

# DRGs and cost accounting across Europe: *Which is driving which?*

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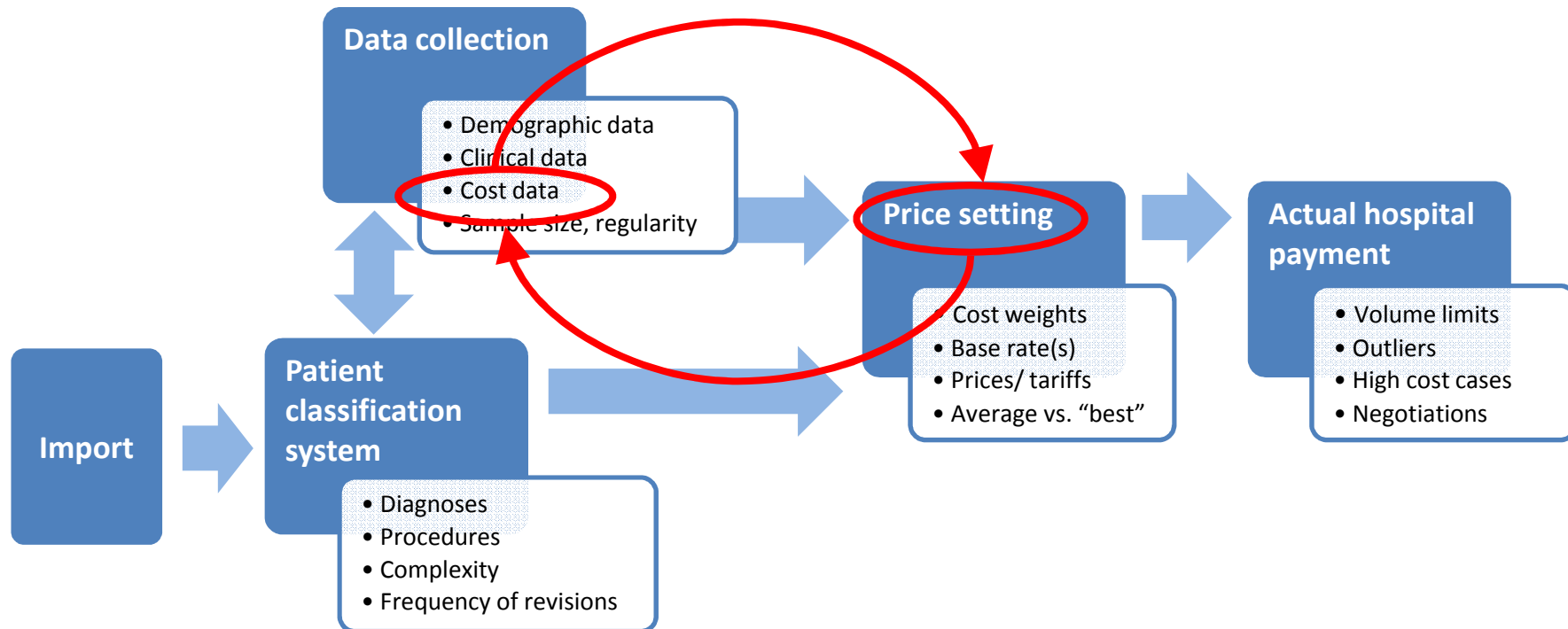
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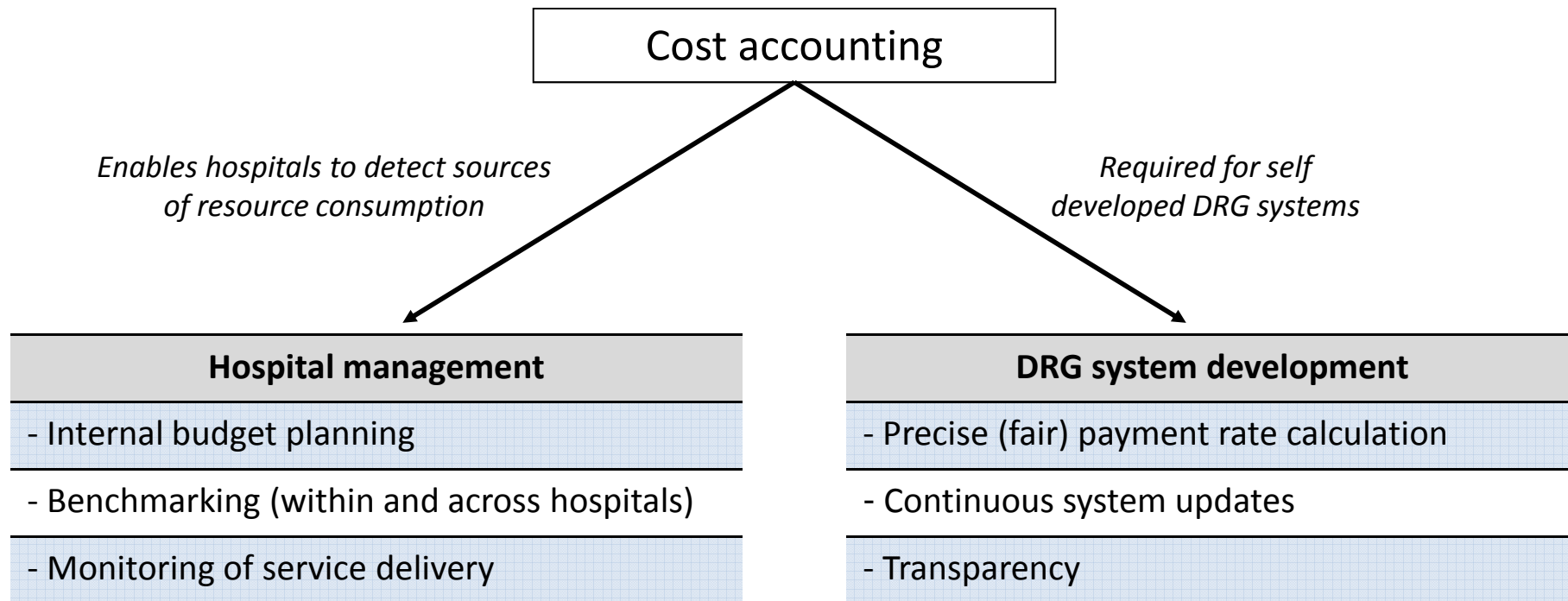


