

Hospital Reform: A New Hospital Planning and Financing System with Hospital Service Groups in Germany

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InEK (German Institute for Hospital Financing)

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Who are we?

- InEK GmbH – Institut für das Entgeltsystem im Krankenhaus – is the “German Institute for Hospital Financing”.
- Founded in May 2001 for the development and introduction of a new financing system, the G-DRG-System.
- Supports the contracting parties for hospital care “Selbstverwaltung” (Self-Administration, meaning: health care providers and insurers).



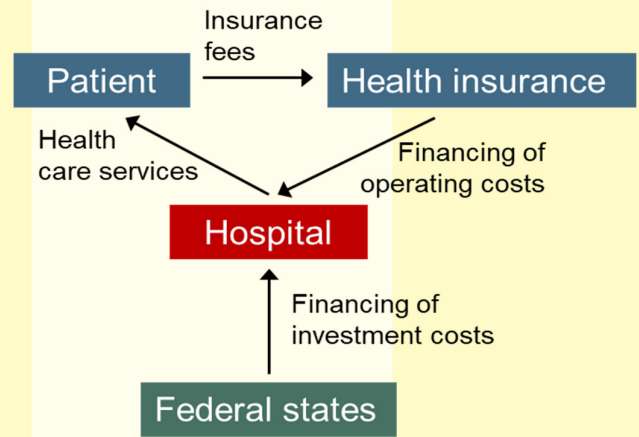
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German hospital financing and planning

Background: Hospital Financing

- Dual financing principle:
 - ongoing operating costs are covered predominantly by **health insurances** via DRGs,
 - investment costs are covered by **federal states**.



German hospital financing and planning

Background: Hospital Planning

- State matter in Germany; each of the 16 states has its own hospital laws and Hospital Plan with overall guidelines and planning processes.
- Most states use medical departments for the assignment of medical disciplines and the number of hospital beds within their Hospital Plans.

Hospital A		Hospital B	
Medical Department	Beds	Medical Department	Beds
Surgery	54	General neurology	32
thereof: heart surgery	0	Neurosurgery	12
orthopaedics / trauma surgery	10	General internal medicine	55
general surgery	44	...	
General internal medicine	64		
...			

Change of paradigm in hospital planning

Planned Hospital Reform

- The draft bill from 15th April 2024 has four key objectives
 - Reduction of economic pressures
 - Securing and improving of treatment quality
 - More transparency for patients
 - Ensuring the availability of good rural care
- Hospital service groups (HSGs) are new central elements
 - hospital planning and calculation of contingency budgets (designated part of reimbursement independent of caseload).

Hospital service groups and DRGs

Similarities and differences

DRGs	Hospital service groups
Classification system on basis of hospital cases (one case, one group)	
Classification based on routine data (e.g. procedures, diagnoses, age of patients...)	
Performance-related compensation	Objective: Hospital planning (also includes structural criteria, minimum case numbers, orientation towards specialist training...) and compensation
Higher granularity: well over 1,000 G-DRGs	According to new law = 65 HSGs
(depending on the application) high importance of the hierarchy within the system	

Planned Hospital Reform

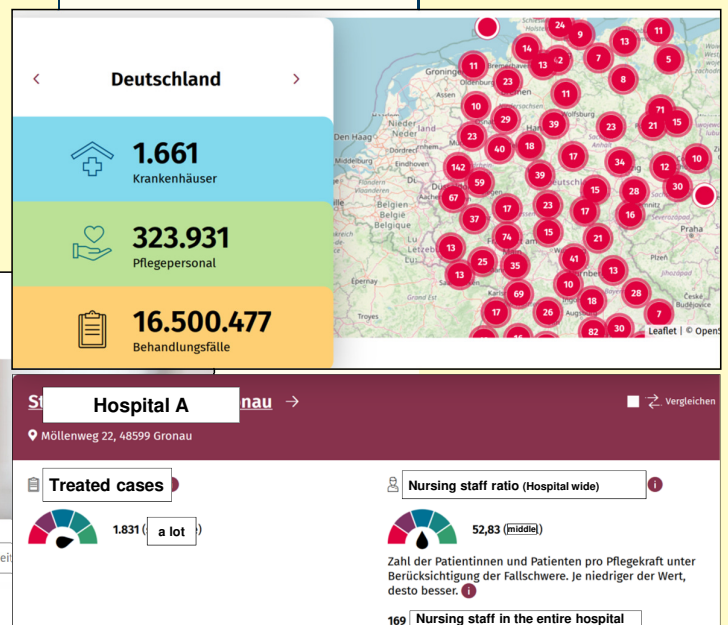
Hospital Transparency Law (in effect since March 2024)

