



Feidhmeannacht na Seirbhíse Sláinte  
Health Service Executive

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

7<sup>th</sup> December 2021

Deputy Peadar Tóibín TD,  
Dáil Éireann,  
Leinster House,  
Kildare Street,  
Dublin 2.

**Re PQ 56931 21:** *To ask the Minister for Health if he will introduce activity-related funding to fund the HSE in future to ensure that hospitals get paid for the work they do and to encourage more outputs.*

Dear Deputy Tóibín,

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 covered by ABF relates to the admitted care areas of Inpatients and Day Cases 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.

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. 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](mailto:sarah.anderson1@hse.ie) or tel: 087 9423319.

Yours sincerely

*Sarah Anderson*

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