



HOSPITAL REACTION TO CASE- BASED FINANCING IN THE FIRST YEAR OF IMPLEMENTATION

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History

2001: Pilot project 23 hospitals

- 1 year of electronic data collection

2002: Implementation of financing

- Hospital base rates established using historical budgets and clinical data reported in 2001



History

First results 2002

- The level of financing shows for the first time huge differences among hospitals
- Indication of need for moving towards more homogeneous tariffs
- The financing mechanism based on case-mix proves successful



History

First steps to National Roll-Out

- Decision to extend the financing mechanism to more hospitals
- Need to unify the clinical data collection, and to establish the Basic Minimum Data Set (SMDP) to be reported by all Romanian hospitals



History

2003: moving to National Roll-Out

- Year of development of the financing mechanism
- Year of decision of which hospitals will be financed based on case-mix mechanism
- First year of clinical data collection from all Romanian hospitals



The financing model

2003: first results of data reporting

- 85% of the hospitals succeeded in reporting electronically their patients
- 75% of all discharges from previous year were reported over a total of 5,5 millions



The financing model

2003: activities

- Selection of 185 hospitals to be included in the financing on case-mix in 2004
- Tarrifs calculated for each hospital starting from their clinical data: *number of discharges* and *case-mix index (CMI)*, as well their historical budgets



The financing model

End of 2003: problems and decisions

- Estimating number of patients and CMI for non-reporting hospitals was a difficult process
- Rule of building tariffs: use of 20% of the national tariff
- Huge differences among hospitals, even those of the same type: from -50% to +110% variation from the national average



Applying the financing model

2004: first results of financing

- Budgets for 185 hospitals higher/lower compared with historical one due to blending with the national rate
- Many hospitals tend to over-contract
- Some hospitals aren't able to meet the contracted levels for the indicators (*no. of patients or/and CMI*) of year 2003



Applying the financing model

2004: 1st quarter

- Better quality of data reporting, enhanced by the financing based on case-mix indicators
- Emerging need for recalculate tariffs for some hospitals, because of errors related to previous year activity (number of patients and CMI)
- Necessity to correlate the 2003 budget to the 2004 reported activity (on the base of the 1st quarter data)



Impact of the financing model

2004: 1st semester results

- Some hospitals cannot survive the financing pressures, being at risk of not covering their staff salaries
- Decision to modify tariffs for 19 hospitals out of 185, based on their activity at 6 months; also republished the CMI after 6 months because it resulted significantly higher



Impact of the financing model

2004: 1st semester decisions

- The decision to modify tariffs for 19 hospitals implied a necessary increase of funds of 3% of the total hospitals budget, instead of 17% increase in case all hospital tariffs were changed.
- The experience of the 1st semester underlines the dynamic character of the financing process



Directions to follow...

2004 (II semester) and 2005

- The differences among hospital tariffs suggest the use of blended rates, with the perspective of arriving to a unique national rate
- Need to continue the separation of non-acute services financing (chronic patients, rehabilitation) and the acute (inpatients, Day-Hospital).



Directions to follow...

2005

- development and refining of the financing mechanism
- use of the mechanism for all hospitals providing acute-care services
- need to develop in parallel the mechanism of costing by patient



Conclusions

- **The case-mix financing is functional in Romania**
- **It may ensure a more equitable distribution of resources towards hospitals, even though the beginning is difficult**
- **It's necessary the correlation with costing by patient data**