- Establishment of a transparency register with the publication of hospital information e.g.
 - Information on medical and nursing staff
 - Structural and quality data
 - Complication rates on selected procedures
 - **Assignment of hospital service groups** (important requirement for the Hospital Reform bill) and related case numbers
- The InEK was commissioned to build a grouper software for HSGs

Planned Hospital Reform

Transparency register

- Online since 17th Mai 2024

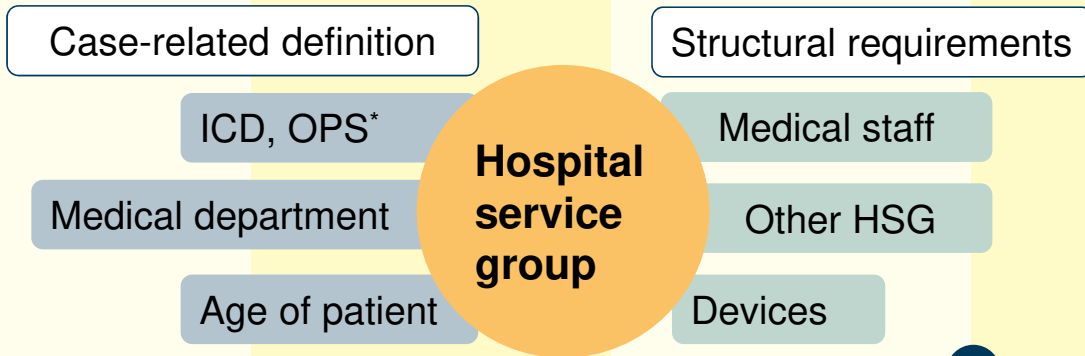



Hospital service groups

Hospital Planning in North Rhine-Westphalia



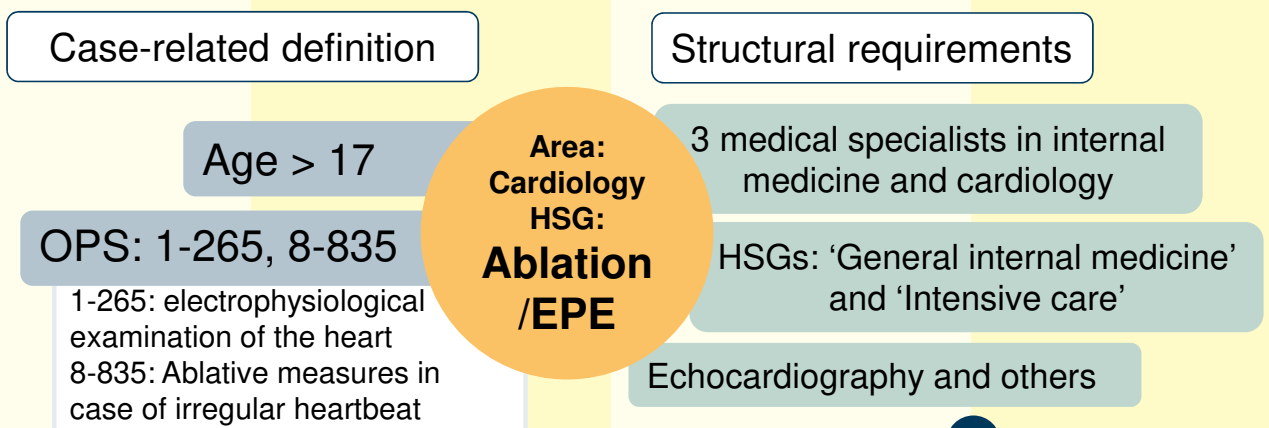
- HSGs represent medical services; hospital cases can be classified into these groups.



