The financing of Academic Hospitals in the context of (supra)regional networks

Julien Compère
CEO University Hospital of Liege
Chairman of the Council of Academic Hospitals of Belgium
Royal Academy of Medicine
7 October 2017
Funding of academic hospitals in Belgium

Namely through sub-part B7 of the BMF which aim is to take into account the specific missions AH are facing regarding:

- Clinical training
- Research
- New technologies
- Training of postgraduates
The amount of B7 dedicated to every hospital is based on the following criteria:

- **60 %** aims to cover the cost of added workforce needed to care patients in a tertiary environment. This amount is linked to the sub-part B2.

- **25 %** finances clinical research and the development of new medical technologies. AH must publish at least 3 publications for 10 beds on a three years basis. Moreover, at least 4 publications in 10 different medical disciplines are mandatory.

- **15 %** finances the costs related to clinical education and training. The amount is determined by the number of internship tutors and of postgraduates students in training.
• Academic missions are taken into account in other policies:

→ Building programs: more m² are eligible for academic hospitals than in general hospitals in the context of building programs
International study on the organisation and the funding of academic missions in eight different countries

• Done in 2014 by Antares Consulting at the request of the Council of University Hospitals of Belgium

• Understanding, through a benchmarking of the systems implemented in eight different countries (Belgium, Germany, Canada [Québec], Denmark, France, Sweden [Stockholm and Scanie] and Switzerland [Canton of Vaud]) how the academic missions are funded
International study on the organisation and the funding of academic missions in eight different countries

<table>
<thead>
<tr>
<th>Pays</th>
<th>Périmètre géographique</th>
<th>Nombre d'hôpitaux universitaires</th>
<th>Nombre d'habitants (millions)</th>
<th>Nombre d'habitants par HU</th>
<th>Superficie (km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgique</td>
<td>Belgique</td>
<td>7</td>
<td>11,1</td>
<td>1,6</td>
<td>30 528</td>
</tr>
<tr>
<td>Allemagne</td>
<td>Allemagne</td>
<td>33</td>
<td>82</td>
<td>2,5</td>
<td>357 021</td>
</tr>
<tr>
<td>Canada</td>
<td>Québec</td>
<td>5</td>
<td>8</td>
<td>1,6</td>
<td>1 667 441</td>
</tr>
<tr>
<td>Danemark</td>
<td>Danemark</td>
<td>4</td>
<td>5,6</td>
<td>1,4</td>
<td>43 100</td>
</tr>
<tr>
<td>Espagne</td>
<td>Catalogne</td>
<td>5</td>
<td>7,6</td>
<td>1,5</td>
<td>32 114</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9</td>
<td></td>
<td>0,8</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>France métropolitaine</td>
<td>30</td>
<td>65</td>
<td>2,2</td>
<td>549 190</td>
</tr>
<tr>
<td>Pays-Bas</td>
<td>Pays-Bas</td>
<td>8</td>
<td>17,1</td>
<td>2,1</td>
<td></td>
</tr>
<tr>
<td>Suède</td>
<td>Suède</td>
<td>7</td>
<td>9,5</td>
<td>1,4</td>
<td>450 000</td>
</tr>
<tr>
<td>Suisse</td>
<td>Suisse</td>
<td>5</td>
<td>7,8</td>
<td>1,6</td>
<td>41 290</td>
</tr>
</tbody>
</table>
International study on the organisation and the funding of academic missions in eight different countries

• Funding of research
• Several countries implemented variable funding system based on performance and productivity indicators (exps: France, Spain (Catalunya), Canada (Quebec), Germany, Sweden). There is also a will to accredit research structures that can benefit from a structural funding.
• In several countries, research and undergraduate training activities done in university hospitals are based on a global endowment (e.g. Switzerland, Sweden, Germany).
• In several countries, structural funding amounts from 30 to 50% of the total funding of research in university hospitals.
• However, there is no growth in the budgets allocated to structural funding of research.
• In the meantime, projects based funding is growing.
• Funding of education
• Funding of undergraduate and postgraduate students are differentiated in the majority of countries
• Two ways of funding:
  – Through global endowment, allocated on the basis of historical costs or structure cost
  – Based on the number of undergraduates/postgraduates students
• This last funding mechanism can be allocated through:
  – A fixed amount by UG/PG
  – Part of the wage of the PG’s that can depend on the study year of the PG
• The number of hospitals that are training the students is increasing
• Medical training (undergraduate as well as PG’s) represents the biggest part of the total training costs of university hospitals
Funding of tertiary care

