

Priority setting in Ontario's LHINs: Ethics & economics in action



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Jennifer Gibson, PhD; Craig Mitton, PhD; Gwen
Dubois Wing, RN, MHSc

Goal & Objectives

- Goal: To introduce a resource allocation approach based on economic and ethical principles

- Objectives:
 - To describe the interdisciplinary approach
 - To describe its implementation & evaluation in Ontario's LHINs
 - To identify key lessons learned

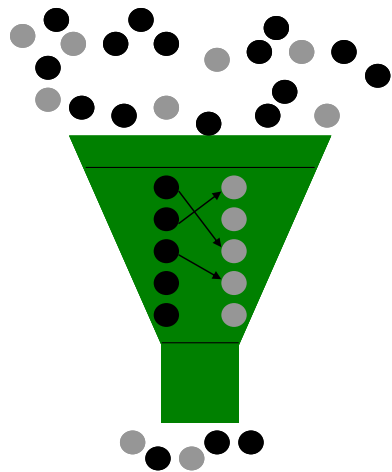
Priority setting challenge

- What priorities should be set to optimize health benefits & achieve health system goals in resource constraints?
- How should these priorities be set to ensure legitimacy and fairness in the eyes of affected stakeholders?

Economics & ethics: two silo-tudes?

ECONOMICS

Program budgeting & marginal analysis (PBMA)



OPTIMAL BENEFITS

ETHICS

Accountability for reasonableness (A4R)



Original research

Ethics and economics: does programme budgeting and marginal analysis contribute to fair priority setting?

Jennifer Gibson, Craig Mitton¹, Douglas Martin², Cam Donaldson³ and Peter Singer

Joint Centre for Bioethics, University of Toronto, Toronto, Ontario; ¹Department of Health Care and Epidemiology, and Centre for Healthcare Innovation and Improvement, University of British Columbia, Vancouver; ²Department of Health Policy, Management and Evaluation, University of Toronto, Toronto, Canada; ³Centre for Health Services Research, University of Newcastle, Newcastle, UK

Objective: Limited resources mean that decision-makers must set priorities among competing opportunities. Programme budgeting and marginal analysis (PBMA) is an economic approach that focuses on optimizing benefits with available resources. Accountability for reasonableness (A4R) is an ethics approach that focuses on ensuring fair priority-setting processes. PBMA and A4R have been used separately to provide decision-makers with advice about how to set priorities within limited resources. The goals of this research were to use the A4R framework to evaluate the fairness of using PBMA for priority setting and to assess how A4R might make PBMA fairer.

Method: Qualitative case studies to describe priority setting using PBMA in the Calgary Health Region (Alberta, Canada) evaluated using A4R as a conceptual framework.

Results: The use of PBMA for priority setting was fairer than previous priority setting because of its emphasis on explicit rational decision-making. However, there were opportunities to improve the process, particularly by collecting data related to the decision criteria, by developing a communication plan to engage internal and external stakeholders about priority-setting, and by providing a formal mechanism to review priority-setting decisions and resolve disputes.

Conclusion: There is potential for combining A4R and PBMA in a more comprehensive approach to priority setting, which uses a fair priority-setting process to reach decisions aimed at achieving optimal benefits with available resources.

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Introduction

Every health system faces significant resource allocation challenges. Priorities must be set among competing opportunities because demand for health care exceeds available resources. While resource allocation may typically be viewed as a managerial activity it is important for managers and clinicians to work together on this challenging task. Two priority-setting frame-

works that have been used internationally to guide decision-making about scarce resources are programme budgeting and marginal analysis (PBMA) and accountability for reasonableness (A4R). PBMA, from the economics tradition, focuses on making trade-off decisions to maximize health and non-health benefits with available resources (Box 1). A4R, from the democratic deliberation tradition, focuses on ensuring fairness in how allocation decisions are made (Box 2).