European  
**Observatory**  
on Health Systems and Policies





Source: Scheller-Kreinsen et al. 2009



- Results of former research have drawn attention to the difficulty of comparing costs and prices for inpatient services across Europe.
- A wide variation in the size of costs for overhead functions in hospitals across Europe was identified.
- This seems to be related not only to actual differences in costs but also to different cost accounting practices.
- The question of different cost accounting systems became central for the EuroDRG project, because of the importance of cost information for the development of DRG systems.

1. Describe whether and how cost data from hospital cost accounting systems is used to determine hospital payment for DRGs.
2. Compare types and methods of cost accounting in relevant hospitals.
3. Elaborate the effects of DRG systems on cost accounting systems.

- DRG questionnaire was developed in order to systematically derive insights about the heterogeneity of DRG systems across Europe
- Based on standardized questionnaire twelve participating countries (i.e. Austria, England, Estonia, Finland, France, Germany, Ireland, Netherlands, Poland, Portugal, Sweden, and Spain) were asked to write country reports.
- The cost accounting methodology in each country was of special interest.

	Mandatory cost accounting system	National costing guidelines	Cost accounting data used for developing DRG prices
<b>Austria</b>	-	-	X
<b>England</b>	X	X	X
<b>Estonia</b>	-	-	X
<b>Finland</b>	-	-	X
<b>France</b>	-	X	X
<b>Germany</b>	-	X	X
<b>Ireland</b>	-	X	-
<b>Poland</b>	-	-	-
<b>Portugal</b>	X	X	-
<b>Netherlands</b>	X	X	X
<b>Spain</b>	-	-	-
<b>Sweden</b>	-	X	X

X = yes  
- = no

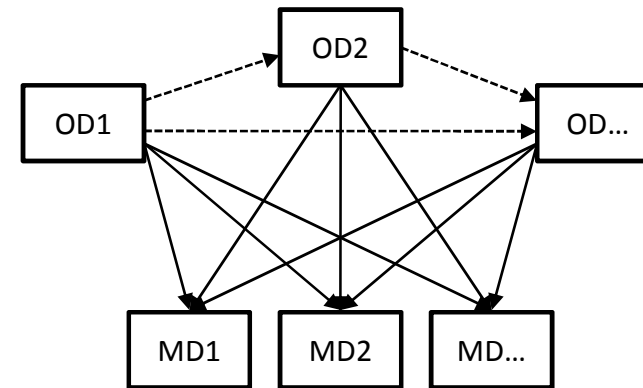
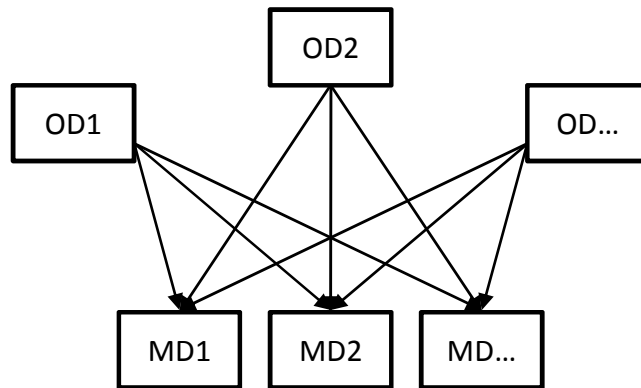
# Excluded items across Europe

