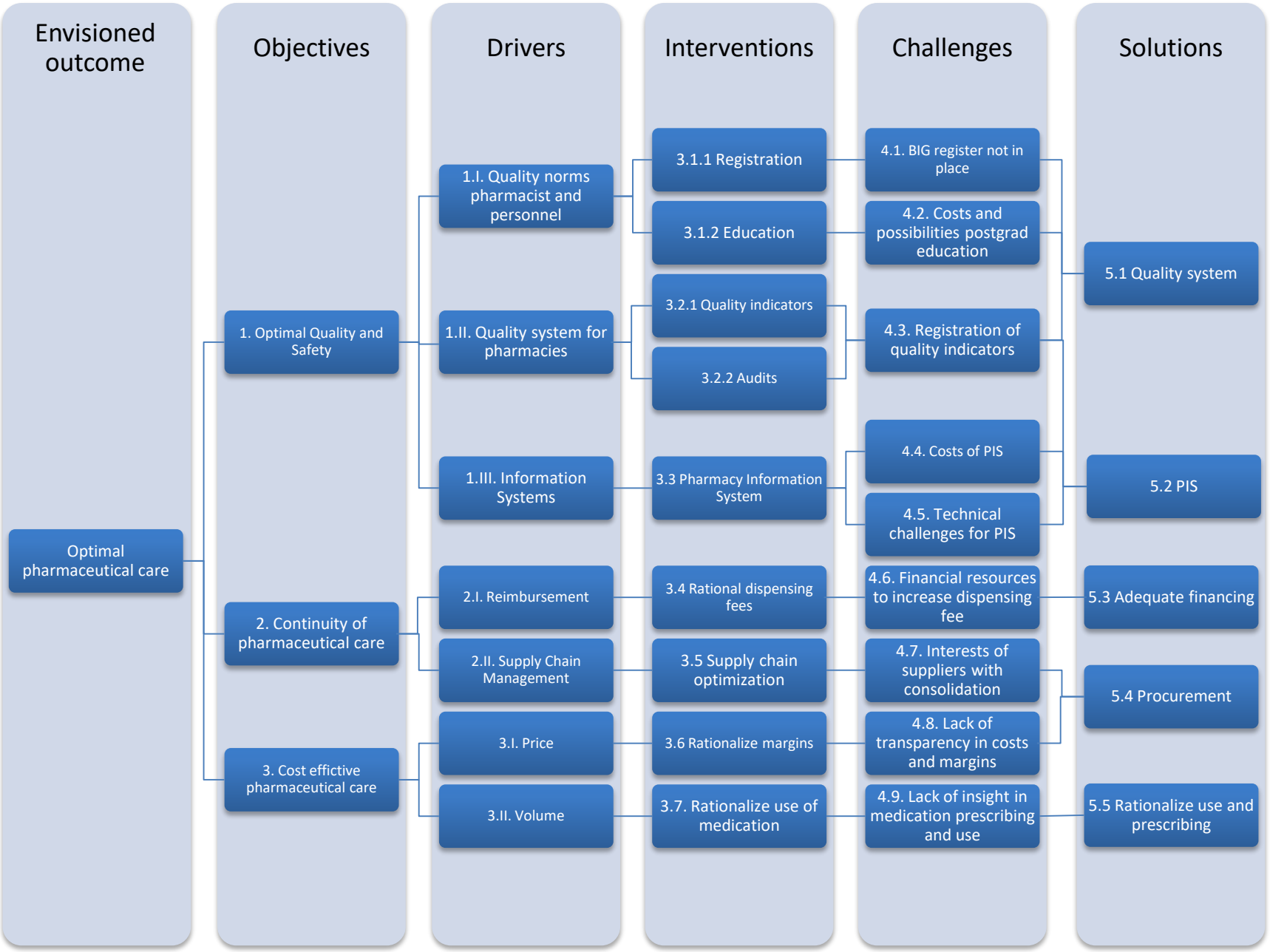
Besparingen op medicatie kunnen gerealiseerd worden door ondoelmatig voorschrijven tegen te gaan.

Situatie 1	10%	*(percentage fout voorgeschreven)*
Situatie 2	20%	*(percentage fout voorgeschreven)*
Situatie 3	30%	*(percentage fout voorgeschreven)*

Overzicht besparingen

Omschrijving	Uitgangssituatie	Situatie 1	Situatie 2	Situatie 3
Hardlopers (o.b.v. kosten)	ANG 625.991,03	ANG 62.599,10	ANG 125.198,21	ANG 187.797,31
Hardlopers (o.b.v. volume)	ANG 267.902,07	ANG 26.790,21	ANG 53.580,41	ANG 80.370,62
Totaal UR medicatie	ANG 766.138,82	ANG 76.613,88	ANG 153.227,76	ANG 229.841,64





SZV Social & Health Insurances

Because We Care

Agenda

- Our perspective on care procurement
- Intramural Care
- Pharmaceutical care
- Challenges

Progress and results hampered by challenges

- **Trust comes by foot and goes by horse …**
  - There was reason for distrust and (signs of) those reasons don't disappear overnight
- **Hidden agenda's**
  - Barrier for trust in partnerships
  - Resistance against transparency
- **Focus on new hospital rather than strategy for hospital care**
  - A new building is politically more interesting than a strategy with promises for the future
- **Lack of useful data even though Health IT is on the agenda since 2010**
  - Care providers do not have systems nor the drive to register data in a standardized manner
  - Data registration strategy is challenges by continuous shifting of priorities and 'fear'