TO: All BC Health Authorities

RE: Purchasing additional MRI volume during FY2010/11

Date: July 7, 2010.

HSPO has revised its pricing strategy for MRI examinations above the established baseline for each of the Health Authorities this fiscal year. We have increased the payment to $200 per case (instead of $150) on the first 7,000 incremental cases completed province wide. Additional cases beyond the first 7,000 will be paid at $225 per case as previously announced up to the provincial maximum of 14,000 cases.

The table below shows the 2010/11 plan as submitted by each Health Authority, as well as the allocation of the new cases as proposed by the Provincial Imaging Council.

	from HA Budget Working Paper			
	2009/10 MOH/HAMIS Actual	LMIIF cases included in 09/10 Actual	**2010/11** Plan (Baseline)	**HSPO Allocation by BC Imaging Council**
VCH	34,089	2,232	32,372	3,152
FHA	25,856	7,437	21,213	4,448
VIHA	18,526		18,526	2,119
IHA	11,344		11,500	2,074
PHSA	8,077		9,421	1,400
NHA	3,702		3,700	807
Total	101,594	9,669	96,732	14,000

If all cases are completed, this would represent an overall increase of 9% over the 09/10 volumes including LMIIF, and a 14% increase over the planned case volumes for this current year.

Draft agreements will be distributed to each Regional Health Authority as an addendum to the Main Patient Focused Funding Agreement (to be released). HAs that do not intend to participate to their full allotment should notify HSPO of their intentions.

Appropriateness within all medical imaging especially MRI is a shared interest of all. While guidelines on appropriateness are in the process of being developed, it is assumed that Health Authorities will do their part to ensure that these resources are focused on those who need it the most.

Les Vertesi

Maximum amount of Operating Room Procedures to be performed per HA with funding
Top 10 Main OR Procedures

Surgery	FH	IH	NH	VCH	VIHA	BC
Bladder	342			85	150	577
Breast Reduction	278	71		64	30	443
Cholecystecomy	416			50	63	529
Fallopian Tube/Ovarian	326					326
Foot and Ankle				210	130	340
Hand and Wrist	210			140		350
Hernia Repair - Abdominal	904	100		179	240	1,423
Knee Arthroscopy	646	346			200	1,342
Nasal Surgery	439	166		150		605
Shoulder Surgery	62	80		108	93	343
Total (top 10)	3,623	763		986	906	6,278

Total increase in MRI exams, operating room and non-operating room surgeries by HA

Health Authority	Main OR Procedures	Non-OR Procedures	MRI Exams
VCH	1,597	3,394	3,152
FHA	4,819	2,000	4,448
VIHA	961	2,578	2,119
IHA	1,402	1,313	2,074
NHA	360		807
PHSA			1,400
Total	**9,139**	**9,285**	**14,000**

PATIENT FOCUSED FUNDING: MAIN AGREEMENT BETWEEN THE HEALTH SERVICES PURCHASING ORGANIZATION (HSPO) AND THE FIVE REGIONAL HEALTH AUTHORITIES (HAs)

1. Purpose of the Main Agreement

1.1 The Main Agreement sets out the understanding reached between the HSPO and the five individual HAs in two specific areas:

(a) How the HAs will earn funds, formerly provided by Ministry of Health (MOH) Global Funding and additional funds, provided by the HSPO from its budget of $79m in 2010/11, by means of Activity Based Funding.

(b) How the HAs will earn additional funds, provided by the HSPO from its budget of $79m in 2010/11, by entering into agreements (Addenda Agreements) with HSPO and performing additional patient procedures in order to reduce patient wait times (Procedural Care Program).

2. Activity Based Funding

2.1 This Agreement will cover the 23 Acute Care Hospitals (Appendix A) that will participate in Activity Based Funding (ABF). Additional hospitals can be included in the Procedural Care Program (see Section 3 below).

2.2 The 2010/11 ABF budgets for each hospital will be based on the total Inpatient and Same Day Care activity for the year 2009/10 (subject to certain exclusions[1]) as measured by the Canadian Institute for Health Information (CIHI) Grouper 10 Resource Intensity Weights (RIW). Adjustment will be made to remove the impact of LMIIF activities in 2009/10. ABF budgets are set by converting RIWs into dollars. See Sections 2.4 and 2.5 below.

2.3 The actual RIWs generated by each hospital will be measured for each quarter during the year and will be compared with the RIW generated by that hospital for the same quarter in 2009/10, adjusted for the LMIIF activities in 2009/10 referred to in Section 2.2. The difference in RIW value (±) will be converted into dollars and adjusted through the regular bi-monthly payment from the MOH to the HA (See Section 5 "Payments" below).