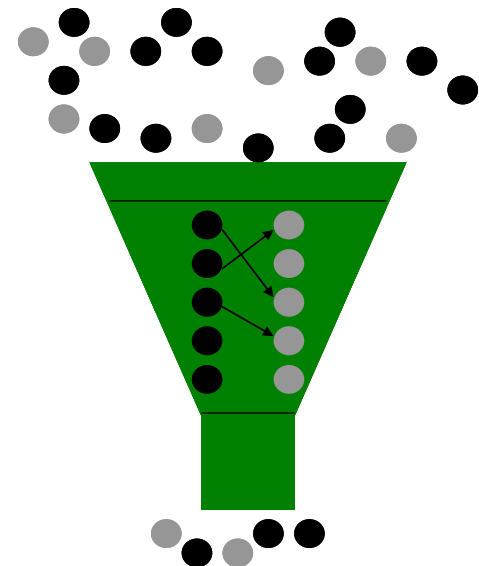
PBMA and A4R have been used separately in the past to guide decision-making about scarce resources. Experience shows, however, that decision-makers find both beneficial outcomes and fair processes to be important considerations in priority-setting. It may be possible to combine PBMA and A4R in a more comprehensive approach that employs a fair priority-setting process to reach decisions aimed at optimizing benefits with available resources. Although A4R has been used to evaluate priority setting at national levels, there has been no such equivalent work at the level of regional/tertiary or primary care organizations and only limited work in health maintenance organizations and

Jennifer L. Gibson PhD, Research Associate, Joint Centre for Bioethics, University of Toronto, 88 College Street, Toronto, Ontario, M5G 1L4, Canada; Craig Mitton PhD, Assistant Professor, Department of Health Care and Epidemiology, and Centre for Healthcare Innovation and Improvement, University of British Columbia, Vancouver, Canada; Douglas K. Martin PhD, Assistant Professor, Department of Health Policy, Management and Evaluation, and the Joint Centre for Bioethics, University of Toronto, Toronto, Canada; Cam Donaldson PhD, Health Foundation Chair in Health Economics, Centre for Health Services Research, School of Population and Health Sciences, University of Newcastle, Newcastle, UK; Peter A. Singer MD, Sun Life Research Chair in Bioethics and Director, University of Toronto Joint Centre for Bioethics, Toronto, Canada.

Correspondence to: jennifer.gibson@utoronto.ca

"There is potential for combining A4R and PBMA in a more comprehensive approach to priority setting, which uses a fair priority-setting process to reach decisions aimed at achieving optimal benefits with available resources."

- Provides:
 - A way of thinking about resource scarcity
 - A set of techniques
- To assist decision-making that promotes
 - Efficiency (optimal benefits)
 - Equity



Economic principles

- ❑ Opportunity cost: Benefit lost by investing in Program A rather than Program B.
- ❑ Margin: cost or benefit of 1 more unit of resources
- ❑ Goal is to: 1) undertake activities where benefits outweigh **opportunity costs** by 2) shifting or re-allocating resources at **the margin** to improve overall benefit.

- Provides:
 - A way of thinking about values-based considerations in resource allocation
 - A deliberative process

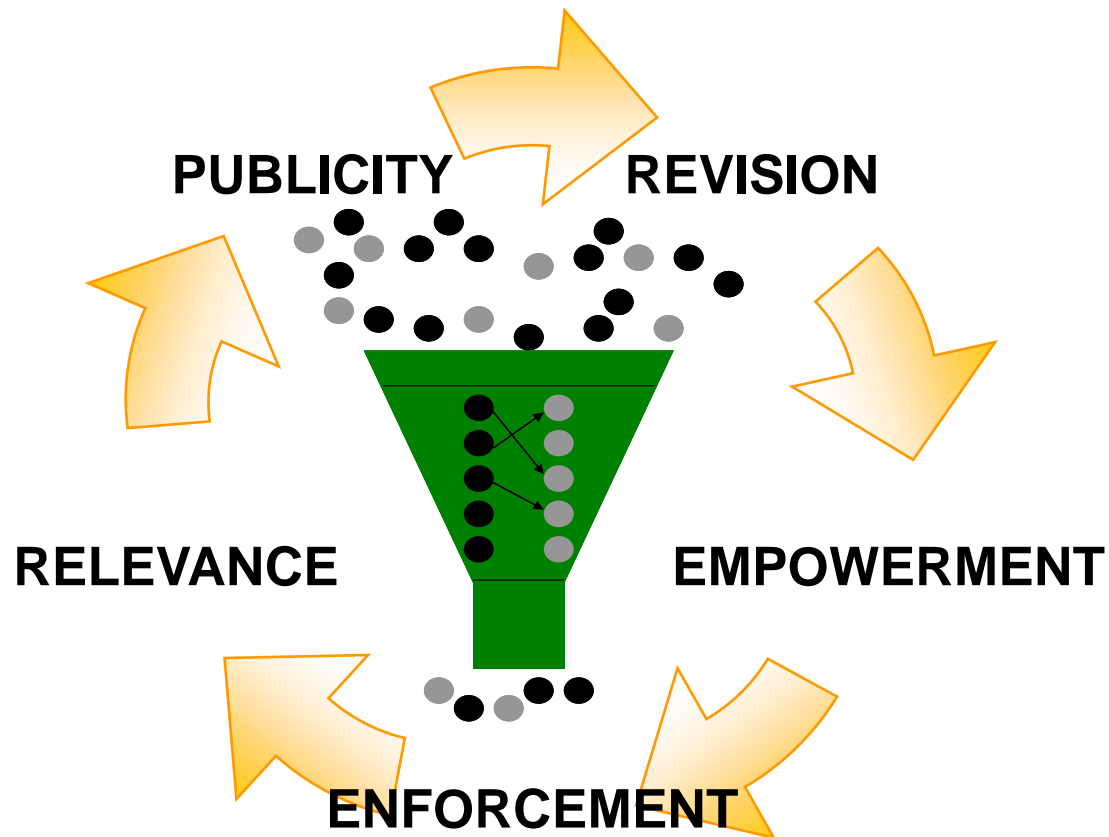
- To guide decision-making that promotes:
 - Legitimacy
 - Fairness



