25+ YEARS OF CASEMIX IN MIDDLE INCOME COUNTRIES: WHY IS IT TAKING SO LONG IN SO MANY MIC'S?

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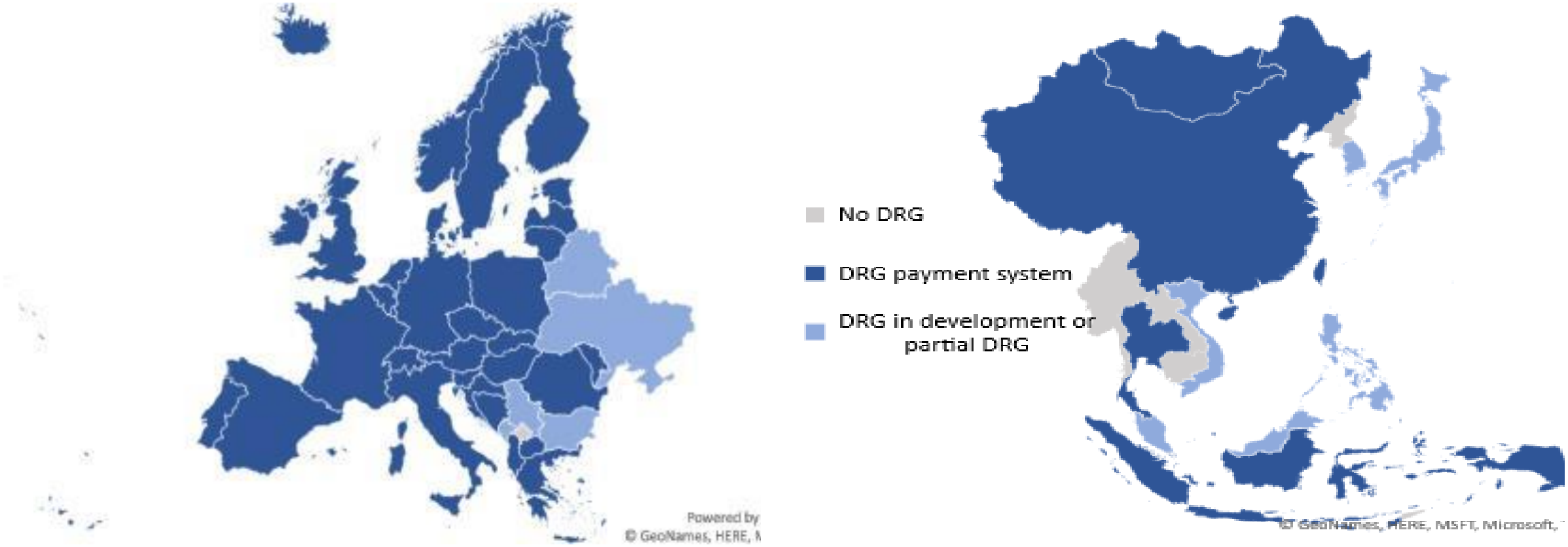


One portrayal of DRG uptake in Europe and East Asia c. 2019. Categories involve judgement. Lower, slower uptake in Latin America, ME, Africa. Green shoots in South Asia.

(Turkey, Russia, Kyrgyzstan use DRGs. DRG pilots or DRGs under discussion in Kazakhstan, Uzbekistan, Georgia.)

CASE-MIX PAYMENT IN EUROPE & CENTRAL ASIA
(MIDDLE INCOME COUNTRIES AT TIME OF DESIGN/IMPLEMENTATION)

	Still MIC	Now HIC	Small <5M	Medium	Large >20M
Early DRG reforms (pre 2013)	3	8	6	3	2
Later DRG reforms (post 2013)	6	2	3	3	2 (1 giant)
No real DRG reforms	9	-	4	5	-
Too soon to say	2	-	1		1

East Asia – 3 early implementers (med.lge,) 3 later implementers (lge) 1 too soon to say (lge) 4 no reform (small,med,lge)

When you look under the bonnet in some MIC casemix payment systems, it may not function like a DRG system as you know it in a "mature" system – for understandable reasons

Inadequate adjustment or updating of imported classification systems &/or cost-weights. Inpatient only