	Excluded costs	Excluded treatments
<b>Austria</b>	Teaching, Research, Capital costs, Interests	Psychiatric services, Intensive care, Rehabilitation
<b>England</b>	Teaching, Research	Psychiatric services, Primary care services, Community services, Ambulance services
<b>Estonia</b>	Teaching, Research	----
<b>Finland</b>	Teaching, Research, Capital costs, Interests	Psychiatric services, Intensive and emergency care
<b>France</b>	Teaching, Research	Expensive drugs, Psychiatric services, Rehabilitation, Intensive and emergency care, Neonatology, Dialysis, Radiotherapy
<b>Germany</b>	Teaching, Research, Capital costs, Interests	Expensive drugs, Psychiatric services
<b>Ireland</b>	Teaching, Research, Capital costs, Interests	Psychiatric services, Rehabilitation, Geriatrics
<b>Poland</b>	Teaching, Research	Expensive drugs, Intensive and emergency care
<b>Portugal</b>	Teaching, Research	----
<b>Netherlands</b>	Teaching, Research	Expensive drugs
<b>Spain</b>	Teaching, Research	----
<b>Sweden</b>	Teaching, Research	Expensive drugs, Rehabilitation, Burns

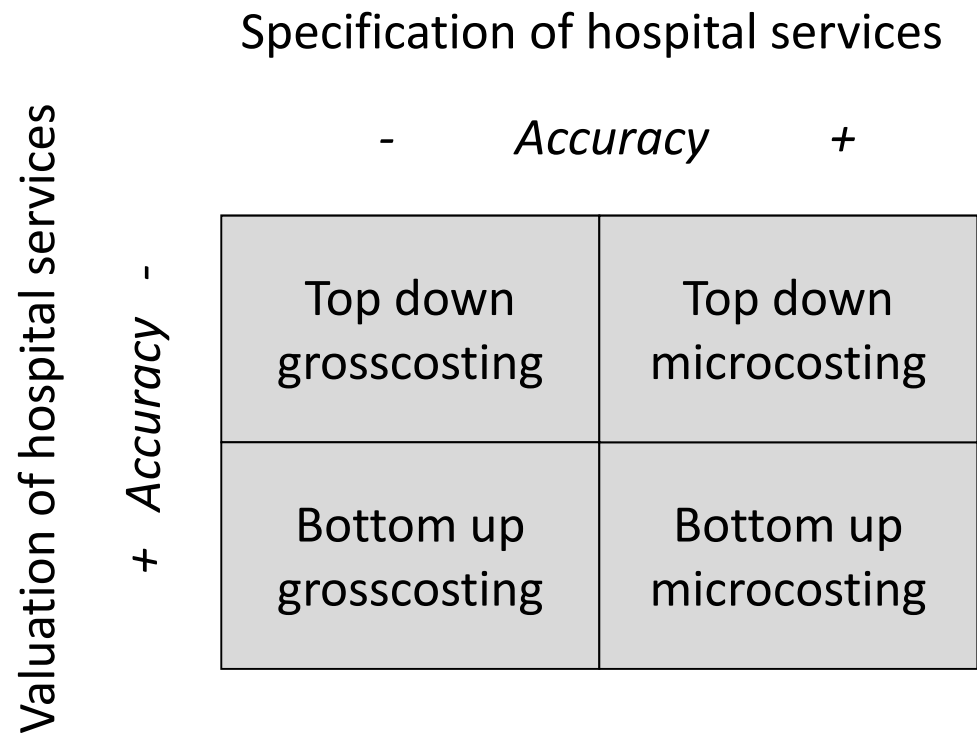
Direct

vs.

Step-down



OD = Overhead department  
MD = Medical department



Source: Tan et al. 2009

# Cost accounting methods across Europe

	Overhead cost allocation to departments	Direct cost allocation to patients	Number (share) of cost collecting hospitals	Data checks (regularity)
<b>Austria</b>	Varying by hospital	Grosscosting	20 reference hospitals (~8% of all hospitals)	Regional authority (n. a.)
<b>England</b>	Direct	Top down microcosting	All hospitals	National authority (annually)
<b>Estonia</b>	Direct	Top down microcosting (mainly)	All hospitals	National authority (annually)
<b>Finland</b>	Direct	Bottom up microcosting	5 reference hospitals meeting particular cost accounting standards (~30% of specialised care)	No, responsibility of hospitals
<b>France</b>	Step down	Top down microcosting (mainly)	99 volunteering hospitals participating in the hospital cost database ENCC (~ 13% of inpatient admissions)	Regional authority (annually)
<b>Germany</b>	Step down (preferably)	Bottom up microcosting (mainly)	125 volunteering hospitals meeting InEK cost accounting standards (~ 6% of all hospitals)	National authority (annually)
<b>Netherlands</b>	Direct	Bottom up microcosting	Unit costs: 15-25 volunteering general hospitals (~ 24% of all hospitals)	National authority (annually)
<b>Sweden</b>	Direct	Bottom up microcosting	Hospitals with case costing systems (~ 62% of inpatient admissions)	National and regional authority (annually)

