



# Value-Based Payment Models: Journey in the KSA Public Health Sector: Design to Implementation

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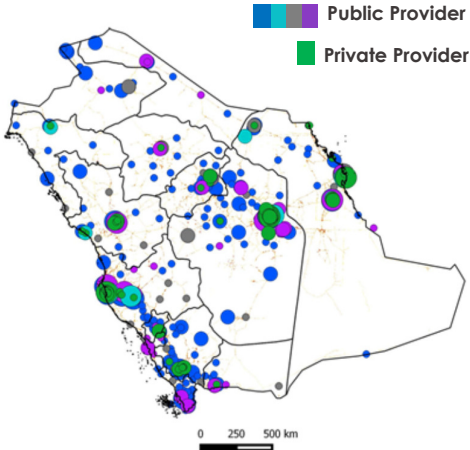
Kingdom of Saudi Arabia

## Agenda

- 1 Saudi Arabia – Current Health Sector Landscape
- 2 Saudi Health Sector Transformation
- 3 Implementation Roadmap
- 4 Where are we today

# Saudi Arabia Healthcare in Numbers

2023



Healthcare **coverage & access** **96%** of the popn

Total healthcare expenditure (THE) ~USD **60 Bn**

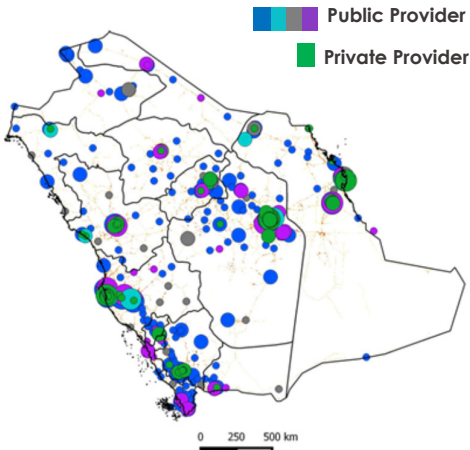
No. of **hospitals** ~**450**

No. of **PHCs** ~**2,850**

No. of **beds** ~**78,000**

# Saudi Arabia Healthcare in Numbers

2023



**Public Sector**

**Private Sector**

Population Covered **22 Mn** **11 Mn**

Healthcare expenditure (USD) **\$ 50 Bn** **\$ 10 Bn**

Per capita (USD) **\$ 2,300** **\$ 1,100**

Public sector paradox: "Paying more for less"

# Key Challenges – Public Health Sector



6–8% p.a.

**Escalating Healthcare Costs**  
Annual spending growth, straining budgets.



\$32.4 bn

**Chronic Disease Burden**  
Cost of managing priority NCDs to increase by 40% from 2023 - 2030



x2

**Ageing population**  
Saudis over 60 years projected to grow from 3% in 2023 to 6% in 2030

To overcome these challenges

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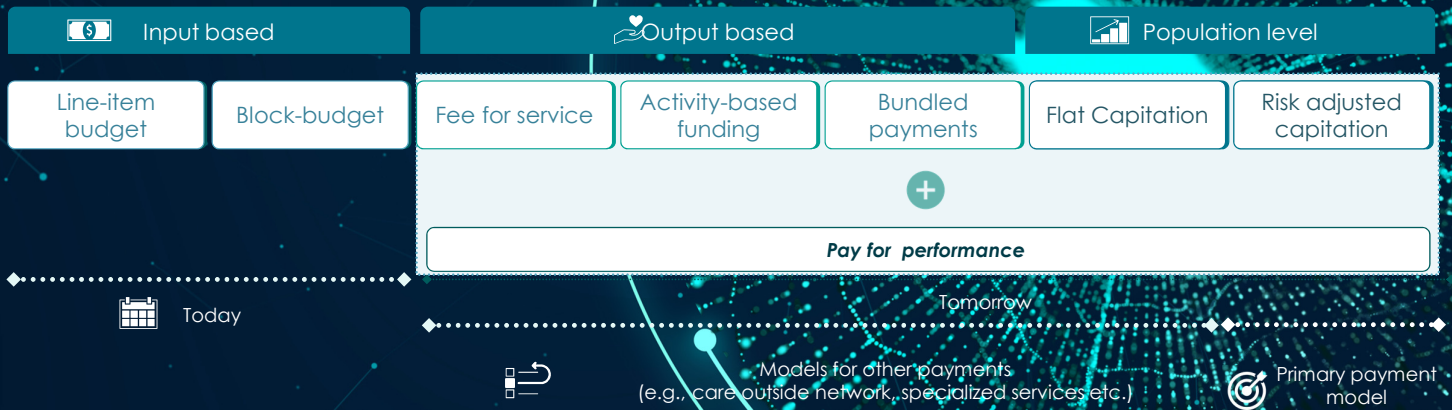
To overcome these challenges

