

# PROMISING PRACTICES in Research Use

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Organizations investing in people, processes, and structures to increase their capacity to use research

## How a B.C. health authority is using research evidence for better budgeting and priority-setting

### Vancouver Island Health Authority

The only constant in healthcare may be the need to do more with limited resources. At the Vancouver Island Health Authority (VIHA), decision makers are dealing with this reality by re-examining how healthcare priorities are set and using evidence to inform how budgets are allocated to meet them.

As in many organizations, budgeting in most health authorities starts with looking at what was spent last year. If new funding is available, some areas are topped up. If funds are cut, tough choices are made. In both cases, decision makers navigate a murky sea of wish lists, small-p political pressures, “squeaky-wheel contest winners,” and government directives.

To break away from these historical and political patterns, VIHA is piloting an approach known as program budgeting and marginal analysis. This process, developed by health economists, involves experts from many disciplines and helps decision makers use evidence to set priorities, evaluate them, and analyse ways of reaching them. It was first applied to healthcare in the 1970s in the United Kingdom, and it has also been used in Alberta and British Columbia.

The process recognizes these decisions cannot be driven by economic considerations alone. The approach can draw, for example, upon ethics — such as making decisions publicly available — to ensure the process is fair and open to scrutiny. Project lead Craig Mitton suggests that “too often the economists haven’t talked to the ethicists, and vice versa — but in reality both disciplines have made major contributions to the field of healthcare priority-setting.”

During the process, decision makers use research, utilization and performance data, as well as staff knowledge and expertise to validate priorities, rank them, and allocate or reallocate resources to meet them.

The process helps to identify program spending that is not lined up with the evidence. In one case cited by Howard Waldner, VIHA’s chief executive officer, another health authority found it was spending 20 percent of its dialysis budget on peritoneal dialysis and 80 percent on hemodialysis, which costs twice as much and is more difficult for the patient. Benchmark data showed a 35-65 split was reasonable, and the authority achieved both savings and improved patient care in this area by incorporating these data.

### Key Messages

- **Healthcare budgeting is usually based on traditional patterns of spending as well as historical precedent and political pressures.**
- **Program budgeting and marginal analysis can provide a vehicle for well-evaluated decisions to be made in setting healthcare priorities and allocating budgets.**
- **The explicit, evidence-based process means decision makers can better match resources to healthcare priorities and show they are doing so.**

The Vancouver Island Health Authority implemented the priority-setting process in the 2006-07 budget cycle, led by an advisory panel of managers, clinicians, and physicians, who were supported by financial analysts. Evidence-informed business cases were developed for each investment proposal and ranked against agreed-upon criteria (including access and flow, patient focus, efficiency, and a healthy workplace).

The panel examined areas where fewer resources could be used with equal effectiveness and also considered options for service reduction. The result was a list of 10 ranked priorities; the process also identified efficiencies to help fund growth areas. The health authority did not go as far on reallocation decisions as it might have, but further improvements are anticipated in future budget cycles.

“This is a major culture change,” says Mr. Waldner. “We are building organizational trust in the process, engagement by physicians and other staff, and momentum for the next cycle.”

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