Ethics principles

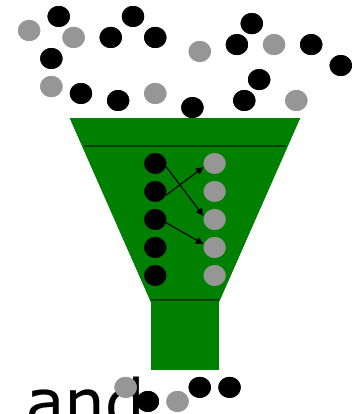
RELEVANCE	Decisions based on reasons fair-minded people can agree are relevant under the circumstances
PUBLICITY	Reasons publicly accessible
REVISION	Opportunities to revisit/revise decisions & mechanism to resolve disputes
EMPOWERMENT	Power differences minimized & <i>effective</i> participation optimized
ENFORCEMENT	Mechanisms ensure 4 conditions met

Interdisciplinary approach



Relevant Criteria

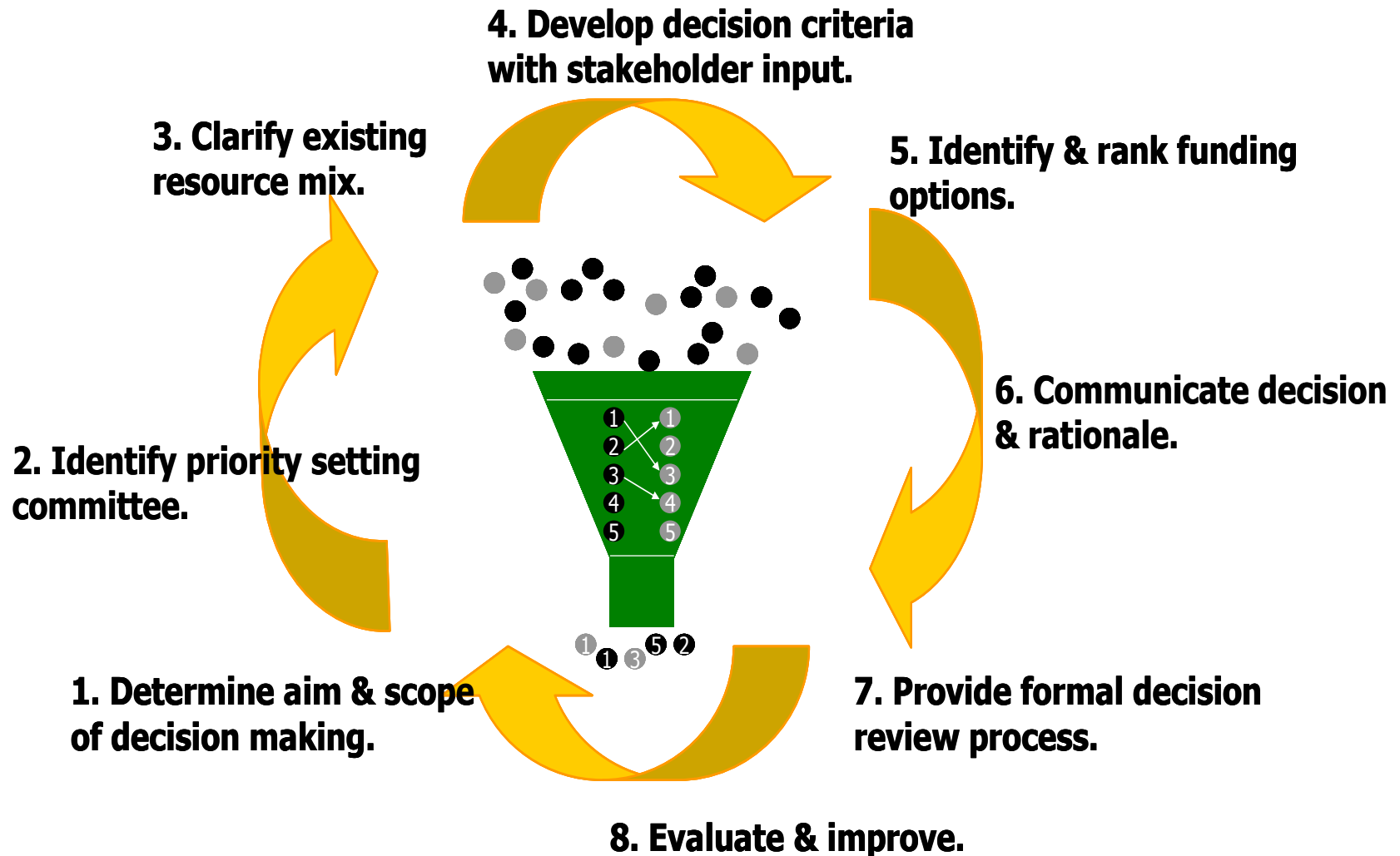
- ❑ Link decisions *explicitly* to local/system strategic plans, community needs, values, & performance goals
- ❑ Common criteria domains in health organizations:
