

*Attempting Capitation When
Data Are Limited*

Results and Lessons from
the Republika Srpska

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Presentation Outline



- Project background
- Methodology and data use
- Results
- Lessons learned

Capitation Project Background

- ✓ From average to patient specific rates
- ✓ Stakeholders' anticipation of using *many* cost predictors
- ✓ Piloting in one facility - 40,000 population
- ✓ Time constrained preparatory stage
- ✓ Delays in HIS development
- ✓ Severe scarcity of all kinds of data

Decision on Framework

- Opt age-gender adjustment approach – 6 age bands for each gender
- Consider budget neutrality for HIF
- Minimize quantitative errors

Capitation Design and Implementation Cycle



- A. Define payment mechanism objectives
- B. Assess health system data
- C. Define scope and scale for capitation
- D. Specify capitated services
- E. Choose basic capitation cost predictors

Capitation Design and Implementation Cycle (Con'd)

- F. Set performance targets
- G. Establish performance pools
- H. Develop payment model
- I. Introduce new contracting
- J. Monitor and evaluate
- K. Refine payment model

Assumptions and Methodology: Demographics



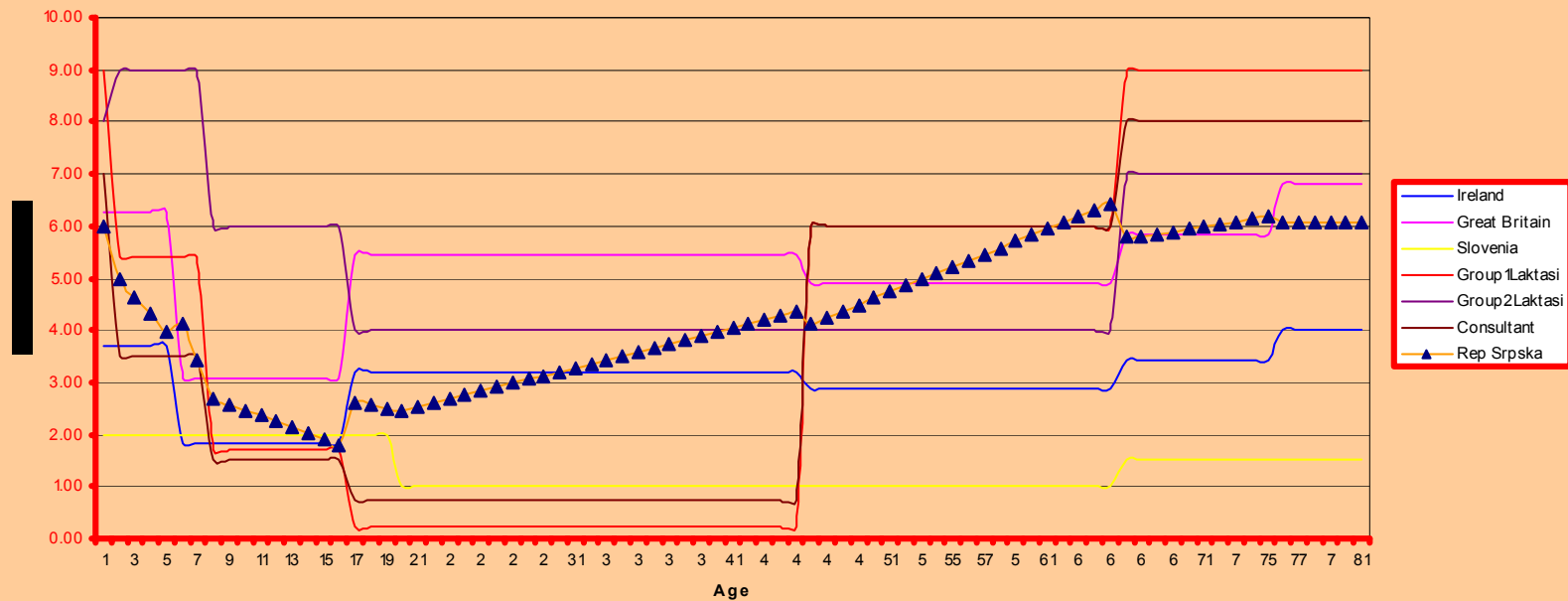
- ✓ Pilot population size and composition is not definite
- ✓ Apply Census 1991 data and RS wide growth projections
- ✓ Population registration to family medicine teams will provide data for refining

Assumptions and Methodology: Service Utilization

- ✓ Average per capita annual utilization is 2.4 visits
- ✓ Propose domestic age-gender specific rates
- ✓ International data benchmarking (UK, Ireland, Slovenia)
- ✓ Smoothing technique in computing

