“Penerapan DRG di Jerman: sebuah pembelajaran untuk penerapan pembayaran provider di Indonesia menyongsong universal coverage”

Atik Nurwahyuni
German Health Care System

- Population 83 Million inhabitants
- Social Health Insurance
- 215 Social Health Insurance Company
- High density of medical doctors
  - 3.4 physician doctor per 1,000 inhabitants
  - 8.4 hospital bed for 1,000 inhabitants (compare to France 7.3 and Italy 4.0)
  - Around 2000 hospitals in 2005
  - Until 2002 used “Perdiem” as payment system for inpatient
- Health expenditure ca. 240 billion Euro per annum (11% of GDP)
Hospital Financing

- Since 1972: government pays building and equipment, health insurances pay for running expenditures of hospitals
- Regional hospital planning: government decides which hospitals are to be built and run, insurances have to follow
## Introduction of G-DRG

### Background

#### Average Length of Stay in 1996-2002 among Countries

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>France</th>
<th>Italy</th>
<th>Canada</th>
<th>United Kingdom</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>12.1</td>
<td>.</td>
<td>7.8</td>
<td>7.1</td>
<td>9.5</td>
<td>5.2</td>
</tr>
<tr>
<td>1997</td>
<td>11.2</td>
<td>6.2</td>
<td>7.5</td>
<td>7.0</td>
<td>8.6</td>
<td>5.0</td>
</tr>
<tr>
<td>1998</td>
<td>10.8</td>
<td>6.1</td>
<td>7.3</td>
<td>7.0</td>
<td>8.4</td>
<td>5.0</td>
</tr>
<tr>
<td>1999</td>
<td>10.5</td>
<td>6.1</td>
<td>7.1</td>
<td>7.1</td>
<td>7.7</td>
<td>4.9</td>
</tr>
<tr>
<td>2000</td>
<td>10.1</td>
<td>6.0</td>
<td>7.0</td>
<td>7.2</td>
<td>9.6</td>
<td>4.9</td>
</tr>
<tr>
<td>2001</td>
<td>9.8</td>
<td>6.0</td>
<td>7.1</td>
<td>7.3</td>
<td>10.0</td>
<td>4.8</td>
</tr>
<tr>
<td>2002</td>
<td>9.7</td>
<td>6.0</td>
<td>6.8</td>
<td>7.4</td>
<td>9.6</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Finally at 2000, Germany published Health Care Reform Act 2000 which intends to introduce a fully-fledged case based payment system based on...
Introduction of G-DRG

- In 2000, Germany published Health Care Reform Act 2000 which intends to introduce DRG as a new payment system.
- The Requirements of the Health Care Reform Act 2000 (§17b KHG (Hospital Financing Act):
  - introduction of a universal, performance-oriented and case-based reimbursement system (exception: psychiatry, psychosomatic and psychotherapeutic medicine)
  - necessity of uniform regulations for surcharges and discounts
  - DRGs and relative weights have to be uniform for the whole Federal Republic
  - the base rate (point value) may vary between the regions

Objective: More transparency, efficiency, quality
Improved performance-oriented reimbursement, better allocation of financial resources
G-DRG Time Frame
12 Years to introduce G-DRG

- 1997 project in large hospital group (LBK-Hamburg) internal budgeting (AP-DRG)
- 1999 parliaments decision to introduce DRG payment system (§ 17b KHG)
- 2000 AR-DRGs chosen by National Corporatist level ("Selbstverwaltung")
- 2002 law framework for DRG (FPG)
- 2003 optional use of DRG system decision of hospital
- 2004 compulsory use of DRG system without impact on budget
- 2005 start of step by step impact on budget towards equal pricing
- 2009 equal pricing per case on regional (Länder) level

AOK Rheinland/Hamburg
Player in the hospital sector

Federal Ministry of Health
Regulations by law

Federal association of the health insurance funds

Common Federal Committee of hospitals and health insurance funds

German Hospital Federation

Regional Hospital Federation

Regional Cooperation

Insured

Contribution rate

Health insurance funds (jointly and uniformly)

Money

Bargaining

Treatment

hospital

Voluntary membership

counsels
Federal Committee Level

- Choose adaptation of „Australian-DRG System“
- Negotiate Introduction of the DRG System,
- Introduce „DRG-Institute (InEK)“
Institutional Framework

Votes: 10 Hospital, 9 SHI, 1 PHI

Common Federal Committee of hospitals and health insurance funds

Nurse-profession ag.

