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Payment methods to promote integrated care for people with multiple chronic conditions in Europe

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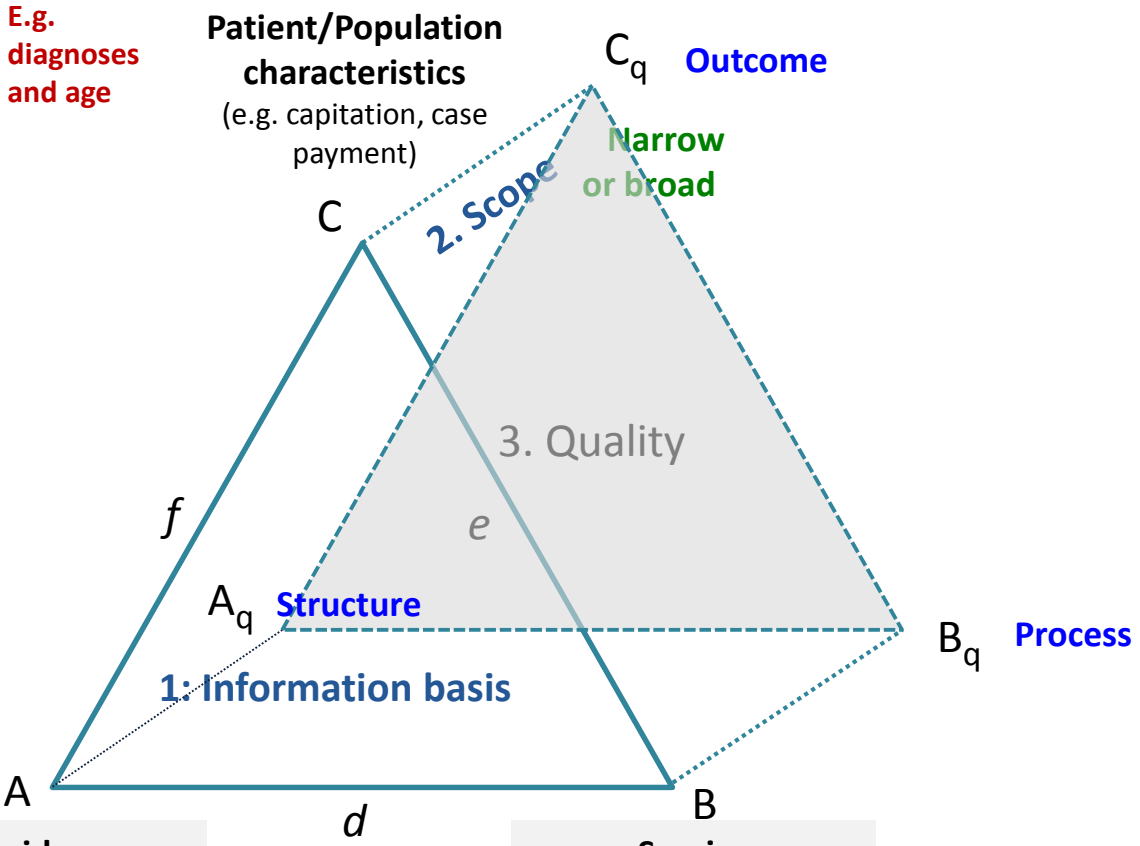
A framework for understanding payment

Three dimensions largely determine incentives of payment systems



All payment mechanisms can be adjusted to:

(1) promote coordination and ultimately integration of care

(2) better account for multimorbidity

(3) to encourage high quality of care

1. Improve coordination of care

Payment based on (basic mechanism)	Provider characteristics (salary, budget)	Patient / Population characteristics (capitation, case payment)	Service characteristics (fee-for-service)