 - Strategic Alignment
 - Health Impact
 - Organizational Impact
 - Academic Mandate
- ❑ Building consensus on criteria definitions and weights



Fair Processes

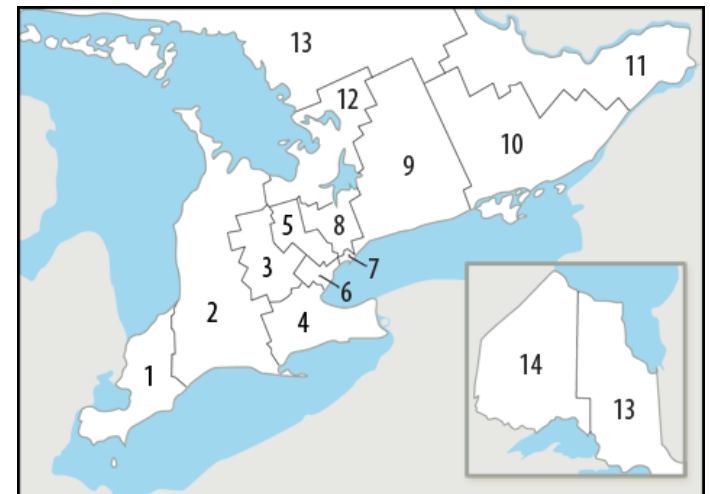
- Establish the legitimacy and public defensibility of allocation decisions by designing a fair deliberative process about limited resources
- Key elements of fair process (“A4R”):
 - Stakeholder engagement on relevant criteria, values, principles, and evidence to guide decisions
 - Effective communication of decision rationales
 - Mechanisms for decision review and dispute resolution
- “Values-based leadership”

