

# **The introduction of DRGs in Germany as a reimbursement system**

Markus Wörz

Dpt. Health Care Management  
(Director: Prof. Dr. Reinhard Busse)

Technische Universität Berlin

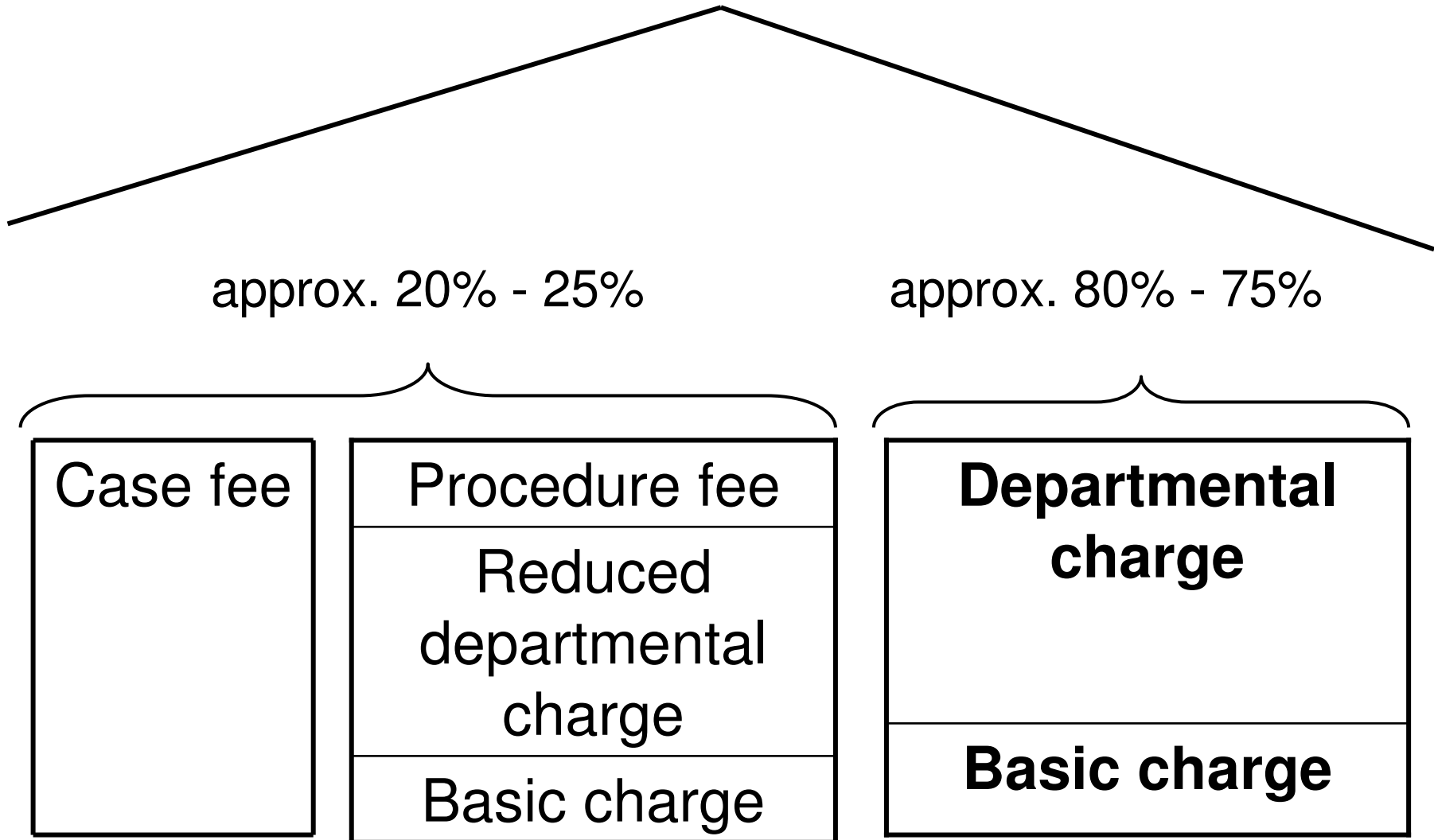
# Outline

- The current system of hospital financing and payment mechanisms
- The Health Care Reform Act 2000
- The Case Fees Act 2002
- The evolving system of DRG-regulation

# Hospital Financing in Germany

- Since 1972: Dual hospital financing, i.e. investment costs are paid by the Länder and the running costs are paid mainly by SHI-funds
- Running costs are reimbursed via negotiated hospital budgets (with limits given by the Federal Ministry of Health)

# Hospital Budget until 2003/2004



# Health Care Reform Act 2000

- intends to introduce a fully-fledged case based payment system based on DRGs
- concrete development and introduction of this system to be done in complex interaction of state-regulation and the self-government

# Requirements of the Health Care Reform Act 2000 for the new case based system

- introduction of a universal, performance-oriented and case-based reimbursement system (exception: psychiatry, psychosomatic and psychotherapeutic medicine)
- system has to reproduce complexities and co-morbidities
- practicability

# **Requirements of the Health Care Reform Act 2000 for the new case based system**

## **- Delegation to self-government -**

- The self-government has to agree upon an existing case based system based on DRGs
- This system must be already in operation
- Self-government must also agree how to further develop and maintain the system
- Deadline: 30<sup>th</sup> of June 2000 (i.e. within 6 months)

# Agreement of the Self-government

- German DRG System will be based on the Australian AR-DRG (Version 4.1)
- a separate institute will be created (DRG-Institute) for the development and maintenance of the system
- however: for a specification of the regulatory framework an additional law was needed