“Value-based” payment models



# “Value-based” payment models

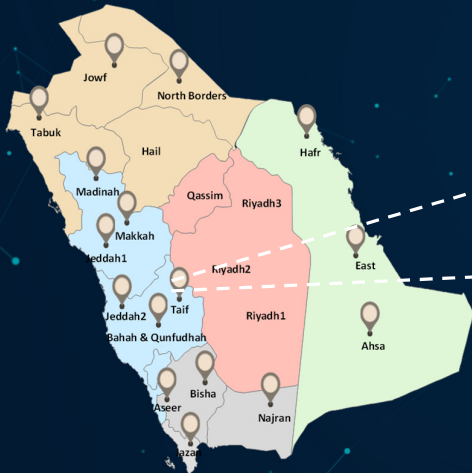
## “Value” Spectrum



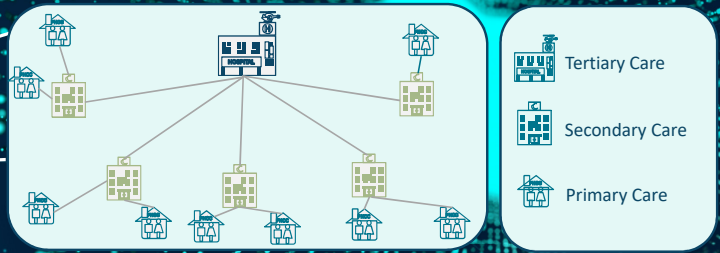
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# Risk Adjusted Capitation Primary Payment Model



## Integrated Care



(\* RAC includes General Services (High volume low cost) and excludes Specialized Services (low volume, high cost)

# Risk Adjusted Capitation Rationale



## Equity

Fairer resource distribution for better population health



## Provider Accountability

ensuring responsibility for financial and population outcomes



## Transparency

fostering trust across the healthcare ecosystem



## Financial Sustainability

securing long-term stability of the system

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# Implementation Roadmap

Data  
Infrastructure



Model  
Development



Model  
Implementation



# Implementation Roadmap

- Data Infrastructure
- Model Development
- Model Implementation

 **Beneficiary Data**

'Members covered under the health coverage model'

100% of beneficiary demographics

 **Clinical Data**

'Healthcare data available to build a clinical profile of the cluster based on their member's activity'

90% admitted encounters

 **Costing Data**

'Costs required to be allocated at the member level and split by inpatient and outpatient'

80% of all activities



# Payment Model

- Data Infrastructure
- Model Development
- Model Implementation

**Risk Adjusted Capitation model**

Individual risk assessment tool

Model for **ACO budget allocation** based on **risk adjustments** and **indexed** to the Health Benefit Package

