

# Pricing and reimbursement models: Inpatient Outpatient

Rolf D. Müller

Chief Executive Officer (rtd.)

AOK Berlin – Die Gesundheitskasse

Expert consultant on behalf of Bundesministerium für  
Gesundheit, Berlin

# Agenda

1. General
2. Principles
3. Inpatient care
4. Outpatient care
5. Realization
6. Summary

# 1. General

## Fundament (Phase II UHC reform Georgia)

- Eligible insured
- Basic care
- Administrative frame and steering

## requires

- **Parallel pricing** under consideration of financial means available
- **Securing** of qualified care and the determination of criteria for quality assessment
- **An administration** which operates efficient, effective and economical at the same time
- **Qualification of staff** – task oriented
- **Transparency** in the employment and consumption of resources

## 2. Principles

### 1. Improvement of care by the provision of

- Comprehensive, nationwide primary care
- Medical ambulatories for basic care
- Emergency care
- Specialist care organised in medical centres (outpatient, inpatient) affording adequate compensation for a humane care proviso driven by economical and qualitative standards

### 2. Result oriented price finding

- Internationally proven financing models
- Differentiation:
  - Inpatient care
  - Outpatient care

## 3. Inpatient Care – General

### Defining...

- accredited hospitals and their respective scope of services
- general conditions for treatment
  - admission criteria, discharge, after care
  - Regulations for cost guarantee, accounting of fees
  - Procedural and auditing principles – economical viability, qualitative
  - Integrated after care outside the hospital
- the compensation system
  - DRG
  - alternative models
- accounting and reimbursement principles

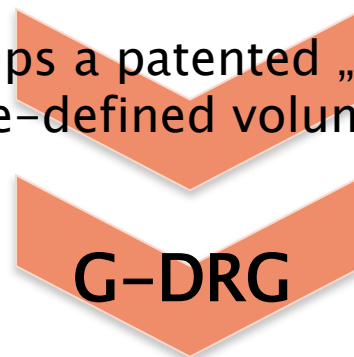
### 3. Inpatient care – compensation systems in general

- International developments and methodologies:
  - DRG-Systems
  - per diem compensation
  - case based lump sum
  
