EuroDRG
Diagnosis Related Groups in Europe
Towards Efficiency and Quality

Background
Payment mechanisms represent one of the fundamental building blocks of any health system, introducing powerful incentives for actors in the system and fierce technical design complexities. Inpatient care payments, mainly referred to as Diagnosis Related Groups (DRGs), are nowadays used as a payment mechanism with ambitious aims: they seek to reimburse providers fairly for the work they undertake. Moreover, they intend to encourage efficient delivery and to discourage the provision of unnecessary services, i.e. to overcome some of the drawbacks of more traditional hospital reimbursement systems. A case payment system that fulfils these hopes requires carefully balanced incentives as well as a methodologically sound system. Especially, DRGs need to accurately reflect the resources and costs of treating a group of similar patients.

Fierce debate among practitioners, researchers and the public indicates that case payments still pose considerable technical and policy challenges, and many unresolved issues in their implementation remain. For example, the HealthBASKET project showed that DRG systems differ greatly between European Member States. One of the key conclusions of HealthBASKET was that structural components (figure 1) may play an even more important role than heterogeneity of treatment patterns in cost variations within an episode of care.

The second part of the project seeks to identify pan-European issues in hospital case payment by conducting cost analysis across European countries. Therefore, patient level data of 10-12 episodes of care (representing different medical specialties and diagnostic/therapeutic procedures) will be collected, compared and analyzed. Furthermore, the systemic factors, which are crucial for successful policy design in a slowly emerging pan-European hospital market, will be identified. Special emphasis is placed on (1) identifying ways to calculate these payments in an adequate fashion, (2) examining hospital efficiency within and across European countries, and (3) identifying factors that affect the relationship between the costs and quality of inpatient care.

The third part of the project seeks to develop and implement the first Europe-wide hospital benchmarking system as a means of identifying common issues and systemic factors that will be crucial when designing successful policies for the slowly emerging pan-European hospital market.

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