# Case Fees Act 2002

- was very disputed in the decision-making process.  
Most controversial was the question whether hospitals have to guarantee certain minimum volumes of services.
- regulates the general framework for the implementation of the system
- outlines the time schedule

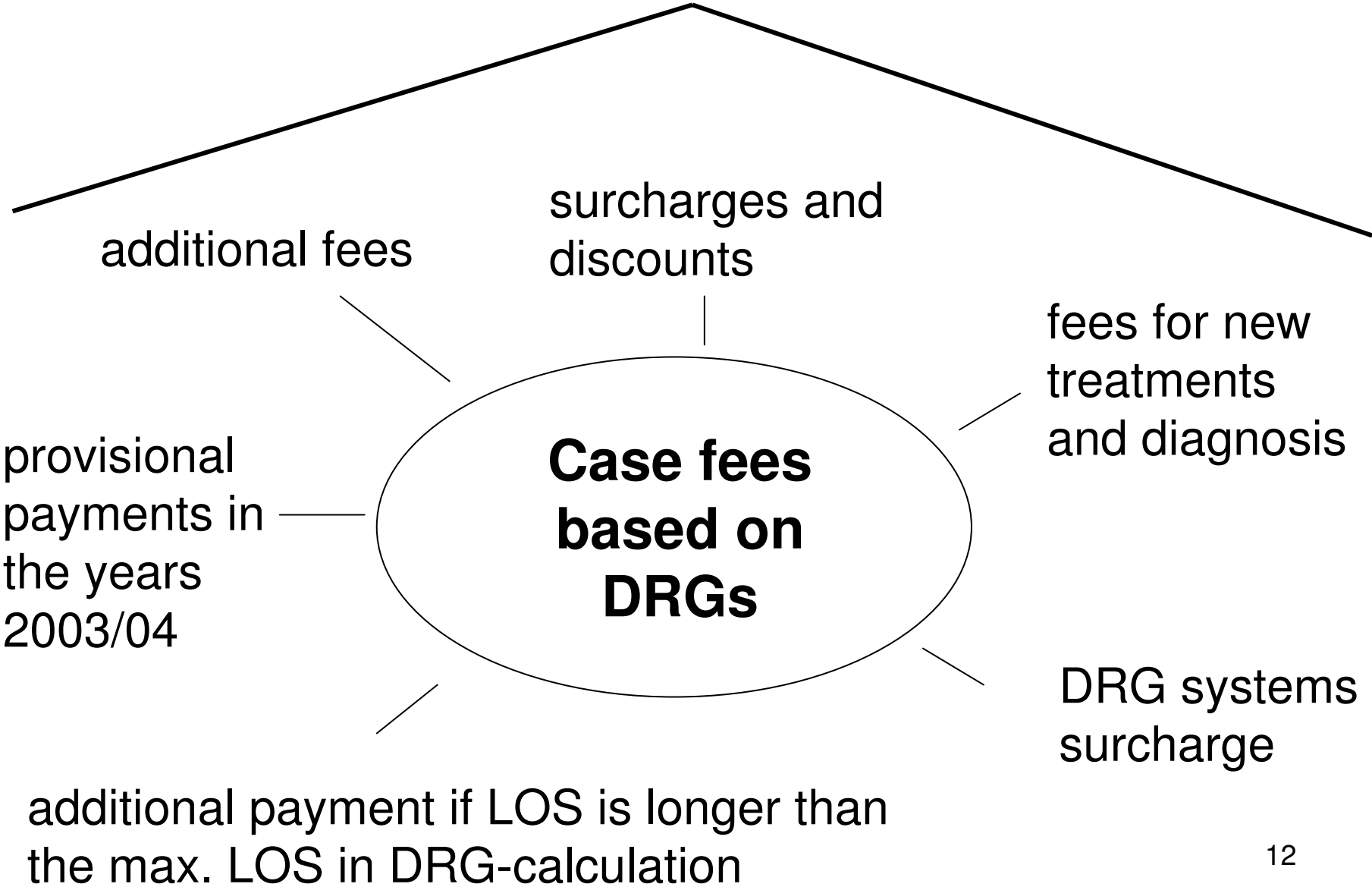
# Regulations of Case Fee Act - time schedule (I)

- Optional introduction of the new system for hospitals on 1<sup>st</sup> January 2003
- Obligatory introduction for all hospitals on 1<sup>st</sup> January 2004
- Budget-neutral phase between 2003 and 2004, i.e. budgets are calculated according to conventional methods and the price for a DRG results from the hospital specific budget

# Regulations of Case Fee Act - time schedule (II)

- In 2005/2006, the base rates will be gradually adjusted towards uniform rates
- On 1<sup>st</sup> January 2007 uniform rates for DRGs on Land level shall be established
- In the year 2007 a new law will be passed which will incorporate the experiences made so far

# Hospital Income from 2003/2004



# DRG-Institutions on the Federal Level

Regulatory Framework

**Federal Ministry of Health/  
Parliament and Council**

Adaptation and maintenance of the DRGs system, calculation of relative weights and surcharges and discounts

**Self-government**

SHI PHI GHF

**DRG-Institute**



# Tasks of the Self-government

<b>Federal Level</b>	<ul style="list-style-type: none"><li>• definition and maintenance of the case fee system</li><li>• calculation of relative weights</li><li>• calculation of surcharges and discounts</li></ul>
<b>Regional (Land)Level</b>	<ul style="list-style-type: none"><li>• Definition of the base rate</li></ul>
<b>Local Level</b>	<ul style="list-style-type: none"><li>• Special payments for new treatments and diagnosis</li></ul>