- Decision should be made within the respective care system and country

### 3. Inpatient care – DRG–System (example German G–DRG)

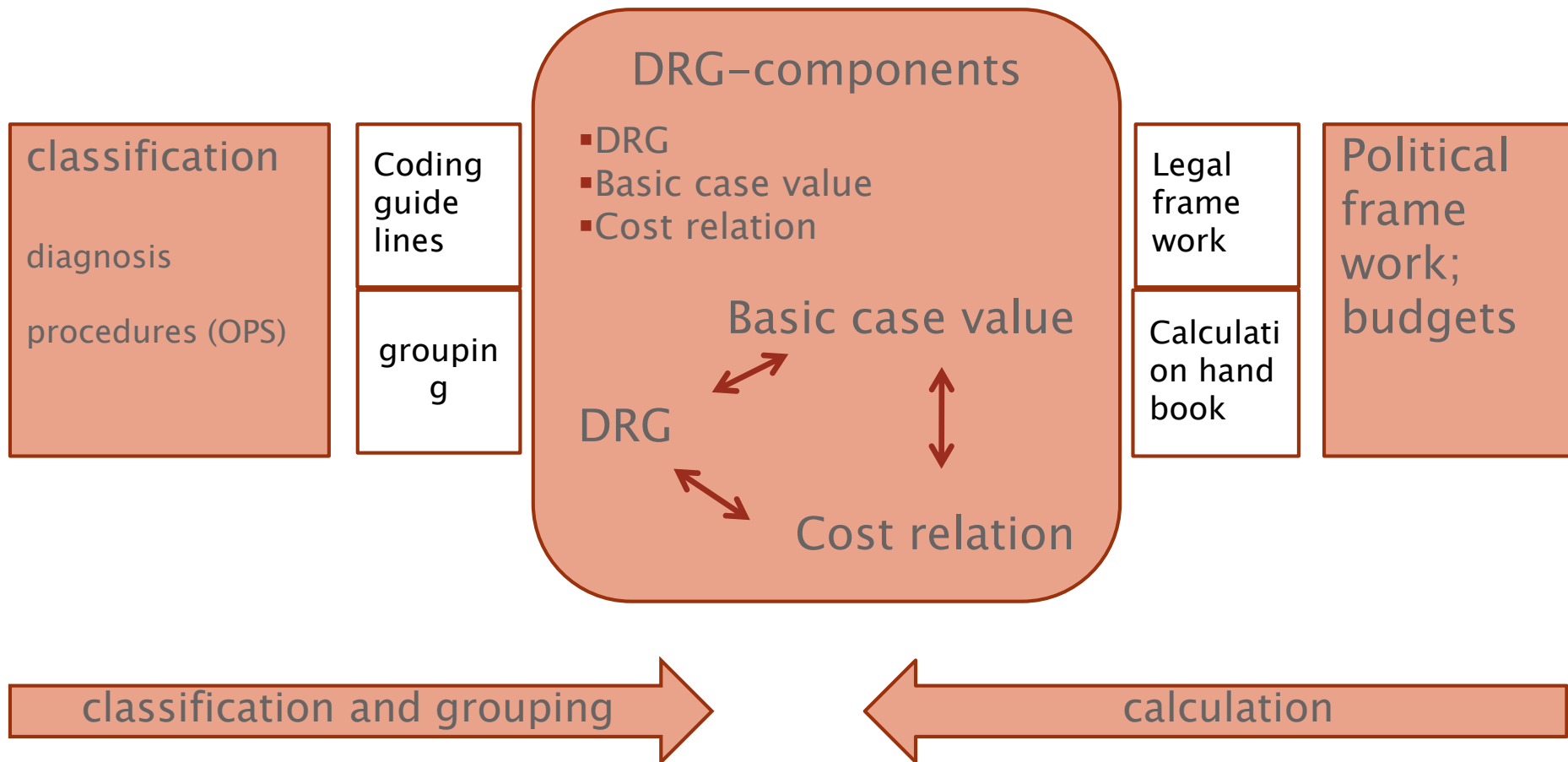
- Introduction
- G–DRG systematic:
  - flat compensation
  - driven by parameters such as  
key diagnosis (ICD 10), side diagnosis (ICD 10), procedures applied (OPS), form of discharge, age, weight at birth (where applicable), complications, breathing hours, day care cases, duration of stay ...

Within 6 procedural steps a patented „grouper“ determines one G–DRG out of a pre–defined volume of parameters



→ Price of a DRG = relative weight x basic case value

### 3. Inpatient care – DRG as compensation systematic





### 3. Inpatient care – Objectives of DRG–systematic

- Increase of transparency for services rendered
- Consideration of case severity and procedural structure
- Allocation of financial resources in accordance with medical justification
- Generally applicable comparability
- Evidencing cost effectiveness

### 3. Inpatient care – pre-requisites for DRG implementation

- Highly complex system
- Diagnosis coding
- Procedures
- complex IT-structures
- differentiated, time consuming introduction concept
- All encompassing qualification of all stakeholders

### 3. Inpatient care – per diem compensation

- **Defining reimbursable cost items**
  - cost of doctors & nurses
  - medical technology
  - pharmaceuticals, wound connectives
  - other medical services (such as physiotherapy, medical aids)
  - general operational cost

as a basis for „per diem“ of care
- duration of treatment
- Particularities in case of pre-, post- and partial inpatient care

### 3. Inpatient care – case based lump sum

- determination of fixed prices for defined treatments  
– for example certain surgical interventions, child birth, intensive care ...
- precise definition of the scope of care including the definition of quality outcome
- requires country specific definition
- might serve as a platform for subsequent DRG system introduction