In nearly all the countries under scrutiny, there is no clear definition of the concept of tertiary care:
- In France, Canada and Spain, this concept is clearly identified but only Spain determined a set of medical acts that can be defined as « tertiary care »

Funding of tertiary care is a matter of several funding mechanisms that are often indirect and not specific to this mission:
- Specific fee, higher DRG basis point, fixed amount granted to accredited reference centers, …
- Trend is to have the same DRG points while AH are asking for a differenciation between the DRG points to take into account the severity of the case-mix

There is a trend to focus the tertiary care treatment in specific centers to bring together all the competencies which implies a better quality of care as well as an economic efficiency
International study on the organisation and the funding of academic missions in eight different countries

• Conclusions

• Funding of AH is a concern in the vast majority of countries

• In these countries, there is a clear will to objectify the way research is funded. The process is realised in two steps:
  – Going from a funding through global endowment to a funding of accredited structures
  – Going from a funding of accredited structures to a variable funding based on indicators of productivity, performance, efficiency, …

• Funding of undergraduate and postgraduate education is organised differently in the majority of countries and is there are two different types of funding:
  – Through a global endowment allocated on the basis of historical criteria, structures costs, allocated resources, …
  – On an undergraduate/PG basis which is related to year of training (increasing productivity of the PG’s)

• Funding of tertiary care is organised through a lot of different mechanisms that are usually indirect and not mission specific
  – Specific fee, higher DRG basis point, global endowment for accredited reference centers, …
  – Trend is to have the same DRG points while AH are asking for a differentiation between the DRG points to take into account the severity of the case-mix
International study on the organisation and the funding of academic missions in eight different countries

Funding of academic missions in Belgium (4.6%) is far from what we can see in the other countries that were analysed. Two countries were around 6%, three around 9% end three are higher than 20%.
• No financial relationship between the authorities and the loco-regional networks except a lump sum fee that could be granted to every loco-regional network (sub-part B4) through one of the hospital.

It should be an incentive to create networks (Conceptual note on the implementation of loco-regional networks)

• However: The Minister in charge of public health could determine a specific BMF for a loco-regional network. The BMF of every hospital member of the loco-regional network could be partially or totally taken into account in the BMF of the loco-regional network (article 96 projet de loi) (AVANT-PROJET DE LOI MODIFIANT LA LOI COORDONNÉE DU 10 JUILLET 2008 SUR LES HÔPITAUX ET AUTRES ÉTABLISSEMENTS DE SOINS, EN CE QUI CONCERNE LE RÉSEAUTAGE CLINIQUE ENTRE HÔPITAUX)

• No provision regarding supra-regional networks
Other challenges academic hospitals are facing

• Double cohort of PG’s: total amount estimated around 100.000.000€/year, among which 40.000.000€ for AH
• Implementation of an inclusive financing of low variability care
Conclusions

• While there is in Belgium a specific funding for academic missions (B7), this budget is still not enough regarding the charge the academic hospitals are facing.

• An international comparison shows that the Belgian academic hospitals are, by far, less financed for their academic missions than their international counterparts (for instance Netherlands and Germany).
Conclusions

• Academic hospitals do not receive any funding in the network policy as it is now considered
• In the meantime, it seems that there could be a transfer of budget from hospitals to the loco-regional network
• Challenges that academic hospitals are facing (double cohort, inclusive financing of low variability care, networks, …) will have a tremendous impact on the university hospitals while they have been facing a lot of budget cuts in the past and while they are not granted any additional funding
Conclusions

• Academic hospitals should then benefit from a specific funding that enable them to cover the specific missions they are facing.

• This budget should be granted on the basis of efficiency rules such as quality and clinical results indicators but also related to education and publications as it is already partly organised in the B7.