2.4 Inpatients: for each RIW the hospital will earn $1,520 in accordance with the following formula:

$3,800 x 40% = $1,520

where $3,800 is an estimate of the variable cost of one RIW.

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[1] Exclusions are: Non-BC/Canadian residents, Cardiology and Cardiac, Transplants, Cochlear Implants, Maternity/Neonatal, Total Joints & Cataracts, Non-abstracted hospital visits, ECTs, Cardioversions, Cystoscopies, incremental volume under the Procedural Care Program and discharges direct from Emergency . Exclusion details by CMG/MCC will follow with conversion of Global budget to Activity Based Funding details.

2.5 Same Day Care: for each RIW the hospital will earn $3,040 in accordance with the following formula:

$3,800 x 80% = $3,040

where $3,800 is the estimate of variable cost of one RIW.

3. Procedural Care Program

3.1 The Procedural Care Program is intended to accelerate reductions in patient wait times beyond that accomplished under current design of Activity Based Funding.

3.2 The overall size of the budget will be determined by the HSPO Board. Agreements (for groups of procedures) will be negotiated by HSPO staff with each HA, and these agreements will form addenda to the Main Agreement with the respective HA.

3.3 HAs will not earn ABF revenue on Additional Patient Procedures. Instead, prices for the Additional Patient Procedures will be at an agreed price per case and not the RIW value of the procedures.

3.4 Payment for additional procedures under the Procedural Care Program will be made on a Payment Request Form submitted by each HA. See Section 5.4 for the payment process.

3.5 Procedures contracted in the Procedural Care Program will not intentionally be moved from non-participating hospitals to participating hospitals.

3.6 Proposed quality measures will be determined in consultation with the B.C. Safety and Quality Council and appropriate clinical experts.

4. Health Records

4.1 RIW for each patient case is compiled for the individual health record of each patient. A compilation of these records is submitted by every hospital to CIHI as per standard process. The HAs will ensure that all hospitals covered by the Main Agreement will provide data to CIHI no later than 60 days after reporting period end in fiscal year 2010/11 and no later than 30 days after reporting period end by March 31, 2012.

4.2 The Discharge Abstract Database (DAD) will be the official data source for patient health records. Final payment reconciliation will be based on the DAD data or exceptions approved by the HSPO.

5. Payments

5.1 The MOH will continue to provide bi-weekly operating grant to the Health Authorities in accordance with the payment schedule in the MOH funding letter.

Activity Based Funding

5.2 The calculation of the total RIW for each hospital will be made after the end of each quarter. The corresponding revenue adjustment will be made based upon HA data submitted to CIHI within 60 days after reporting period end. Payment will follow 30 days thereafter.

5.3 The maximum incremental 2010/11 ABF revenue for each HA will be 3% of the 2010/11 budget referred to in Sections 2.2, 2.4 and 2.5

Procedural Care Program

5.4 In 2010/11, payments will be made as follows:

(a) Once the respective addendum is signed, one-third of the total contract value will be advanced.

(b) At the end of Q3, additional funding will be provided based on actual Q3 year to date volumes reported by the HA. The original one-third cash advance will carry into Q4.

(c) At the end of Q4, a final funding reconciliation will be made based on the Q4 Procedural Care Report.

6. Audits

6.1 All Patient Focused Funding programs are subject to audit. Proper accounting records should be retained for possible review by internal or external auditors.

IN WITNESS WHEREOF, this Agreement has been signed by an authorized representative of each party and is entered into this ____ day of ___________, 2010.

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David Thompson
Chair, HSPO

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Les Vertesi
Executive Director, HSPO

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David Ostrow
President & CEO
Vancouver Coastal Health Authority

Appendix A

101 Vancouver General Hospital

102 St. Paul's Hospital

106 Mount Saint Joseph Hospital

109 Royal Columbian Hospital

112 Lions Gate Hospital

115 Langley Memorial Hospital

116 Surrey Memorial Hospital

121 Richmond Hospital

123 UBC Health Sciences Centre

130 Burnaby Hospital

131 Peace Arch District Hospital

136 Eagle Ridge Hospital

201 Royal Jubilee Hospital

202 Victoria General Hospital

301 Vernon Jubilee Hospital

302 Kelowna General Hospital

303 Penticton Regional Hospital

401 Royal Inland Hospital

501 Nanaimo Regional General Hospital

601 Chilliwack General Hospital

603 Matsqui-Sumas-Abbotsford General Hospital (closed in 2008/09)

604 Ridge Meadows Hospital and Health Care Centre

609 Abbotsford Regional Hospital and Cancer Centre (opened in 2008/09 replacing 603)

703 The University Hospital of Northern British Columbia