1. Improve coordination of care

<table>
<tr><th>Payment based on (basic mechanism)</th><th>Provider characteristics (salary, budget)</th><th>Patient / Population characteristics (capitation, case payment)</th><th>Service characteristics (fee-for-service)</th></tr>
<tr><td rowspan="2">To promote coordination</td><td>budgets for multidisciplinary teams</td><td></td><td rowspan="2">pay for coordination activities (e.g. case review, documentation, participation in meetings)</td></tr>
<tr><td colspan="2">higher capitations for providers with multidisciplinary teams</td></tr>
</table>

→ Easy to implement but no incentives to coordinate care and to reduce cost

1. Improve coordination and ultimately integration of care: towards broader scope of payment

<table>
<tr><th>Payment based on (basic mechanism)</th><th>Provider characteristics (salary, budget)</th><th>Patient / Population characteristics (capitation, case payment)</th><th>Service characteristics (fee-for-service)</th></tr>
<tr><td rowspan="4">To promote coordination
↓
To pay for integration (shared savings or bundled payments)</td><td>budgets for multidisciplinary teams</td><td></td><td rowspan="2">pay for coordination activities (e.g. case review, documentation, participation in meetings)</td></tr>
<tr><td colspan="2">higher capitations for providers with multidisciplinary teams</td></tr>
<tr><td>budgets for integrated care structures</td><td>one capitation or case payment for multiple providers</td><td>one fee for multiple services performed by one or multiple providers</td></tr>
<tr><td colspan="3">payment defined based on patient, service and provider characteristics (e.g. one payment for a patient with a heart attack, including a specific set of services provided during six months after the initial event by a hospital, rehabilitation providers, and ambulatory physicians)</td></tr>
</table>

Two options: Shared savings or bundled payments
→ incentives for coordination and efficiency
… but complex to implement

Shared savings and bundled payment

Shared saving programme:

(1) Uses established payment system

(2) Compares payments against a benchmark

(3) Requires a new management company/intermediate institution to redistribute

… but both are difficult to implement – in particular for patients with multiple chronic conditions

Bundled payment programme:

(1) More complex due to exposure to financial risk

(2) The broader the scope the higher the risk

(3) Requires strong organizational structures with sufficient financial reserves

… patients with multiple chronic conditions would benefit most from integrated care

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2. Better account for multimorbidity

Payment based on (basic mechanism)	Provider characteristics (salary, budget)	Patient / Population characteristics (capitation, case payment)	Service characteristics (fee-for-service)
To better account for multimorbidity	higher budgets for providers with professionals trained in multimorbidity	comprehensive casemix adjustment of payments, explicitly taking multimorbidity into account	pay for patient education and counselling, pay for polypharmacy review

Relatively easy to do

Relatively easy to do

In particular, for broad scope of payment:

- **Patients with multimorbidity may require more resources**
- **If not adequately compensated, a strong incentive exists to engage in risk selection**
- **Need increases the broader the scope of payment**

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3. Promote quality of care

Particularly important when payments are broad because of larger incentives to reduce costs

Payment based on (basic mechanism)	**Provider characteristics (salary, budget)**	**Patient / Population characteristics (capitation, case payment)**	**Service characteristics (fee-for-service)**
To promote quality **Bonus/penalty** (for above/below average performance or for performance improvements)	**For structural quality indicators**, e.g. proportion of staff with certificate of training in multimorbidity	**For outcome indicators,** e.g. mortality, complications or patient satisfaction (after careful adjustment which takes multimorbidity into account)	**For process indicators,** e.g. proportion of patients treated in line with guidelines, proportion of patients with multi-morbidity having had a biannual polypharmacy

Designing incentives is complicated:

- **Developing meaningful indicators**
- **Reliable measurement of quality**
- **How to define targets (absolute or relative?); level of the payment adjustment (Individual, group, institution?); form of the incentive (bonus or penalty?)**

