

A Novel Approach to Hospital Performance Measurement in Ontario that accounts for Patient Mix and Flags Risk of Service Loss.

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Introduction

With unprecedented strain on Ontario's health care system, including significant demographic pressures, funders and hospitals are challenged to provide appropriate care for the best value for their patients. The Ontario Hospital Association (OHA) serves Ontario's hospitals to build a better health system and works closely with hospital members, in collaboration with the Ministry of Health, to deliver on equitable funding approaches that meet the needs of patients while providing efficiency and value. With this level of connectivity, the OHA is in a unique position to develop a hospital performance dashboard, aligned with government strategies, that arms hospitals with data to provide the appropriate context around patient complexity and population needs for those organizations.

Methods

A novel framework was developed to assess fiscal efficiency relative to a hospital's financial position. Fiscal efficiency was quantified by comparing hospital actual inpatient cost per weighted case and its weighted cases to provincial benchmarked efficient costs that were derived from Ontario's Case Costing Initiative. These costing benchmarks are utilized primarily in the Growth and Efficiency funding model for hospital inpatient care, a patientbased funding system that allocates funds to hospitals based on patient case mix and the demographic growth of hospital catchment areas over a two-year period. A stakeholder engagement strategy was devised, involving experts in hospital funding and performance, as well as teams from the Ministry of Health and Ontario Health. The framework's validity was tested through historical data analysis and trend evaluation as well as whether these limited indicators are required to provide hospital-type specific context.

Results

In previous iterations of hospital performance scorecards, hospitals serving populations with higher clinical complexity, high growth or socio-economic challenges were initially flagged as underperforming. Typically, multiple layers of performance indicators were required to address hospital contextual factors, resulting in increased data burden and complex performance management systems. Preliminary results from OHA's novel scorecard demonstrate that including metrics for hospital efficiency that captures case mix index better supports hospitals in understanding their financial performance, identifying opportunities for economies of scale for best practices, and addressing potential future fiscal risks, with minimal additional supporting indicators.

Discussion/Conclusions

Our novel approach offers a more nuanced framework for hospital performance measurement, addressing the limitations of traditional models. By considering patient mix and utilizing predictive analytics, healthcare administrators and policymakers can better support hospitals in identifying risks and articulating the needs of their communities. This methodology has the potential to reshape hospital performance evaluation in Ontario, promoting equity and sustainability in healthcare delivery. The next steps are to test the robustness of the tool in predicting the risk of events such as hospital service closures, cash failure, or need for working capital relief and to assess the tool's utility in supporting hospital and government decision-makers.

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