

Restructuring the French health care system through regional networks. The case of FAQSV (fund for the improvement of ambulatory care)

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This communication looks at the way in which France's health system is being restructured into networks. More specifically, we examine the impact of funding allocated to the network on a regional basis through the FAQSV fund for improving ambulatory care, which is sometimes held up as an example of organizational innovation. We draw on the experience of one of us (FP) as an executive officer at the Burgundy regional union of health insurance funds (URCAM) and more especially as administrative officer of the FAQSV fund.

Restructuring the French health care system through regional networks. The case of FAQSV (fund for the improvement of ambulatory care)

1 : restructuring the French health care system through regional networks

2 : the FAQSV fund : organizational innovation ?

The first section of this presentation covers the restructuring of the health system into regional networks and we emphasize how the FAQSV fund helps to improve the financing of these networks.

We then go on to evaluate the FAQSV fund in terms of the criteria of what a "good" network should be. Does the FAQSV fund contribute to the creation and the smooth running of regional networks?

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*1 : Restructuring the French health care system
through regional networks (1)*
The network as a complex institutional fact

- ✓ 1991 : circular on ambulatory-hospital care networks AIDS
- ✓ 1996 : 2 orders for 2 main categories of network
 - ✓ ambulatory networks
 - ✓ hospital networks
- ✓ 1999 : central government circular
- ✓ 2002 : legislation on patients' rights and health care quality
 - ✓ a single definition : the health care network

The network is an institutional feature formed by the superimposition of legal mechanisms. The most important of these are shown in this transparency. Notice that this institutional status involves an ambiguity: the network must be apprehended in terms of either hospital care or of ambulatory care, yet the very concept of a network implies some sort of coordination between the various forms of patient care.

The recent legislation of March 2002 on patients' rights and the quality of the health care system is a step forward in that it sets up a single category: the health care network. However, until it has been fully implemented, it is impossible to tell to what extent it will correct the ambiguity referred to.

1 : Restructuring the French health care system
 through regional networks (2)
Diversified specific financing

Network type	Specific Financing
Hospital	Regional Hospitalization Agency (ARH)
Ambulatory	FAQSV Central government Local authorities Private partners (pharmaceutical laboratories, patient associations, etc.)
Ambulatory-Hospital	FAQSV ARH Central government Local authorities Private partners

This table shows in very simplified form the specific funding for the various types of network in France divided into three categories: hospital care, ambulatory care and combined hospital and ambulatory care.

It prompts two major observations:

First, the specific funding in question is flat-rate funding covering all or part of the management expenses required for starting up the network. The funding does not cover the medical activity, which, apart from very rare exceptions, is still paid for on a treatment basis and as part of a highly complex procedure. At this point, we should mention the experimental funding of derogatory networks known as “Soubie” networks, which allow for partial flat-rate payment of the medical profession.

Secondly, the FAQSV fund is one of a number of specific sources of finance. The other main sources are the regional hospitalization agency (ARH), central government, local authorities and private partners. The FAQSV fund is managed by the health insurance fund in conjunction with the medical profession and decentralized for 80 per cent in the regions. It may be viewed as a blueprint for regionalized funding of a health care system organized into networks.

1 : *Restructuring the French health care system through regional networks (3)*

The FAQSV fund : specific financing with a regional focus

- ✓ 106.7 million euros to improve ambulatory care
80 % of which is for the regions (<1 % of ambulatory care budget)

- ✓ 4 main areas of intervention
 - ✓ improvement of practices
 - ✓ **coordination among health professionals**
 - ✓ information sharing
 - ✓ evaluation of practices

- ✓ + regional priorities

This transparency shows two major characteristics of the FAQSV fund.

First, as its name indicates, the FAQSV fund is intended to improve the quality of ambulatory health care. However, two points should be made:

- first, coordination within the medical profession and the emergence of networks are encouraged from the ambulatory care side. This is just one of the areas of involvement of the FAQSV fund, albeit the principal area, absorbing more than half of the annual budget.
- the second point is that the FAQSV fund is not explicitly concerned with the efficiency of the network in the sense of its cost-effectiveness but with its capacity to improve the quality of health care.

The second major characteristic of the FAQSV fund is that it is managed for 80 per cent at regional level for a sum of 106.7 million euros. This figure represents less than 1 per cent of the amount earmarked for ambulatory care by the legislation on social security financing. This allows a number of regional priorities to be encouraged. For example in Burgundy the aim is to reduce regional inequalities in health, which implies supporting the creation of networks in less-favoured areas.

The FAQSV fund could be a forerunner of a health care policy with a stronger regional foundation in which the two regional bodies, the ARH and the URCAM, would be invited to participate under the aegis of a regional health care agency (ARS).

: 2 : *The FAQSV fund : organizational innovation ? (1)*
: **The two dimensions of a « good » network**

- ✓ the « resource allocation » network
 - ✓ efficient use of available resources
- ✓ the « resource creation » network
 - ✓ emergence of new resources (trust, social tie...)

- ✓ distinction used by CREDES
 - ✓ network structure, an innovative form of health care production
 - ✓ locus of social experimentation driven by actors

We come now to the second part of this presentation. How should the FAQSV fund be viewed after two years' operation in the light of the criteria as to what makes a "good" network?

To what extent does or could the FAQSV fund contribute to some future restructuring of health system networks on a regional basis that could be both desirable and effective?

This first transparency distinguishes between two aspects of a "good" network.

the "resource allocation" aspect by which the network promotes efficiency, that is the cost-effective use of available resources. The network must meet health care requirements by providing quality health care within the limits of the resources available for this purpose.

the "resource creation" aspect by which the network fosters the production of new resources, which are valued in terms of know-how, trust, social ties, etc.

These two aspects are emphasized by the Centre for Health Care Research, Studies and Documentation (CREDES), which draws a distinction in its network evaluation report between the "network as a structure" and as such an innovative form of health care production, and the "network as a locus of social experimentation" driven by the impetus of those involved.

- 2 : *The FAQSV fund : organizational innovation ? (2)*
- **Is the FAQSV fund an asset for a « good » network ?**
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- ✓ Criticism as to form
 - ✓ limited scope
 - ✓ complex procedure
- ✓ Criticism as to substance
 - ✓ actor dynamics = network « resource creation » dimension
 - ✓ means of financing medical activity unchanged : moral hazard = « resource allocation » dimension missing

Two criticisms can be levelled at the operating characteristics of the FAQSV fund.

First of all criticism of its form:

- the FAQSV fund, like other special purpose funds, covers only a limited area, which is in contradiction with the very concept of a network,
- moreover, the complexity of its procedures does not encourage initiatives.

But beyond these criticisms of its form, just how well does the FAQSV fund measure up to the characteristics to be expected of a good network?

- despite its complexity, the FAQSV fund promotes the concentration of actors and the formation of networks. In this sense, it provides an impetus, which is beneficial to the "resource creation" aspect of the network.
- but the FAQSV fund does not fundamentally transform the funding of the medical profession, whose members are still paid on a per-treatment basis. It therefore fails to address the moral hazard inherent in this type of funding. In this sense, the FAQSV fund merely promotes very imperfectly the "resource allocation" aspect of the network. Although it is concerned with health care quality, its mission does not (or not yet) involve evaluating the cost-effectiveness-to-quality ratio of the network either *ex ante* or *ex post*.