Digitization, coding & cost data quality very weak

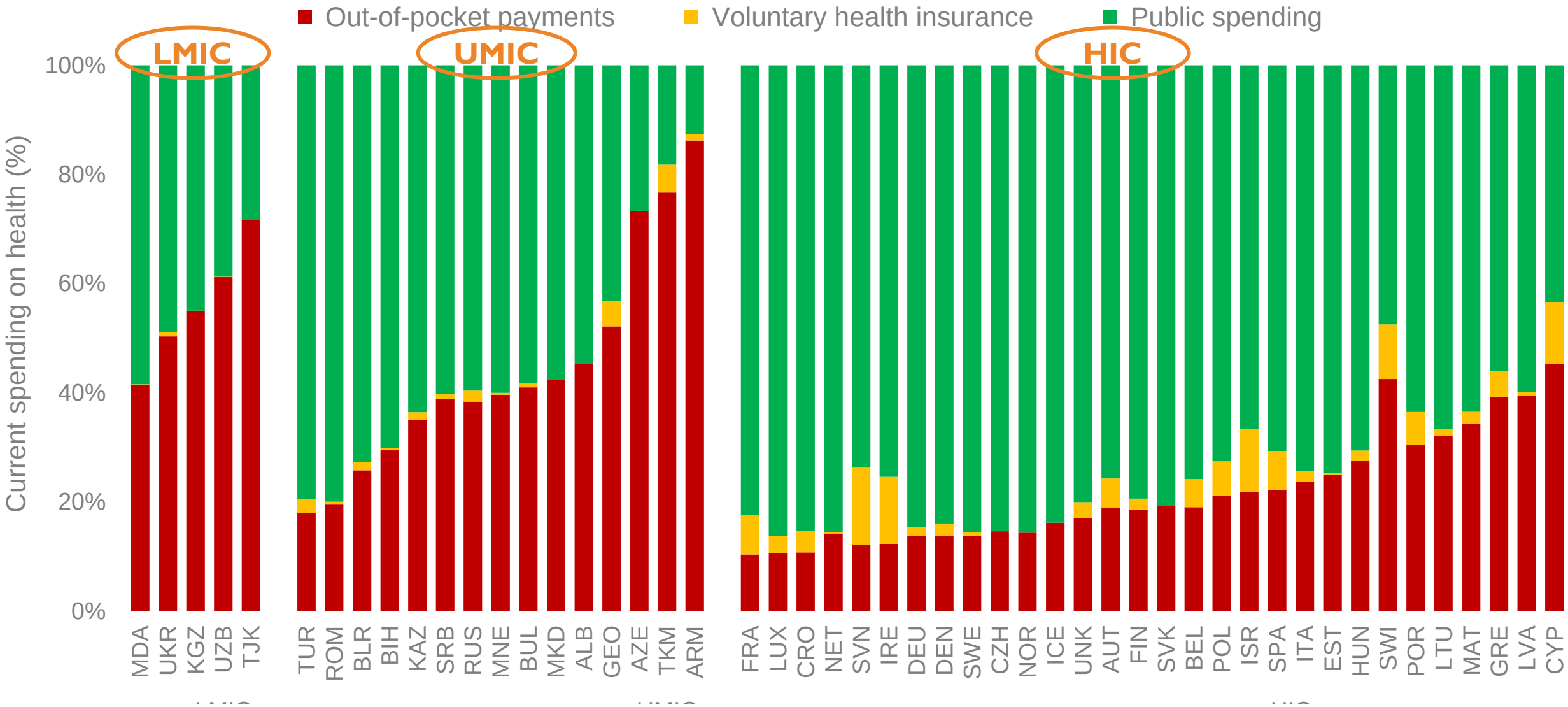
Financial incentives or rigid regulations inside hospital contradict DRGs

Reversion to paying based on historic costs
- *ad hoc adjustments*
- *non-converging HBRs*
- *arbitrary volume caps*

Large share of care costs are not bundled
- *informal payments*
- *Extra patient purchases*
- *Episode mixes covered & private pay services*