Basic 8-step process



Background: Ontario's LHINs

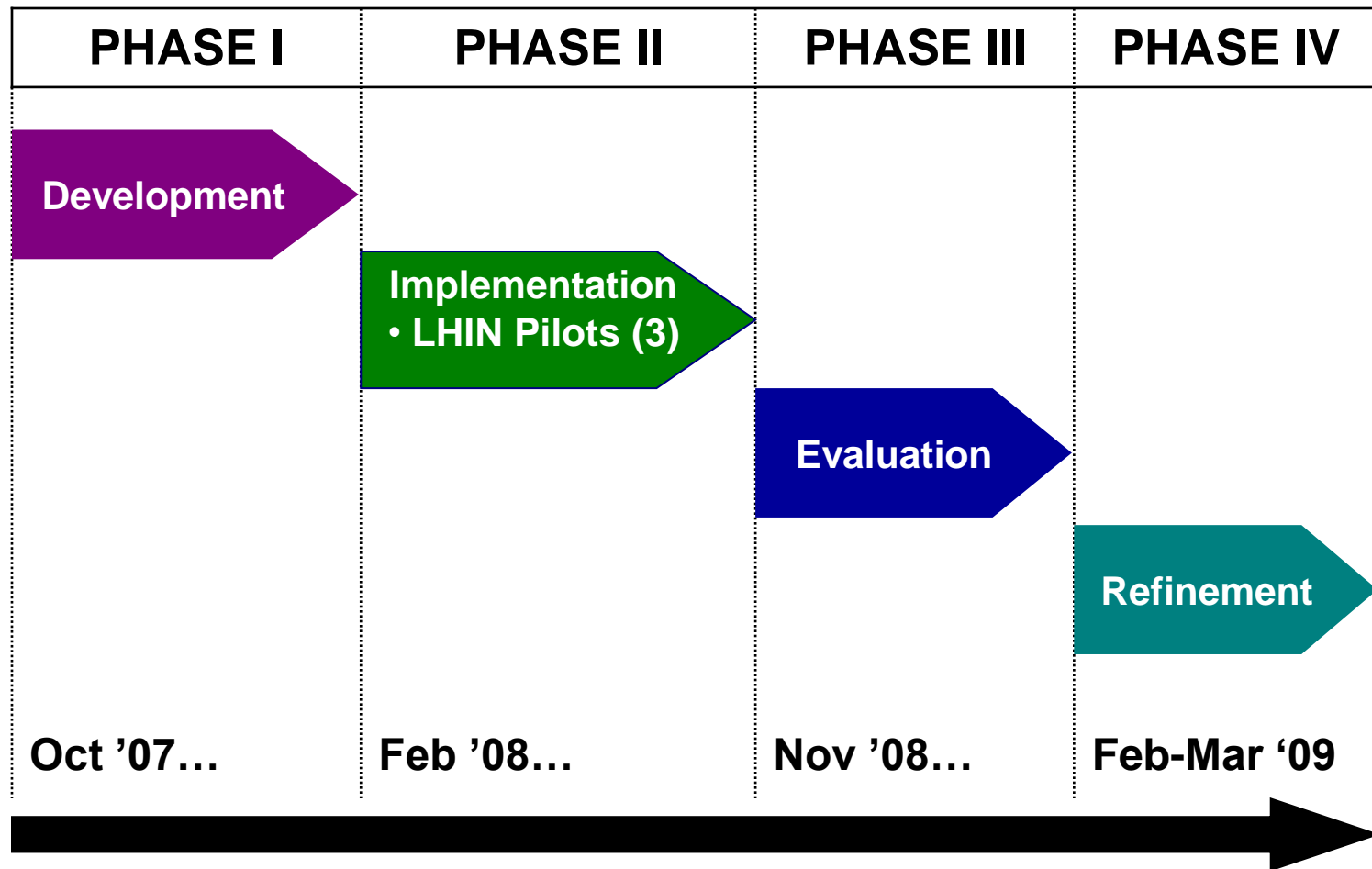
- ❑ Launched in 2005
- ❑ No direct service provision - responsible for planning, coordinating, & funding services
- ❑ Gradual devolution of accountability from ministry to LHINs (early 2007)



Project Goal

- To develop a priority setting framework that would help LHINs:
 - Align resources strategically with **system goals** and **population needs**
 - Facilitate constructive **stakeholder engagement**
 - Make publicly defensible decisions based on available **evidence** and **community values**
 - Demonstrate **public accountability** for finite health resources

