4.10–Health Service Organization and Primary Care Network Programs

(Follow-up to VFM Section 3.10, *Special Report on Accountability and Value for Money*—2000)

BACKGROUND

The Health Service Organization (HSO) Program was established in 1973, and the Primary Care Network (PCN) Program was established in 1999. Each HSO and PCN comprises physicians who have agreed to provide a defined set of primary health-care services to their enrolled patients. During the 2001/02 fiscal year, the Ministry provided transfer payments totalling approximately $45 million to HSOs and $36 million to PCNs.

Our major concerns with the programs were:

- HSO patient rosters had only been verified once, despite the fact that approximately 8,000 of the 18,000 patients verified at that time proved to be ineligible and were removed from HSO rosters.
- The Ministry had not assessed whether it was receiving value for money for the more than $20 million in annual funding it provided to the Group Health Association.
- Expansion of the PCN Program, to include 80% of eligible family doctors, was being planned while evaluations of the pilot PCNs were still not completed.
- Capitation (per person) funding rates did not take into account factors that may affect the need for primary health care, such as patients' medical histories.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take corrective action.

CURRENT STATUS OF RECOMMENDATIONS

According to information obtained from the Ministry, the Ministry has taken some action on all of the recommendations made in our *Special Report on Accountability and Value for Money* (2000) The current status of each of our recommendations is as follows.

HEALTH SERVICE ORGANIZATIONS

Roster Verification and Negation

Recommendation

To help ensure that payments to HSOs are made only for patients actually receiving their primary care from the HSO, the Ministry should:

- *implement regular verification procedures for HSO rosters; and*
- *where practical, apply negation for primary care services provided to rostered patients by alternatively funded physicians.*

Current Status

According to the Ministry, a regular roster verification process has been implemented. This process is to be compatible with the new PCN system. In 2001, the Ministry sent each HSO a list identifying the patients to be verified and the letters that were to be sent to these roster members, who represented 5% of each HSO's roster. All HSOs have submitted their results to the Ministry, and roster changes were in the process of being implemented.

The Ministry also advised us that it had performed audits at 58 HSOs in 2000 and 53 HSOs in 2001 to ensure that patient signatures were on enrolment forms. Signature audits for 2002 have been completed at 20 HSOs, and the remainder were to be completed by October 2002. We understand that these audits are being followed up on to ensure full compliance with ministry requirements.

The Ministry indicated that, where feasible, negations (deductions from subsequent payments) would be implemented for primary care services provided to HSO-rostered patients by alternatively funded physicians.

Roster and Billing Limits

Recommendation

To ensure that HSOs are paid in accordance with agreed-upon roster sizes and fee-for-service billing limits, the Ministry should monitor HSO compliance with those limits.

Current Status

According to the Ministry, fee-for-service and roster limit recovery notices for the 1997/98 and 1998/99 fiscal years were sent to HSOs in October 2000. This resulted in recoveries totalling approximately $111,000. The Ministry advised us that any outstanding amounts are being collected in accordance with accounts receivable guidelines.

The Ministry also indicated that the amounts to be recovered for the 1999/2000 and 2000/01 fiscal years were to be calculated in the summer of 2002.

Institutional Substitution Program Grants

Recommendation

To help ensure that value for money is received from Institutional Substitution Program grants, the Ministry should:

- *examine the appropriateness of the grants; and*
- *review the grants being provided and, where necessary, make appropriate adjustments.*

Current Status

According to the Ministry, Institutional Substitution Program (ISP) grants were reviewed starting in July 2001. However, because of the lack of historical information, recommendations were made to continue the program and review the grants again after the 2001/02 activity reports were received in June 2002.

The Ministry also advised us that new templates for preparing activity reports were sent to grant recipients in March 2002. As part of the renegotiation of the ISP agreements, the grants will be reviewed with a view to reforming the grants to align with standardized targets and programs.

Performance Measurement and Reporting

Recommendation

The Ministry should complete its study comparing health-care utilization and costs in health service organizations with fee-for-service practices and ensure that the results are considered in the implementation of the PCN Program.

Current Status

The Ministry advised us that ministry staff are continuing to work with the Centre for Health Economics and Policy Analysis at McMaster University to provide historical roster information that is needed to complete the study comparing health-care utilization and costs in health-service organizations with fee-for-service practices.