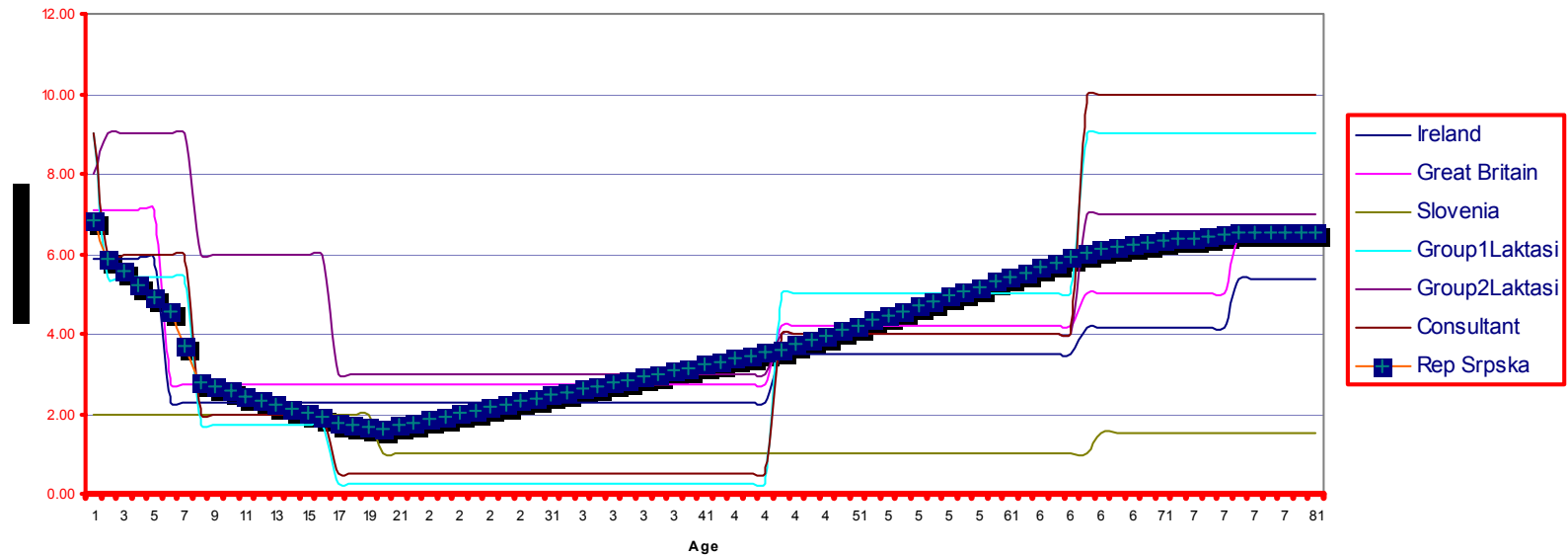
Capitation Formulae: Utilization by Females

International Comparisons - Females



Capitation Formulae: Utilization by Males

International Comparisons of Visitation Rates for Males



Assumptions and Methodology:

Unit Cost



- ✓ Only average estimates can be applied
- ✓ Cost structure remains unknown (fixed vs. variable)
- ✓ Unit costs of \$ 4.2 per average visit
- ✓ No allowance for unit cost increase

Capitation Results

Age	Females		Males	
	Rate	Weight	Rate	Weight
Under 1	\$ 16.17	1.63	\$ 20.90	2.1
1-6	\$ 11.45	1.15	\$ 15.20	1.53
7-15	\$ 6.06	0.61	\$ 7.16	0.72
16-30	\$ 7.56	0.76	\$ 6.06	0.61
31-64	\$ 12.67	1.28	\$ 12.39	1.25
65 and +	\$ 16.19	1.63	\$ 19.52	1.97

Capitation Estimates: Pitfalls

- Contradictory domestic data – reliability and validity concerns
- Many approximations – precision and accuracy concerns
- International data – comparability and accuracy concerns

Capitation Estimates: Solutions

- Properly communicate data use
- Use estimates with caution
- Report *actual* data and refine estimates
- Complete population enrollment prior new contracting
- Accelerate HIS development

Decision on Implementation

- ✓ Sufficient time period for model piloting
- ✓ Business game to pre-test a model
- ✓ Only necessary quantitative terms in contracts
- ✓ Simple, but comprehensive monitoring
- ✓ Flexible regimen in contract refining
- ✓ Data collection and simple analytical techniques starting at FM team level

Lessons Learned: Modeling

Issue: How to attempt in data-thin environment

Approach:

- Choose the most feasible formulae
- Consider specifics in implementation
- Emphasize data collection and processing
- Use computerized models for easier refinement of previous estimates

Lessons Learned: Stakeholders

Issue: May be reluctant to data needs

Approach: “Work with” instead of “work for”

Advantages:

- Learning data needs & data gaps
- Communicating approximations, proxy choices and their implications
- Attaining local ownership in decision-making

Lessons Learned: Project Management

Issue: Disharmony in timing across inter-related project activities & accomplishments

Approach:

- Be concerned about doing right things in right *sequence*
- Treat sequence as technical consideration and efficiency factor
- Manage activities for attaining right sequence in related results

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Thank you

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