Project Overview





Decision Criteria

STRATEGIC FIT

LHIN & MOHLTC strategic plans; Provider system role

POPULATION HEALTH

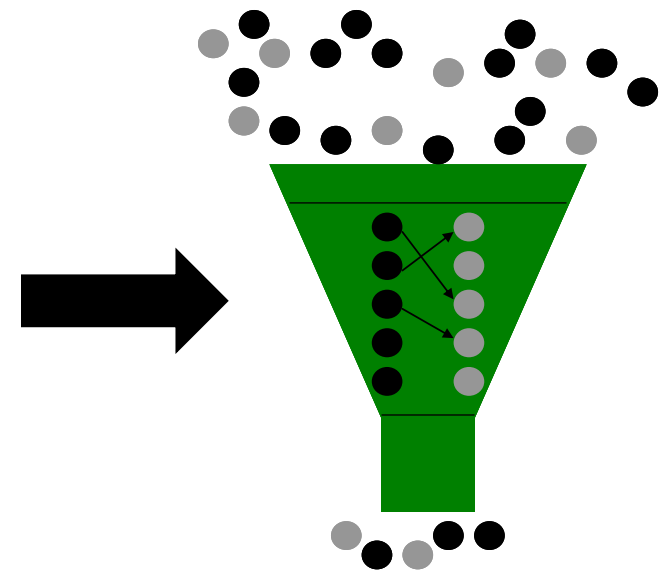
Health status, prevalence, health promotion/ prevention

SYSTEM VALUES

Client-focus, partnerships, community engagement, innovation, equity, operational efficiency

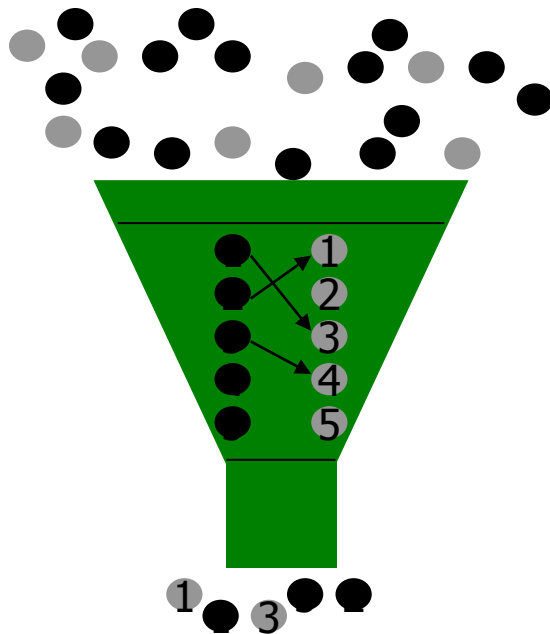
SYSTEM PERFORMANCE

Access, quality, sustainability, integration



Criteria-based decision tool

- Rate/rank funding options systematically to ensure consistent rationale across decisions



