20th PCS/E Working Conference

27-30 October 2004, Budapest, Hungary

Moving From Pilot to National Level: Problems and Successes in the First Year of Romanian Hospital Case-Mix Financing

Paul Radu, MD, PhD

NIRDH, Bucharest, ROMANIA

Presentation content

- Short history of recent case-mix developments in Romania
- First steps of case-mix financing
- Actual status of case-mix implementation:
  - Achievements
  - Problems and solutions
- Strategy assumed for the future

History of case-mix in Romania (I)

Year 2000

- The beginning of the National DRG Project developed by the Ministry of Health, National Health Insurance House, College of Physicians and Ministry of Finance, with support from USAID
- 23 hospitals included on a voluntary basis in the National DRG Project

History of case-mix in Romania (II)

Year 2001

- Introduction of ICD 10 coding for Dx in these 23 hospitals
- Beginning of electronic data collection at patient level – 75% of all discharges reported
- Providing training for these hospitals
- Preparing at central level data storage, grouping, analysis

Case-mix financing in Romania (I)

Year 2002

- Case-mix financing for these 23 hospitals (using neutral budgets)
- Development of the required new financing rules
- Usage of HCFA DRG Classification, v.18
- Provision of reports and analysis of data based on DRGs
- Preparing the ground for the end of Project (September 2002)

Case-mix financing in Romania (II)

Year 2002

Achievements

- Over 750.000 patient level records managed at central level
- It's possible a Romanian sustainability? YES
- Creation of the "Romanian Sustainability", by developing the National Institute for Research and Development in Health (NIRDH), as the central institution carrying out data collection and coordinating case-mix efforts at central level

Case-mix financing in Romania (III)

Year 2003

- Use of an 85%-15% blending rate for financing of the 23 hospitals
- Development of the framework to rollout the new financing mechanism for other hospitals:
  - Introduction of ICD 10 coding for Dx at all Romanian hospitals
  - Introduction of MBDS collection from all Romanian hospitals
  - New format of medical record that support data collection

Case-mix financing in Romania (IV)

Year 2003

Successes

- Over 3,5 million patient level records at central level, from almost 400 of 450 Romanian hospitals
- Selection of 185 hospitals for financing in 2004

Failures

- Impossible to respect the 85%-15% financing rule
- At the end of 2003 the 23 hospitals got a case-mix financing, but using 100% each hospital rate, within a capped budget

Case-mix financing in 2004 (I)

- All large acute care hospitals - account for 75% of all acute patients and almost 80% of hospital funds
- The neutral hospital base rates were very different from one hospital to another, with variations of 50% to more than 210% from to the national base rate
- The blending ratio between the hospital's own base rate and the national rate was 80-20%

Case-mix financing in 2004 (II)

- Usage of a different mechanism for recording and payment of non-acute care
- Establishment of several conditions for validation of payments prior to reimbursement of hospitals (e.g. invalid hospital department, same day hospitalization within a hospital etc.).
- Prospective payment scheme with a budget negotiated and established at the beginning of the year, monthly payments and quarterly reconciliations (based on actual cases)

Reactions at case-mix financing in 2004 (I)

- "Conflicts" among hospitals or with central institutions as the result of the transparency of tariffs (that reflected previous historical financing distortions)
- Hospital budget diminishing for the hospitals with previous high historical budgets (due to 80-20% blending rule)
- Critical situation of hospitals with low tariffs which could not provide enough resources for survival (due to errors in the establishment of their rate)

Solutions for First Reactions - short term

- Republishing of CMI for all 185 hospitals (based on data from 6 months of 2004)
- Recalculate the correct tariffs for 19 hospitals (took time to republish them and the “noise” of the hospitals brought us in the Parliament to provide explanations)
- Develop a better and stronger communication campaign regarding DRGs (web services, seminars, forums etc.)

Solutions for First Reactions - medium term

- Patient level project to be developed in the near future
- Collaborate with the Specialties Commissions to evaluate the weights used and to try to adapt them to local specifics
- Translation and adaptation of ICD 10 AM medical procedure (working with Specialties Commissions)
- Negotiations to obtain AR DRG v.5 system in order to develop a local classification system in future

Strategy assumed for the future - 2005

- Extension of case-mix financing to all acute hospitals
- Introduction of the Australian ICD-10AM medical procedures
- Introduction of outliers payment mechanism
- Development of the process for getting patient level costing data

Strategy assumed for the future - 2006

- Introduction of the Romanian adapted Australian AR-DRG classification system
- Development of guidelines for medical practice covering the most frequent DRGs
- Analysis based on patient level costs data collection from hospitals
- Design of a system to monitor and improve quality of services in hospitals

Strategy assumed for the future - 2007

- Introduction of Romanian developed relative weights
- Development of a system for adjustment of case-mix payment based on geographic areas etc.
- Development of a system to monitor and improve quality of services in hospitals
- Improvement of local developed system for classification of patients

Strategy assumed for the future - 2008

- Introduction of a Romanian classification system for patients
- Usage of mechanisms to finance hospitals according with the care provided
- Continuous improvements of relative weights, coding of Dx and Px

Conclusions (I)

- The future of Romanian case-mix financing is established during these moments, or the moments to come (…elections next month!)
- The policy-makers decisions are yet favorable, but there is a need for continuous education, communication, expertise and resources
- The DRG implementation did not over passed the critical moment, year 2005 will be probably the most difficult (both at central and hospitals level)

Conclusions (II)

- Romania needs not just a DRG system, but more important, to have in place better quality of services and more value for the funds available

- There is a strong need to coordinate the DRG efforts with the rest of health sector reforms:
  - Decentralization of health care system
  - Privatization of health care providers
  - Voluntary (private) insurance etc.

At the end

- Best from NIRDH staff and Romania!
- Contact:
  - pcradu@incds.ro
  - contact@incds.ro