### 3. Inpatient care – to be determined within the respective system

- The successful application of internationally proven systematics may only work under consideration of country specific conditions and particularities
  - **Fundament for Georgia:**
    - UHC Georgia Phase II
    - 9 strategic directions 2013–2017
  - **German experience stemming from**
    - successful cooperation within the frame work for the international partnership support
    - All encompassing knowledge of EU system structures
    - Task oriented support within the EU
- serves as a solid basis for continued development

## 4. Outpatient care

### **Mission**

- sustainable improvement of the qualitative and quantitative care with adequate compensation
- Avoidance of care deficits with particular emphasis on primary care and in rural regions
- Targeted steering of financial resources based upon transparency within application of funds
- Mechanism for adjustment concerning fee tables

## 4. Outpatient care

### General

- Accredited providers – if envisaged: doctors, dentists, nurses, pharmacies...
- Eligibility for treatment
- Conditions for cost reimbursement and accounting of fees
- methodologic and auditing principles – economical viability, quality

## 4. Outpatient care

### Compensation systems

- International developments
- Systematic overview:
  - legally and/or contractually agreed fee tables
  - case based lump sum reimbursement
  - lump sum fee table under consideration of Georgian service entitlements
  - pricing of pharmaceuticals



## 4. Outpatient care

### **Legally and/or contractually agreed fee tables**

- differentiated models under consideration of the country specific legal governance – e.g. lump sums, evaluation of specific services
- legal regulation – fee tables for doctors/dentists – in Germany
- private contracting

## 4. Outpatient care

### Case based lump sum reimbursement

- derived upon standardised medical path ways for defined diagnosis
- Grouping of treatments within defined time windows

## 4. Outpatient care

### **Lump sum fee table under consideration of Georgian benefit entitlements**

- Price determination for benefits under UHC differentiated into health services including prevention and vaccination; to be considered in addition:
- Flat fees for initial examinations and therapies
- catalogue for med- tech applications, multi-morbidity, pregnancy and post-natal/pre-childhood care

## 4. Outpatient care

### Pricing of pharmaceuticals

- Definition of scope of care – e.g. oncology –; subject to specialist prescription only
- Criteria for the level of reimbursement including co-insurance or deductible
- Application of generics
- new drugs accreditation
- Procurement contracts including accounting principles

## 5. Realisation

### **Intense cooperation with the tasks**

- of defining work contents and time frame
- to determine mile stones with measurable goals
- to agree upon the selection of potential additional partners necessary for implementation
- to define precise and auditable targets
- to assess qualification criteria for all stakeholders and to devise qualification programs
- to conceptually design IT-infrastructure

## 6. Summary – part 1

1. UHC Georgia Phase II reform necessitates a pricing systematic adjusted to Georgian market conditions and particularities
2. Financial resources applied should afford a nation wide medical care with clearly defined quality standards
3. Legitimate patient interests as well as justified expectations of all stakeholders active in the sphere of the health care system should be matched

## 6. Summary – part 2

4. Competitive stimulators for stakeholders active within the health care system need definition under consideration of principles for economical efficiency
5. Imbalances in the accounting and reimbursement system should be avoided
6. Experience gained from differing security systems operated in Europe may serve well for the continued development of the health care proviso for the citizens of Georgia

# Thank you for your kind attention!

**Rolf D. Müller**

Chief Executive Officer (rtd.)

AOK Berlin – Die Gesundheitskasse

Expert consultant on behalf of Bundesministerium für  
Gesundheit, Berlin

Wittenauer Straße 257

D-13469 Berlin

Telefon: +49 30 40397964

Fax: +49 30 40397965

Mobil: +49 171 3124476

Mail: [rolf.dieter.mueller@t-online.de](mailto:rolf.dieter.mueller@t-online.de)