

MEETING ABSTRACT

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# The funding system and incentives in Portuguese hospitals

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## Introduction

The study of funding systems is an important issue that can influence the quality of care provided, among other aspects. According to some authors, the structure of any funding system usually involves the definition of the produced quantity and respective prices. It is also claimed that health organizations make their productive structure and their strategic decisions depending on the price system applied.

Currently, the Portuguese funding system is based on the total number of acts and services provided, based on a price basis to be adopted annually by the Ministry of Health. The main production lines defined are inpatient (medical and surgical), ambulatory visits, emergency visits, day hospital, home-care services and continuing care (convalescent and palliative).

Hospitals are grouped according to their characteristics, and there is a price per unit of production defined for each group. The case-mix index (CMI) from the previous year is used to consider the differences among hospitals belonging to the same group.

Additionally, in order to encourage achievement of the activity levels contracted, the contractor may establish rules of remuneration of marginal production (activity above or below the levels fixed by contract).

## Objectives

This study aims to assess and quantify the differences between the amount of funding expected and that actually received for a group of Portuguese hospitals, for each of the main production lines considered, and to determine the impact of these differences on the hospitals' profits.

## Methods

Using a sample of 31 public hospitals, we considered that the following variables determined the value of funding: volume, weight of each production line, CMI and price. Then we (1) compared the global values of real and expected funding (also simulating an adjustment of the case-mix index used to calculate the expected value); and (2) compared the real value and the expected value for each production line, and their repercussions on the total funding. Each of the variables that impacted total funding was changed in part and sequentially, whereas the remaining variables stayed unchanged.

## Results

The comparison of the real CMI with the expected CMI showed that hospitals respond in different ways to incentives in the funding model. There were differences between the patterns observed in the inpatient and ambulatory departments, as well as by type of treatment (medical or surgical). The analysis by hospital identified a group of hospitals whose behavior typifies the possible reactions to the funding model implemented

## Conclusions

Considering the potential incentives contained in a financing method, there seem to be possible adjustments made by hospitals that can influence the amount of funding received. The results show the importance of monitoring budgetary deviations, particularly revenues, both from the perspective of providers as well as from the central authorities responsible for funding.

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