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Time-driven activity based costing (TDABC) in long-term healthcare (LTH) – A practical application

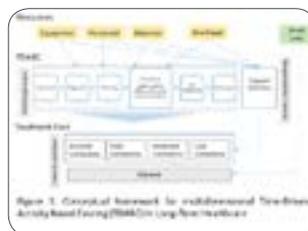
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Statement of the Problem: This paper focuses the cost component of a larger ongoing action-research project (CARE4VALUE), aiming to enhance value creation (patient-centered health outcomes per unit of cost) in LTH providers. The main objective is to share the experience of designing and implementing TDABC in a Portuguese LTH unit. TDABC methodology applied to healthcare allows identifying the cost per patient, for each clinical condition, in the full cycle of care, mapping processes, activities, resources and time allocated. The cost model was developed in a close cooperation with the clinical and management staff of the partner LTH unit. Mixed qualitative and quantitative methods were applied, involving: Three focus groups and anonymized clinical data analysis to categorize different complexity degrees of patients; structured observation of the full cycle of care; analysis and rearrangement of accounting records and cost calculation per patient and activity. Despite the difficulties found, mainly concerning the adaptation of the existing management accounting system to the requirements of TDABC, the implementation in a real LTH setting proved successful. A recording tool and dashboard was also developed, to integrate multidimensional patient-centred information, prompting embeddedness of the model into daily practice. The cost model represents an important advance for the focus LTH unit, as it allows uncovering the cost per patient, according to his/her degree of complexity. Although applied to a specific LTH unit, it is replicable to similar units, generating valuable information for managers, policy-makers and funding.



Recent Publications

1. Porter M, Kaplan R (2016) How to pay for health care. Harvard Business Review 88–100.
2. Crott R, Lawson G, Nolleaux M, Castiaux A, Krug B (2016) Comprehensive cost analysis of sentinel node biopsy in solid head and neck tumors using a time-driven activity-based costing approach. European Archives of Oto-Rhino-Laryngology 273(9):2621–8.
3. Alaoui S, Lindefors N (2016) Combining time-driven activity-based costing with clinical outcome in cost-effectiveness analysis to measure value in treatment of depression. PLoS One 11(10):1–15.
4. Keel G, Savage C, Rafiq M, Mazzocato P (2017) Time-driven activity-based costing in health care: A systematic review of the literature. Health Policy 121(7):755–63.
5. Nolte, E, McKee, M (2008). Caring for people with chronic conditions: a health system perspective. European Observatory on Health Systems and Policies Series, XXI, 259. [https://doi.org/ISBN 978 92 890 4294 9](https://doi.org/ISBN%20978%2092%20890%204294%209).

Biography

Ana Sargento is a lecturer at the School of Technology and Management and at the School of Health Sciences of the Polytechnic Institute of Leiria (IPLeia). She holds a PhD in Economics and currently she teaches courses of Economics, Research Methodology and Health Management. She is the coordinator of the Centre of Applied Research in Management and Economics (CARME), at IPLeia. Currently, she is responsible for a multidisciplinary action-research project on Long-term Healthcare Management (CARE4VALUE), involving researchers from distinct backgrounds, including: Management, Healthcare (nurses) and Information Technology.

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