Step 1. Identify funding options



Step 2. Evaluate options using criteria



Step 3. Rank options



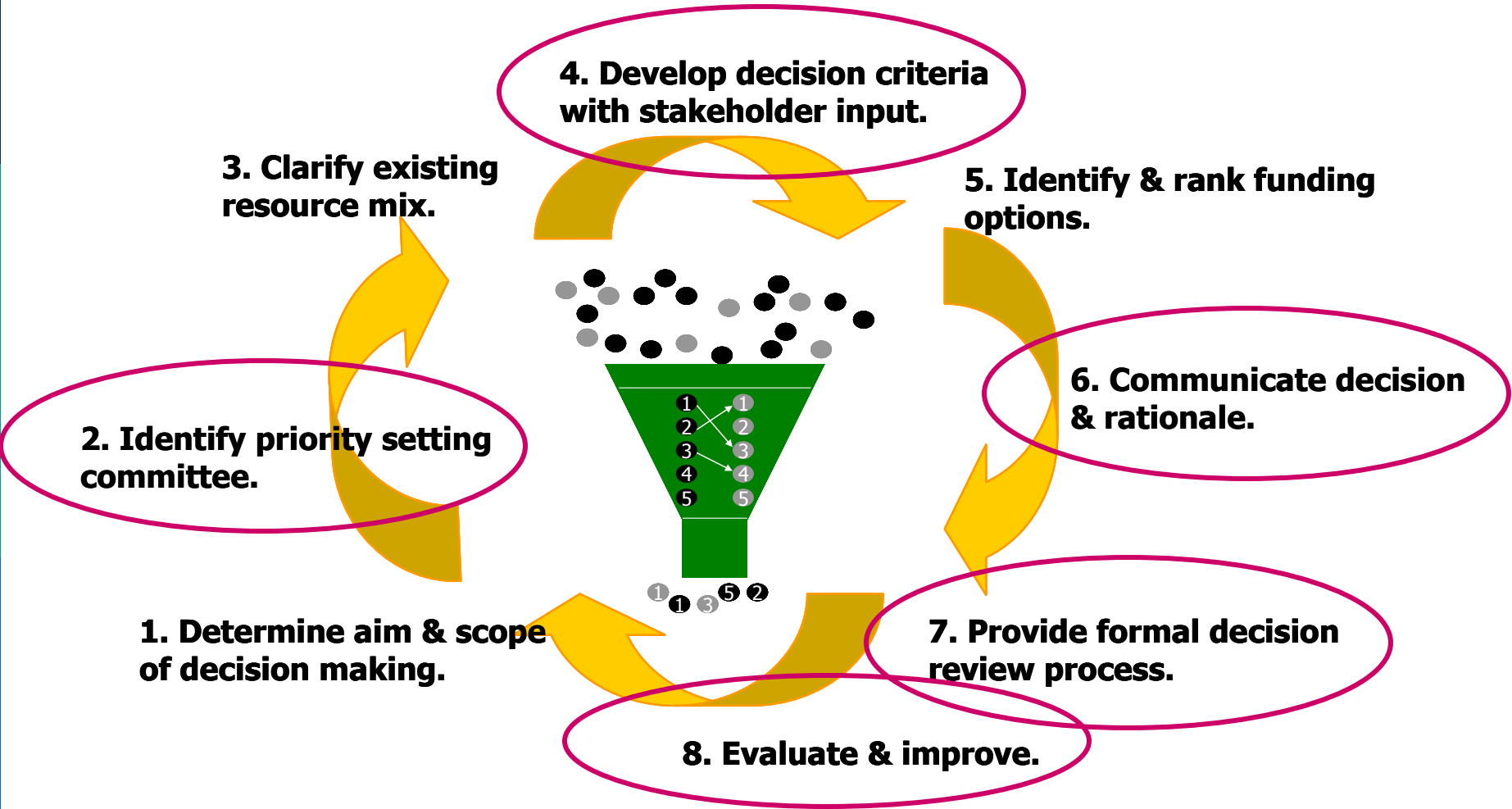
Step 4. Determine allocations



Step 5. Confirm feasibility

- ❖ Interdependency
- ❖ Risk
- ❖ Broader health system impact

Fair Processes



Implementation – LHIN Pilots

- Framework piloted in 3 LHINs
- Funds available for strategic investment:
\$800K - \$2M
- Funding success rate: ~10%

□ Methods:

- On-line Survey of health service providers
- Interviews with LHIN Staff

□ Analysis:

- Descriptive analysis - survey data
- Thematic analysis - interviews and survey data
- Evaluation - A4R as a conceptual framework

Key Findings

- Overall, framework perceived to be helpful.

Value of framework

- Systematic & disciplined approach
- Greater consistency and less subjectivity in DM
- Credible basis for explaining decisions
- Basis for constructive dialogue about scarcity internally and externally
- Good preparation for 'high stakes' re-allocation (trust-building)

Key Findings

- Contextual realities presented challenges for implementation

Challenges

- Changing ministry directions
- Tight timelines
- Inconsistent availability of data
- “Promise of benefit” vs. real benefit – need for performance monitoring
- Uneven playing field due to different capacities of provider organizations (small vs. large)



Outcomes

- Funding success: unfunded stakeholders more likely to think process was *not fair*
- Fairness: linked to transparency

	FAIR	NOT FAIR
LHIN's <u>goals, criteria, & funding processes</u> were communicated clearly.	84% Agreed	8% Agreed
LHIN's funding <u>rationales</u> were communicated clearly.	52% Agreed	21% Agreed

Concluding comments

- ❑ Interdisciplinary approach addresses both outcomes and processes.
- ❑ Incremental implementation and open evaluation may be key tools to advance trust within the system.
- ❑ Time to engage organizational change theory.

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jennifer.gibson@utoronto.ca

craig.mitton@ubc.ca

Questions?
Comments?