Group Health Association

Recommendation

To help ensure that it is receiving value for the funding it provides to the Group Health Association (Association), the Ministry should:

- *require the Association to provide it with sufficient information so the Ministry can assess whether the Association's programs and services were delivered efficiently and effectively;*
- *ensure that the accuracy of the Association's roster is verified periodically; and*

- *assess the reasonableness of the outside use of medical services by the Association's rostered patients and implement a process that enables the Ministry to reduce payments to the Association where warranted, as is currently done in the Health Service Organization Program.*

Current Status

According to the Ministry, the Ministry is negotiating a new contract with the Association to address the issues we reported in 2000, and these negotiations are to be finalized by September 30, 2002. The new agreement is to include mechanisms for verifying the roster. The Ministry also advised us of the following:

- The Ministry has requested a review of certain aspects of the Association's current operations to better understand how the Association operates and to address deficiencies as measured against government accountability guidelines. Details of the Association's program management, funding sources, and partnerships are also being requested to ensure effective service delivery.
- Established ministry programs are to be used as models for setting acceptable benchmarks and for initiating procedures to ensure the accuracy of the Association's roster and to assess and control the use of outside medical services by the Association's patients.

PRIMARY CARE NETWORK PROGRAM

Implementing Primary Care Networks

Recommendation

To help ensure that the PCN Program provides improved primary health care in a cost-effective manner, the Ministry should, in line with the planned expansion of the Program, carefully assess:

- *the interim reports on the evaluation of the PCN pilots;*
- *relevant experiences of other jurisdictions; and*
- *the results of the ministry-funded study comparing health-care utilization and costs in health service organizations and fee-for-service practices.*

Current Status

Primary care networks are now known as family health networks, which are supported by the Ontario Family Health Network (OFHN). The OFHN was created by the province in March 2001, and its role specifically includes providing family physicians with information, administrative support, and technology funding to support the voluntary creation of family health networks in their communities. According to the Ministry, the OFHN is the agency that will lead the expansion of family health networks.

The Ministry has received two formal reports on the evaluation of primary care reform pilots in Ontario. The evaluation reports were shared with the OFHN. The Phase 1 report assesses the implementation process and presents observations and findings to be considered in developing an implementation plan to encourage and support the expansion of family health networks. The Ministry indicated that this report will assist the OFHN in adjusting its ongoing support to the existing pilot networks if possible and assist physicians in the continuing operation of their networks. The Phase 2 report describes and assesses the progress that is occurring, the barriers to progress, and the opportunities for improvement. It examines results and presents recommendations in line with reform objectives. Its findings have been considered in implementing the new family health networks and in the continuing administration of the pilot networks.

Phase 3 is intended to evaluate reform results or outcomes: its main focus is to be the impact of primary care reforms in the pilot communities and the outcomes achieved by the pilots. The Phase 3 report is to provide a summary of key findings from all three phases of the evaluation, an assessment of goal achievement, and recommendations and is to bring together all of the evaluation's findings in order to formulate conclusions. We were advised that the OFHN and the Ministry have reviewed the draft Phase 3 report and have provided corrections regarding factual errors. The Ministry anticipates that the "final draft report will be released in the very near future."

The Ministry is continuing to participate on federal, provincial, and territorial committees that are studying primary care reform initiatives in other jurisdictions.

As mentioned earlier, ministry staff are working with the Centre for Health Economics and Policy Analysis to provide historical roster information that is needed to complete the study comparing health-care utilization and costs in home service organizations and fee-for-service practices.

Capitation Rates

Recommendation

To help ensure that funding of primary care networks is equitable, the Ministry should consider options, including those utilized by other jurisdictions, for adjusting capitation rates to equitably reflect the level of services being provided.

Current Status

According to the Ministry, the Centre for Health Economics and Policy Analysis (CHEPA) at McMaster University has completed a draft preliminary literature review of policy options for physician remuneration. CHEPA's paper includes options for adjusting capitation rates and a survey of how capitation rate modification has been addressed in other jurisdictions. We were advised that ministry staff have reviewed the paper and will be working with CHEPA to explore the potential use of a model developed by Johns Hopkins University that was pilot tested in British Columbia.

The Ministry advised us that its ongoing negotiations with the Ontario Medical Association have included an examination of the appropriateness of current capitation rates and means for the diversification of provider remuneration. This resulted in the development of two compensation models.