- The design of cost accounting systems and the quality of cost data produced vary across and even within hospitals of the same country.
- Many national DRG systems set their tariffs on the basis of less precise cost accounting data.
- This could lead to unadquately hospital payments for provided services.
- Lacking quality of cost data reduces the accuracy of economic evaluations and mislead investment (planning) decisions.
- High quality cost information is vital for making informed decisions about how to increase efficiency and quality of care.

MDC:  MDC 14 Schwangerschaft, Geburt und Wochenbett  
 DRG:  O60D: Vaginale Entbindung ohne komplizierende Diagnose Zurücksetzen

Daten:  14  MDC 14 Schwangerschaft, Geburt und Wochenbett Anz. DRGs:  26 N:  81.952

Fallzahl Normallieger  
 29.836  
 v. MDC:  36,41%  
 v. gesamt:  1,49%

Bewertungsrelation  
 0,541

Verweildauer

Kurzlieger	10,30%
Normallieger	87,22%
Langlieger	2,48%
1. Tag mit Abschlag	1
1. Tag zus. Entgelt	7
Mittl. arithm. VWD	3,5
Standardabw. VWD	1,0

PCCL

0	80,55%
1	0,00%
2	8,64%
3	10,71%
4	0,10%

Geschlecht

Männlich	0,00%
Weiblich	100,00%
Unbestimmt	0,00%

Fallkosten

Arith. MW	1.418,78
Std. Abw.	428,06

Alter

< 28 Tage	0,00%	30 - 39 Jahre	46,60%
28 T. - < 1 Jahr	0,00%	40 - 49 Jahre	2,96%
1 - 2 Jahre	0,00%	50 - 54 Jahre	0,00%
3 - 5 Jahre	0,00%	55 - 59 Jahre	0,00%
6 - 9 Jahre	0,00%	60 - 64 Jahre	0,00%
10 - 15 Jahre	0,12%	65 - 74 Jahre	0,00%
16 - 17 Jahre	0,81%	75 - 79 Jahre	0,00%
18 - 29 Jahre	49,50%	80 Jahre u. älter	0,00%

Profile:

Kostenbereich	Personalkosten:			Sachkosten:						Pers.- u. Sachkosten:		Summe
	Ärztlicher Dienst	Pflegedienst	med./techn. Dienst	Arzneimittel		Implantate / Transplant.	Übriger med. Bedarf		med. Infrastruktur	nicht med. Infrastruktur		
				4a	4b		5	6a			6b	
1	2	3	4a	4b	5	6a	6b	7	8			
01. Normalstation	104,4	238,2	22,8	11,5	1,5	0,0	18,0	0,3	52,7	225,8	675,3	
▶ 02. Intensivstation	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0	0,0	0,0	0,1	
04. OP-Bereich	0,7	0,0	0,7	0,0	0,0	0,0	0,3	0,0	0,3	0,6	2,7	
05. Anästhesie	10,3	0,0	5,4	1,2	0,1	0,0	2,9	0,0	1,3	4,3	25,4	
06. Kreißsaal	113,7	0,0	328,8	17,3	0,2	0,0	34,7	0,0	25,1	143,8	663,7	
08. Endoskopische Diagnostik / Ther	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	
09. Radiologie	0,2	0,0	0,3	0,0	0,0	0,0	0,1	0,1	0,2	0,3	1,0	
10. Laboratorien	2,2	0,0	8,4	0,3	0,2	0,0	6,4	1,9	0,7	3,7	23,7	
11. Übrige diagnostische und therape	6,2	0,1	11,2	0,2	0,0	0,0	2,0	0,1	1,4	5,7	26,8	

InEK cost data browser: Average costs for normal birth without co-morbidities or complications in German cost calculating hospitals

Source: InEK 2010

Summe:	237,7	238,4	377,6	30,5	1,9	0,0	64,5	2,5	81,7	384,1	1.418,8
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- DRGs have improved the cost accounting utilization and vice versa
- National guidelines can help to further develop cost accounting systems in hospitals
- From a managerial perspective: clear incentive to improve cost accounting in hospitals

**Thank you very much for  
your time and attention!**

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