But inspite of all this, DRGs did reduce ALOS in almost all countries initially

OOP'S > C. 40% IN MOST MICS IN EUROPE & CENTRAL ASIA



WHY DO SOME MIC'S GET STUCK & NO LONGER ACHIEVE THEIR OBJECTIVES OF EFFICIENCY & FINANCIAL PROTECTION

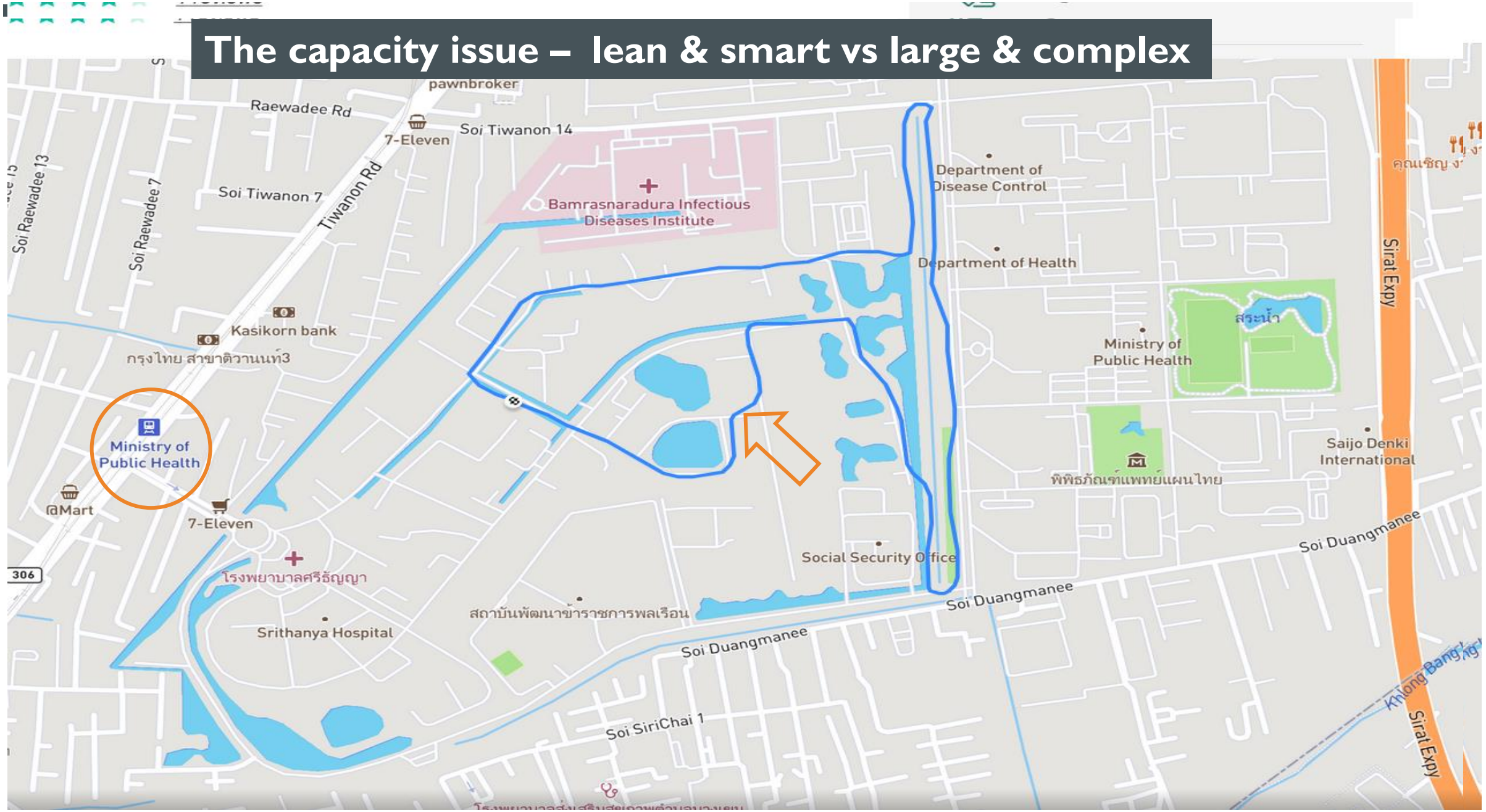
Common list of woes

- "Capacity", including IT, data, analysis, audit
- Hasty implementation – short cuts can be dead ends
- There is weak demand for/use of casemix & costing data beyond the HIF/purchaser
- Stakeholder politics blocks efficiency measures
- MoF or MoH block hospital autonomy or reform of input controls
- The tariff remains too far below cost & health worker wages are too far below market opportunities

But -

- Some very small countries do well with little
- Some countries improve/refine steadily over time
- Some smaller MICs engage providers well & use casemix for planning & evaluation
- Some countries balance stakeholder interests well
- There are good & bad experiences of hospital autonomy across MICs
- Some countries mobilise additional resources from taxes, budget prioritisation and efficiency gains
- & some countries are clever at using casemix to create incentives at the margin

The capacity issue – lean & smart vs large & complex



"Progress isn't guaranteed. It's not inevitable. It's something that has to be fought for."

—President Obama
(channelling Martin Luther King)

INSTITUTIONS & GOVERNANCE: FINDINGS OF 10 COUNTRY REVIEW OF DRIVERS OF PROGRESS IN STRATEGIC PURCHASING

Characteristics associated with progress

- Shared strategic goals among major stakeholders
- Technical/professional independence of agency responsible for casemix & payment method design
- Early investment in digitization & analytical capacity
- Willing & able to use domestic technical expertise (academe, think tanks, expert consultancies)
- Learning from other similar countries with fairly recent past experience of implementation of DRGs
- MoH/HIF able to manage stakeholder input & influence transparently & constructively
- HIF feels pressure from citizens, beneficiaries, stakeholders to be accountable

Characteristics associated with stasis

- Political & institutional instability
- Lack of broad consensus over financing/purchasing policy
- Non-credible benefits package for resources available
- Payment reforms not accompanied by complementary mechanisms to improve efficiency, quality, transparency
- State capture by particular interests, corruption within public administration and/or public providers
- Purchaser staffing too lean, especially at sub-national level (for engagement, monitoring, data audit…)
- Dependence on periodic external technical assistance