Responsive and adaptive care along with active management can result in better outcomes for people living with chronic conditions, and may help reduce their need for inpatient care. A key goal of HealthLinks Chronic Care is to better identify patients who are at higher risk of multiple admissions to hospital as a result of chronic and complex care needs. The HealthLinks Chronic Care funding model removes some of the funding barriers to delivering alternative models of care for these patients.

### Patient identification and selection

**All hospital patients**

- An algorithm identifies patients more likely to be admitted to hospital

**Eligible cohort**

- Eligible patients are enrolled upon their first unplanned admission - the enrolled cohort grows over time

**Enrolled cohort**

- Patients are added to the intervention cohort(s) based on locally defined criteria at each individual health service

**Usual care patients**

**Intervention cohort(s)**

Patients are removed from cohorts based on exclusion criteria (see below for details)

### Exclusion criteria

The following are excluded from capitated funding arrangements:

**Excluded by patient type**

- Private hospitals
- Compensable patients
- Medicare ineligible
- Prisoners
- All patients under 18 years of age

**Excluded for 12 months by principal reason for admission\(^1\)**

- Maternity care
- Radiotherapy or chemotherapy
- Palliative care
- Major trauma
- Mental health care

**Statewide services**

- HIV
- Poliomyelitis
- Cystic fibrosis
- Spinal cord injury
- Thalassaemia
- Transplant patients
- Victorian respiratory support service

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1. While renal dialysis patients can be enrolled in HealthLinks, episodes of dialysis treatment are excluded.
Funding arrangements

**Capitated funding** is based on the estimated cost for the number of people being treated. Capitated funding can be used flexibly, with some funds used to pay for an alternative model of care that supports people at home or in the community and aims to reduce unplanned hospital admissions. Any hospital admissions that occur are funded from the total pool. Reducing admissions may reduce the total cost.

Funding for excluded patients is converted back to WIES funding.

How capitated funding works

- **Activity-based funding** payments are determined by the estimated cost of hospital admissions.
- Hospital admissions need to occur in order to attract revenue.
- Total expenditure \((y)\) is made up of individual hospital admissions. Activity-based funding provides limited incentive to reduce hospital admissions through alternative models.

- **Capitated funding** is based on the estimated cost for the number of people being treated. Capitated funding can be used flexibly, with some funds used to pay for an alternative model of care that supports people at home or in the community and aims to reduce unplanned hospital admissions.
- Any hospital admissions that occur are funded from the total pool. Reducing admissions may reduce the total cost.