Oifig an Phríomhoifigigh Airgeadais
Feidhmeannacht na
Seirbhíse Sláinte
Seomra 125, Ospidéal
Dr. Steevens
BÁC 8

Office of the Chief Financial Officer
Health Service Executive
Room 125, Dr Steevens
Hospital
Dublin 8

22nd December 2021

Deputy David Cullinane TD,
Dáil Éireann,
Leinster House,
Kildare Street,
Dublin 2.

Re PQ 60742 21: *To ask the Minister for Health if hospitals that cannot meet the final annual deadline at the end of March for coding of inpatient charges will receive a time concession; if not, the way he plans to ensure this does not negatively impact hospital budgets for the following year; the supports he will put in place to ensure on-time validating inpatient coding of charts, such as extra staff or time; and if he will make a statement on the matter*

Dear Deputy Cullinane,

The Health Service Executive has been requested to reply directly to you in the context of the above Parliamentary Question, which you submitted to the Minister for Health for response. Your PQ above has been referred to me for response.

Activity Based Funding (ABF) is an approach which sees providers funded in line with the activity that they undertake and has been in place in Ireland since 2016 in Acute hospitals. The scope of services in hospitals relates to the admitted care areas of Inpatients and Daycases which equates to approx. 70% of hospitals' budgets. The remainder of the Budget is block funded.

The goal of ABF is to increase insight and transparency around relative cost utilisation and funding and to encourage the efficient and effective allocation and use of resources, so that the maximum number of patients and service users can benefit from the funds the State entrusts on behalf of its citizens to the health service.

The ABF process relies on the availability of up to date costing and activity data on an annual basis so that an ABF funding model and price list can be generated. The ABF price list sets out the price to be paid per case as classified by the Diagnosis Related Group (DRG) system. A DRG is a grouping of cases which are clinically similar and are expected to consume similar levels of resources. Each DRG has a complexity level associated with it and assignment of cases to DRGs allows for the comparison of hospital activity levels which takes into account the different mix of patients in each hospital.

The assignment of a case to a particular DRG takes into account each of up to 30 diagnosis and 20 procedure codes associated with the case in addition to the patient's demographic information. This clinical information is extracted from clinical charts by the HIPE coding team in each hospital and entered onto the HIPE system in a standard coded format and returned to the HPO on a monthly basis for inclusion in the national HIPE file. As the only fully audited national collection of data on hospital discharges in Ireland, HIPE data provides an extremely rich and valuable resource not only for ABF purposes but for a diverse range of areas including healthcare planning, clinical audit, epidemiology, policy development and research. Due to the unique position of HIPE to support these endeavours, hospitals are expected to have cases coded onto the system within 30 days of patient discharge.

The HIPE file for a given year is typically closed at the end of March the following year to allow hospitals additional time to code any outstanding cases and to allow time for final audit by the HPO coding team. In addition to this final audit, the HPO carry out audits throughout the year and monitor the coding completeness of HIPE data on a monthly basis to help identify and flag issues at an early stage in the year so they can be addressed at the hospital.

Each year, as the deadline for closing the HIPE file approaches, the HPO assess the level of completeness of HIPE data and assess whether the timelines need to be extended to allow hospitals to complete clinical coding. This is done to ensure that HIPE reflects as completely and accurately as possible the activity that has taken place in our hospitals, however a balance needs to be struck between this and (1) the need to make the final HIPE file available for the annual report and distribution to wider stakeholders for analysis and (2) the effect of continued focus on the prior year's data at the expense of the current year. These conflicting factors means that the scope for coding extensions is limited and the decision to extend can only be made when the coding completeness is assessed in February or March.

In terms of ABF, the closed national HIPE file provides the activity levels which go into the funding model. The model depends on a DRG assignment so that the complexity of the cases treated is correctly reflected and this in turn relies on the cases being clinically coded. In instances where a hospital has not been able to code all of their activity by the deadline, and in reflection of the fact that non-recognition of full activity levels would adversely affect a hospitals ABF performance, the HPO estimates the complexity levels of the uncoded activity based on the profile of the hospitals coded cases and includes it in the model on that basis.

In 2020 and 2021, Covid-19 has negatively impacted on the ability to use ABF to fund Acute Hospitals in that the patterns of healthcare usage and costs during a pandemic are very different to those during normal times. Therefore, for 2021 and 2022 Ireland has reverted to block funding of Acute hospitals and therefore the coding of HIPE data does not affect hospital budgets for those years. Internationally, many publicly ABF funded healthcare systems have also opted to block fund health services during the pandemic due to the drop in activity levels and increased expenditure caused by Covid-19

If you have any queries, please do not hesitate to contact me at sarah.anderson1@hse.ie or tel: 087 9423319.

Yours sincerely

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