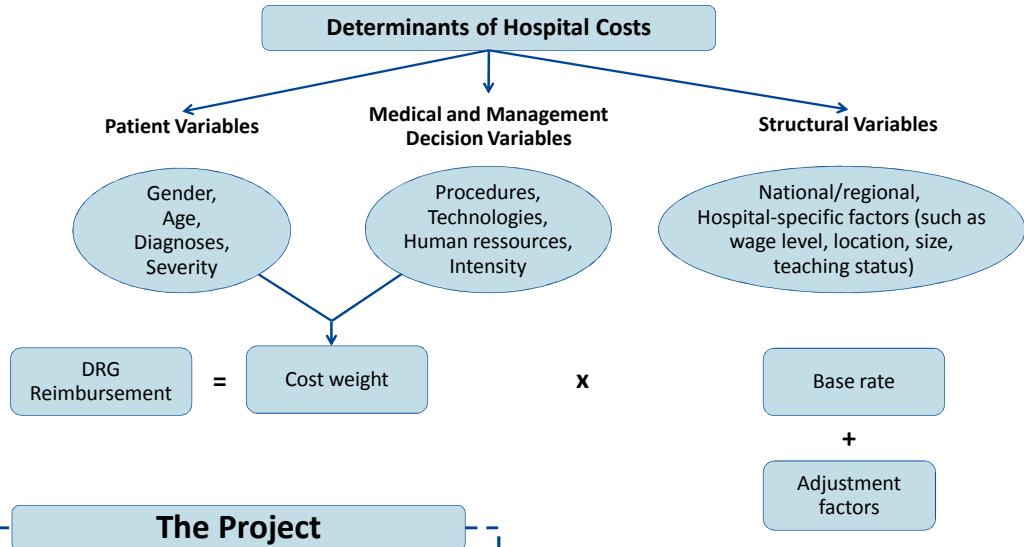


Background

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 case 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 Project

The EuroDRG project scrutinises these challenges. Part one concentrates on the complexities of case payments for hospitals in national contexts. Comparative analyses of the essential building blocks (figure 2) of DRG systems across 10 European countries which are embedded in various types of health systems (Austria, England/ UK, Estonia, Finland, France, Germany, Ireland, the Netherlands, Poland, Spain, Sweden) will uncover the differences and similarities of their objectives, purposes and methodologies.

Figure 1: Determinants of hospital costs and DRG-Reimbursement

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.

The Partners

Austria	Department for Medical Statistics, Informatics and Health Economics, Innsbruck Medical University
England/ UK	Centre for Health Economics, University of York
Estonia	PRAXIS Center for Policy Studies
Europe	European Health Management Association
Finland	National Institute for Health and Welfare
France	École des hautes études en santé publique, Institut de recherche et documentation en économie de la santé
Germany	Department of Health Care Management, Technische Universität Berlin
Ireland	Economic and Social Research Institute
Netherlands	Institute for Health Policy & Management, Erasmus Universitair Medisch Centrum Rotterdam
Poland	National Health Fund
Spain	Institut Municipal d'Assistència Sanitària
Sweden	The Centre for Patient Classification, National Board of Health and Welfare

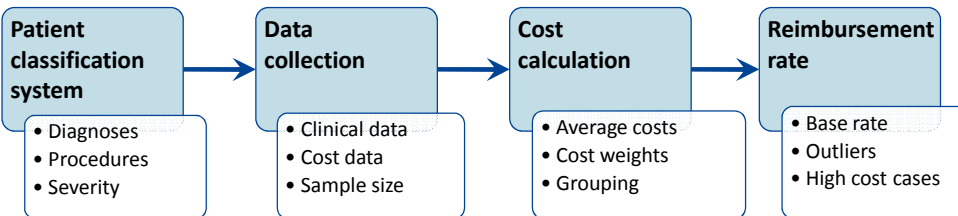


Figure 2: Essential building blocks of DRG-systems

In this context, many European DRG systems may be heading in the wrong direction by concentrating almost exclusively on refining the medical classification of DRGs. In addition, over the last decade the Europeanization of health service markets generated pressure on national reimbursement systems. Increasing patient mobility caused growing health system interconnectedness. As sickness funds and providers are engaged in cross-border reimbursement of services, more information about the exact definition of hospital services and funding mechanisms is required within Europe realm. Finally, policy makers are interested in learning from best practice examples to improve national inpatient reimbursement arrangements.

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.

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