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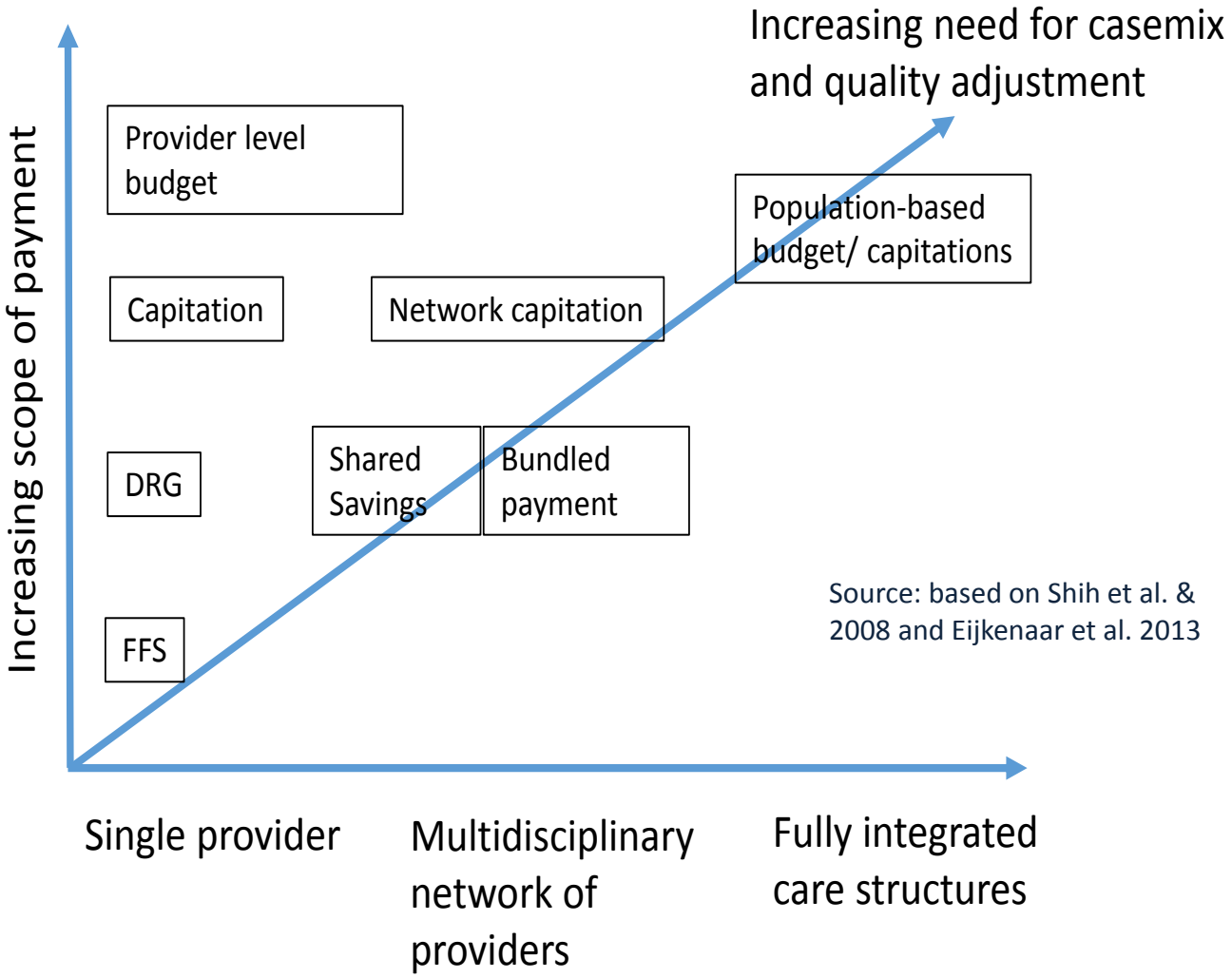
Relationship between scope of payment, care integration, case mix and quality adjustment

There is a hierarchy in the complexity of payment systems

→ Increasing scope of payment, increase need for casemix and quality adjustment

→ Countries should take note as this may provide a roadmap



Source: based on Shih et al. & 2008 and Eijkenaar et al. 2013

Conclusions

- Payment can support better coordinated and utlimately integrated care.
- Possible payment mechanisms include (1) pay for coordination (PFC), (2) shared-savings programmes, and (3) bundled payments.
- Broader payments can incentivize better coordination and integration
  … but are more complex, requiring casemix and quality adjustment (P4P).
- Patients with multimorbidity can potentially benefit most from coordinated and integrated care
  … but adjusting payment systems for multimorbidity is particularly complex.

