

# Health System Funding Models

Funding models are undergoing scrutiny in order to determine their appropriateness to both deliver effective and efficient services as well as encourage innovation. Various funding models being considered include Patient Focused funding, Pay for Performance, Activity Based Funding, Service Based Funding and Activity by Results.

The language with which Canadian healthcare managers are most familiar includes service-based, activity-based, patient-based and global/block funding models.

With the infusion of wait times directed funding, many facilities have a hybrid model which includes block/global and the targeted wait times funding.

In 2002, the “Kirby report” recommended that hospitals receive service-based funding, rather than block/global funding. In response to the report, CHA’s Board of Directors passed a motion at its May 2002 meeting indicating opposition to service-based funding for hospitals.

At its February 2009 meeting, in light of significant developments in health system funding across the country, the CHA Board of Directors decided to review the policy position of May 2002, within today’s context and experience. A committee of Member representatives and CHA staff was struck to study the issue.

The Committee concluded it was not possible to endorse a single funding model that would meet the needs of all provinces and territories. However, the members of the pan-Canadian group identified and agreed to guiding principles they felt were required for the identification and implementation of any new funding model.

The CHA Board of Directors endorses the following guiding principles:

The funding model should:

1. Promote equitable and accessible delivery of services across the population served.
2. Encourage appropriate/evidence-based care in the most appropriate health setting from the most appropriate health provider.
3. Reflect the complexity of services delivered and the health needs of the population served.
4. Support improvements to quality, patient safety, accessibility, transparency, accountability, and sustainability.
5. Have the necessary capital infrastructure systems in place.
6. Include close monitoring of its impact, based on specific criteria including efficiency, outcomes and quality of service.
7. Be based on accurate data including appropriate baseline data as well as historical data.
8. Have regular review of both the framework and indicators.

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