Session-participation with consulting-rights

N. Medical Council

Decision

Proposal

DRG-Institute (InEK): financed by a legal DRG-System-charge

DIMDI
(German Institute of medical documentation and information)
Update of medical classifications ICD-10-GM, OPS

Pharma industry

Medical device industry

Scientific medical societies

Federal Ministry:
in case of conflicts, decision blockades: legal regulation without affirmation of Federal Council

Assistance

AOK Rheinland/Hamburg
Regional Level

Health insurance funds (collectively and uniform)

Negotiation about regional Baserate

Agreement about communication and billing process between HIS and Hospital

Regional Cooperation

Regional Hospital Federation
Local Level

- Health insurance funds (jointly and uniformly)
  - Contribution rate
- Insured
- Hospital
  - Money
  - Bargaining
  - Treatment

- „Prospective“ Budget Negotiation
  - „DRG“ Quantity
    - According to „Hospital Planning“
  - Price (individual Base rate)
### G-DRG Pricing

<table>
<thead>
<tr>
<th>DRG</th>
<th>Partition</th>
<th>Bezeichnung</th>
<th>Bewertungsrelation bei Hauptabteilung</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>D30B</td>
<td>O</td>
<td>Tonsillektomie außer bei bösartiger Neubildung oder verschiedene Eingriffe an Ohr, Nase, Mund und Hals ohne äußerst schwere CC, ohne aufwändigen Eingriff</td>
<td>0,713</td>
</tr>
</tbody>
</table>

\[
\text{CW} \times \text{BR} = \text{DRG-revenues}
\]

**D30B „simple tonsillectomy“**

*In the Holy Heart Hospital*

\[
0,713 \times 2.400 \, \text{€} = 1.711,20 \, \text{Euro}
\]
Convergence Phase of Base Rate

Time Table for the G-DRG Introduction

Optional Phase (voluntary)  Introduction Phase  Convergence Phase

Budget Neutrality

2003  2004  2005  2006  2007  2008  2009

Year

15%  1%  1,5%  2%  2,5%  3%

Adjustment Rates for Hospital Budgets

State-Wide Base Rate

Upper-Limit of Hospital Budget Adjustments
Convergence Phase of Base Rate

National Base Rate

State Base Rate

Adjustment Rate

National Base Rate Corridor

2009 2010 2011 2012 2013 2014
G-DRG Katalog

- DRG with cost weight for ALOS, minimum LOS, maximum LOS, transfer/referral
- DRG without cost weight $\rightarrow$ negotiation between Hospital and Health Insurance
- Supplement $\rightarrow$ for expensive treatment
Supporting tools for G-DRG Implementation

- Manual G-DRG (Logical algorithm in grouping) → Definitionshandbuch
- Coding book (Guidance for coding) → Kodierrechtlinien
- Manual for Health care service cost calculation in hospital → Kalkulationshandbuch
- Certification for Grouper by InEK
<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRGs</td>
<td>642</td>
<td>806</td>
<td>845</td>
<td>912</td>
<td>1035</td>
<td>1089</td>
</tr>
<tr>
<td>Other</td>
<td>33</td>
<td>54</td>
<td>47</td>
<td>47</td>
<td>54</td>
<td>53</td>
</tr>
<tr>
<td>Medical</td>
<td>341</td>
<td>381</td>
<td>346</td>
<td>366</td>
<td>378</td>
<td>406</td>
</tr>
<tr>
<td>Surgical</td>
<td>268</td>
<td>371</td>
<td>452</td>
<td>499</td>
<td>603</td>
<td>630</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Medical</td>
<td>53%</td>
<td>47%</td>
<td>41%</td>
<td>40%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Surgical</td>
<td>42%</td>
<td>46%</td>
<td>53%</td>
<td>55%</td>
<td>58%</td>
<td>58%</td>
</tr>
</tbody>
</table>
The Severity Level

![Graph showing severity levels over time for different DRG versions.](image-url)
Strategies of Health Insurance deal with G-DRG implementation

- Case Management Department
- Training
  - 1.5 years for administrative
  - 5 years for identifying fraud/abuse
- Utilization Review → coding
- Research
Strategies of Hospital deal with G-DRG implementation

- Establish Controlling Unit
  - Analyze the top 40 of G-DRG (common & expensive)
  - Give recommendation for hospital
  - Responsible if any sue from health insurance
  - Train the administrator
  - Organize workshop, seminar and training related with DRG for doctors and nurse since 1999

- Develop Clinical Pathway
- Coders → senior nurse
- Develop special unit/treatment
Lesson Learned

- All the stakeholders were well informed about DRG
- Clear frame work (background, aim, stakeholders, milestone)
- Legal aspect and law enforcement
- Transparency
- Good quality of the data
- Finance security of hospitals
- Support from all stakeholders
- Completed by important tools and board
- Incentives for hospital that provide good quality data
- Information system
- Human resources