  → strong leadership and governance structures are a prerequisite as are improvements to information systems

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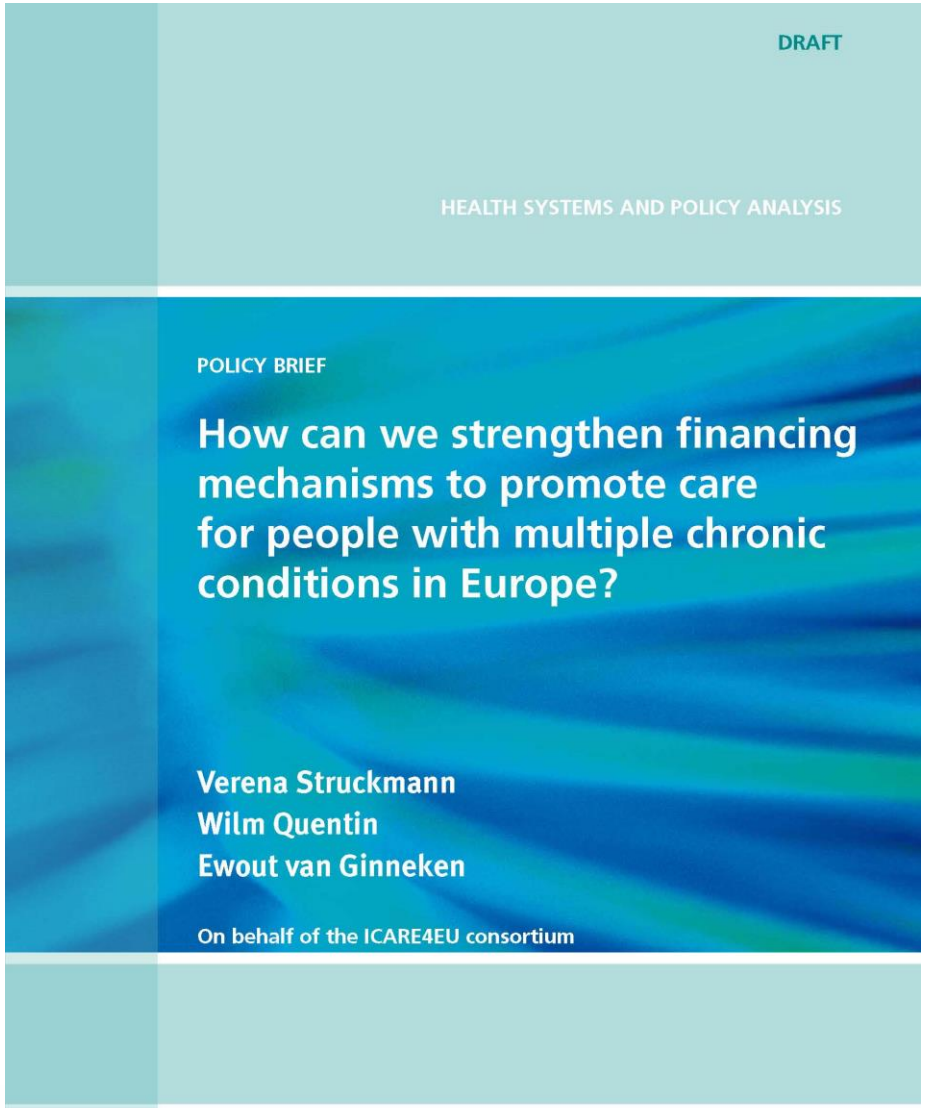

Thank you very much!

More info:

www.icare4eu.org/

and

www.mig.tu-berlin.de