Referrals to Specialists

Recommendation

To help ensure that the process for referring patients to specialists is cost effective, the Ministry should:

- *determine whether different methods of funding primary health care affect referrals to specialists; and*
- *develop methods for monitoring and improving the quality of the referral process.*

Current Status

We were advised that the University of Toronto's Hospital Management Unit has been working with the Ministry to provide advice and recommendations on appropriate performance measures for PCNs that may include tracking of referral rates to specialists. Further details on this initiative are provided in the Performance Measurement and Reporting section of this follow-up report.

The Ministry, through the Ontario Health Insurance Plan (OHIP) system, has performed some preliminary analysis of rates and patterns of referrals by physicians to specialists with a view to a more extensive examination. The Ministry indicated that it is establishing linkages between the University of Toronto and the Ministry's generic alternate payment programs projects to ensure that it will have a comprehensive and improved system to monitor performance, enhance accountability, and manage costs.

The Ministry also indicated that the evaluation of primary care reform pilots includes provider surveys that are intended to furnish qualitative information on referral patterns.

Interdisciplinary Primary Health Care

Recommendation

To help ensure that PCNs deliver cost-effective primary health care, the Ministry should:

- *thoroughly evaluate the experiences of other jurisdictions to identify best practices that warrant consideration in Ontario; and*
- *provide guidance on the combinations of health-care providers that are required to provide high-quality and cost-effective health care.*

Current Status

According to the Ministry, it continues to participate on federal, provincial, and territorial committees that are studying primary care reform initiatives, including interdisciplinary care models in other jurisdictions. The goal of this continued participation is to develop an appropriate strategy for Ontario.

We were advised that ministry staff and the Chair of the OFHN have met with a large number of groups representing health workers to obtain their input on collaborative health care. In addition, the Ontario College of Family Physicians has submitted a proposal to the OFHN regarding collaborative working relationships and the roles of nurse practitioners and other primary care disciplines that identifies factors that contribute to successful collaboration and makes recommendations regarding liabilities and funding issues. The Ministry advised us that it has applied to the federal government for funding from the Primary Health Care Transition Fund and that it is intending to more than double the number of nurse practitioners working in Ontario. The Ministry anticipates that many of these positions will be placed in family health networks.

Roster Limits and Verification

Recommendation

To help ensure that roster limits are reasonable, the Ministry should research best practices in other jurisdictions and establish a sound basis for setting PCN roster limits.

The Ministry should also ensure that an effective verification process is implemented for PCN patient rosters.

Current Status

According to the Ministry, roster limits in the current primary care pilots as well as experiences in other jurisdictions are to be evaluated to determine how to set appropriate roster limits. The Ministry's current agreement with the Ontario Medical Association states that family health network template agreements will have no roster limits if a physician personally and directly provides the majority of primary care medical services to the patients rostered to that physician.

Annual audits to verify each family health network's physician's roster of enrolled patients are to be conducted either by the Ministry or the Ontario Family Health Network. Family health network agreements also contain a provision for enrolment verification beyond annual audits. Roster verification is to include letters to patients, the listing of patients who have been selected for enrolment verification, and random audits to ensure that patient letters are kept on file by the physician. The Ministry indicated that changes to the OHIP system are to be made to support the enrolment verification process. The Ministry expects that the first enrolment verification cycle will be completed by the fall of 2002, at which time the cycle will be repeated.

Performance Measurement and Reporting

Recommendation

To enable it to assess the quality of care provided by PCNs, the Ministry, in collaboration with primary health-care providers, should develop:

- *appropriate performance measures and standards; and*
- *a health performance information system that meets the needs of the Ministry and PCNs.*

Current Status

As mentioned earlier, we were advised that the Ministry has been working with the University of Toronto to develop appropriate performance measures for PCNs. These may include tracking of referral rates to specialists, waiting times, and services provided by nurse practitioners, as well as other measures. This research included input from experts. In June 2001, a report was presented to the Ministry indicating outcomes, identifying performance issues, and making recommendations.

Over the next two years, the University is to field-test performance indicators by identifying barriers to data collection and suggesting means to overcome the barriers. The testing is also intended to provide an opportunity to develop performance measures from the indicators identified, identify data sources, and investigate possible standards for the indicators. A seminar for primary care physicians on these performance indicators is to be developed.

The Ministry indicated that it has begun work on the Generic Alternate Payment Programs project to develop systems and business practices to enhance development, management, enforcement, payment, and accountability. The project team has begun its work to review alternative payment contracts and data-capture systems with the intent of developing and implementing processes for standardized alternative payment contracts. Linkages are also to be established to ensure that the Ministry will have a comprehensive and improved system to monitor performance, enhance accountability, and manage costs.