

issues brief

No. 32: Re-orienting funding from volume to value in public dental health services

11 June 2019

Dr Shalika Hegde, Manager, Centre for Value-based Oral Health Care, Dental Health Services Victoria. Email: shalika.hegde@dhsv.org.au; Dr Rebecca Haddock, Director, Deeble Institute for Health Policy Research, Australian Healthcare and Hospitals Association. Email: rhaddock@ahha.asn.au.

Deeble Issues Brief No. 32 focusses on funding reforms that will be required to achieve value-based health care for public dental health in Australia. Using Dental Health Service Victoria's learnings from a value-based health care implementation and funding model reform, this Issues Brief draws on local and international examples that provide the rationale and evidence for funding reforms that maximise value and outcomes for patients, funders and the health system.

Issues

Australia's public oral healthcare system is relentlessly impacted by uncoordinated funding reforms at both the Commonwealth level and within individual jurisdictions. Such approaches to funding fail to achieve the best outcomes and value for patients, funders, payers and service providers due to:

- duplication of efforts at the Commonwealth and state levels;
- inefficiencies;
- fragmentation of services;
- lack of harmonisation across the states and territories in the provision of oral health services; and
- significant variation in per capita level of investment in public dental services among states and territories.

Re-orienting current fee-for-service public dental funding models in Australia to support 'outcomes over outputs' and 'value over volume' therefore has many potential benefits, including improved value for money, financial sustainability and care coordination for governments, and better oral health outcomes for patients and the community.

The table below provides a review of funding models against value-based health care criteria.

Criteria	1. Block Grants	2. Capitation	3. Fee-for-service	4. Activity-based Funding	5. Payment by Result (PbR)	6. Value-Based Funding	7. Blended Funding - Capitation and value-based	8. Blended Funding - Fee for service / ABF and value-based
Better health outcomes	✗	⚠	✗	⚠	⚠	✓	✓	✓
Appropriate use of health services	✗	⚠	✗	⚠	⚠	✓	✓	✓
High quality services	✗	⚠	✗	⚠	⚠	✓	✓	✓
Effective use of health workforce	✗	✓	✗	✓	✓	✓	✓	✓
Cost effectiveness	✗	✓	⚠	⚠	✓	✓	✓	✓
Access	✗	✓	⚠	✓	⚠	⚠	⚠	⚠

Key: ✗ The funding model does not satisfy the given criterion; ⚠ The funding model partially satisfies the given criterion; ✓ The funding model strongly satisfies the given criterion.

An analysis of each model and how they functioned in a practice context, led to a recommendation that the Blended Funding model (no. 7) be adopted to transition Victorian public dental health to a reimbursement system aligned to value-based health care principles.

The model chosen combines a risk-adjusted capitation base with a value-based outcome component. Capitation is a set amount for each enrolled person assigned to an organisation, per period, whether or not that person seeks care.

Recommendations

The Australian Government Department of Health should consider:

- negotiating with the states and territories to move to an agreed blended funding model comprising a risk-adjusted capitation base and value-based health outcome components to achieve a balance between health equity and overall costs.
- standardising tracking of health outcomes and costs of care. This will require comprehensive and enhanced data collection systems with strong IT infrastructure.
- developing an agreed national minimum dataset and data dictionary for oral health to enable the capture of nationally consistent and comparable outcomes data.
- modelling the impact of proposed funding reforms and evaluating them during and after implementation.
- developing pilot programs with inbuilt scalability to larger geographical areas with different patient segments.