**Risk scoring tool** for **budget allocation** and **population health** management

# Individual Risk Assessment Tool

Input

- Data Infrastructure
- Model Development
- Model Implementation



# Individual Risk Assessment Tool

## Model Mechanics

- Data Infrastructure
- Model Development
- Model Implementation

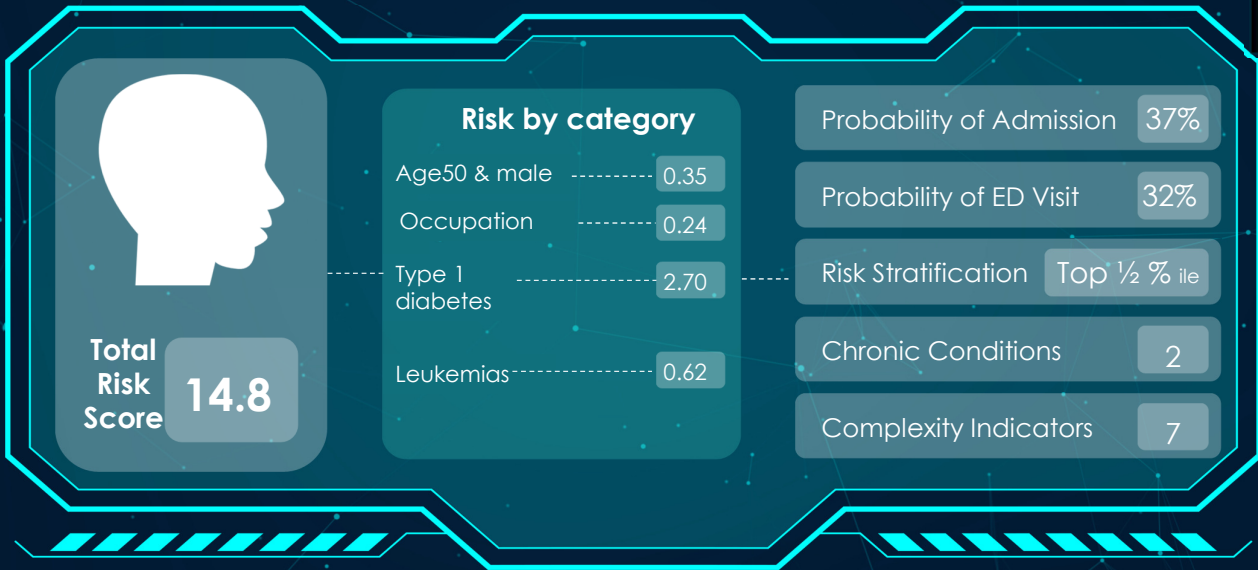




# Individual Risk Assessment Tool

## Outputs

- Data Infrastructure
- Model Development**
- Model Implementation



# Individual Risk Assessment Tool

- Data Infrastructure
- Model Development**
- Model Implementation

## Model Mechanics



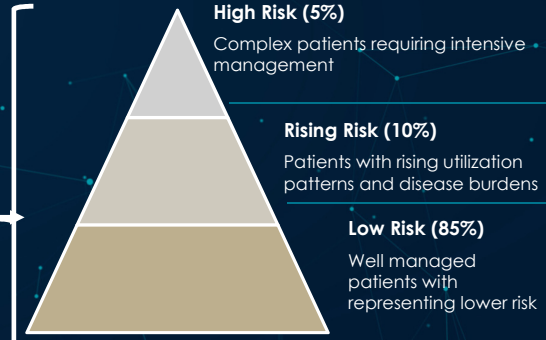
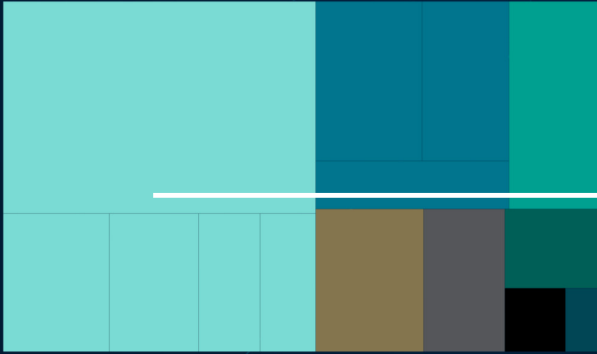
# Individual Risk Assessment Tool

## Outputs

- Data Infrastructure
- Model Development
- Model Implementation

### Member segmentation

- Healthy
- Chronic Conditions
- Neoplasms
- Disability
- Acutely Ill
- Mental Health Disorders
- Rare severe congenital conditions
- Terminal Phase



# Risk Adjusted Capitation Model

- Data Infrastructure
- Model Development
- Model Implementation



## Inputs

Health Benefit Package (HBP)

Beneficiary projections

### Baseline cost model

National baseline utilization per 1,000 members and efficient unit cost by benefit category



## Key Adjustments

ACO risk score

Demographic mix changes

Market forces factor

Smallness & remoteness adjustment

Benefit change adjustments

Trends



## Output

Projection of utilization, average costs & per capita by HBP benefit categories for the projection period

Key cost drivers

Scenario & sensitivity analysis



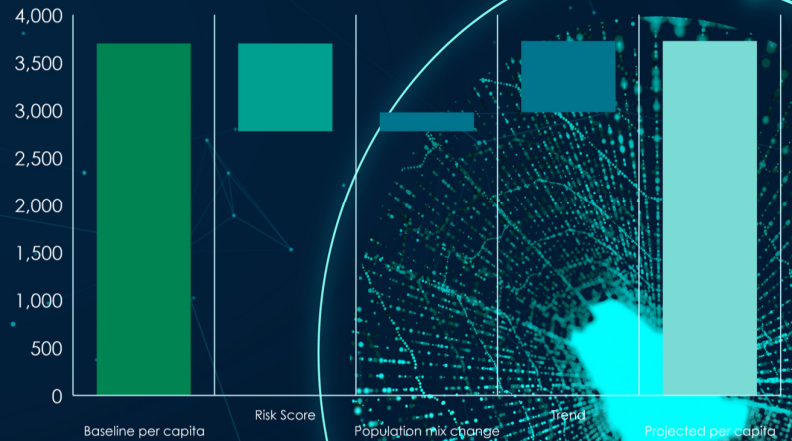
# Risk Adjusted Capitation Model

Data  
InfrastructureModel  
DevelopmentModel  
Implementation

Illustration of the output

HBP Domain	Baseline per Capita ﷲ
Inpatient – non maternity	750
Inpatient – maternity	350
Emergency services	500
Outpatient	600
Dental	350
Primary care	650
Referrals	500
<b>Total</b>	<b>3,700</b>

## Projected per capita (SAR)



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# Where Are We Today



**Individual risk scores**  
calculated for **90%** beneficiaries



**Population segmentation & stratification**  
Implemented to identify health priorities & outcomes



**Efficient cost at currency level**  
calculated based on the second national costing output



**RAC budgets**  
estimated for **20 clusters**



**Shadow RAC budget**  
to commence next year for **most advanced clusters**

Data  
Infrastructure

Model  
Development

Model  
Implementation



# Thank You

## Contact Us



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