*OPS: German classification system for procedures

Hospital service groups

Hospital Planning in North Rhine-Westphalia



Hospital service groups

Development of a software tool

- Establishment of 65 hospital service groups
 - 60 based on the NRW hospital service groups and quality criteria
 - Five additional hospital service groups (e.g. emergency care, specialized traumatology)

Hospital service groups

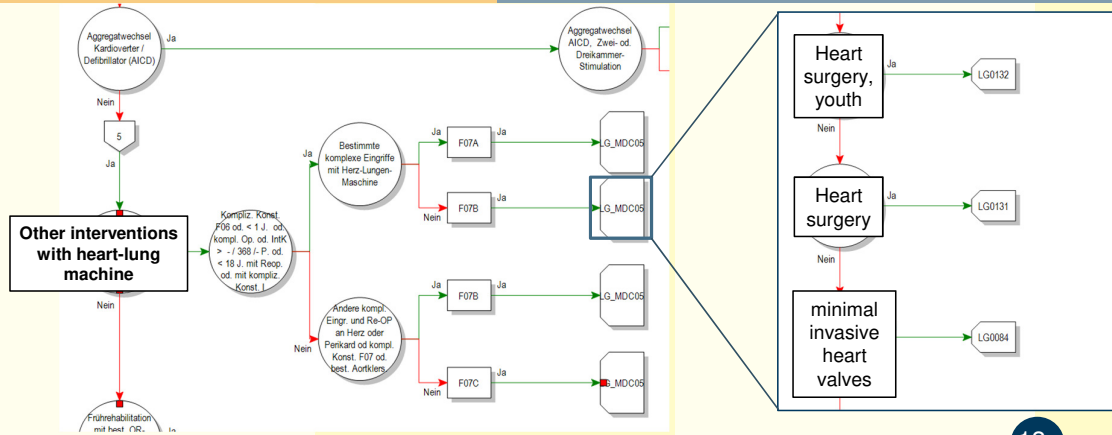
Development of a software tool

- Establishment of 65 hospital service groups
 - 60 based on the NRW hospital service groups and quality criteria
 - Five additional hospital service groups (e.g. emergency care, specialized traumatology)
- Development of software tool (grouper) to be published in Sept 2024 for the assignment of cases to HSGs
 - How to define the HSGs via case-related data?
 - In which order are service groups queried?

Hospital service groups

Grouper software tool* – Categorization of patients

Well-established DRG algorithm new: Assignment of hospital service groups



* unaudited, incomplete – only for visualization

Hospital service groups

“Special traumatology”

Definition of the hospital service group "Special traumatology" (excerpt)
...
T87.*
T11.6
T14.5 in combination with S42.*, S52.*, S62.*, S72.*, S82.*, S92.*
S02.0, S02.1
S22.4 + 5-346.c* or 5-346.d*
S72.3, S82.2 + age below 14 years + 5-79.*
S42.3 + 5-792.*
S42.3 + additional code S41.88-89
S42.3 + additional code S41.85-86
S52.3 + 5-792.*
S52.3 + additional code S51.88-89
S52.3 + additional code S51.85-86
S72.3 + 5-79*
S82.2 + 5-792.*

- The German Society for Trauma Surgery defined the new hospital service group
- It consists of the logical connection of diagnoses and procedures, age restrictions for children.
- Further refinement seems necessary

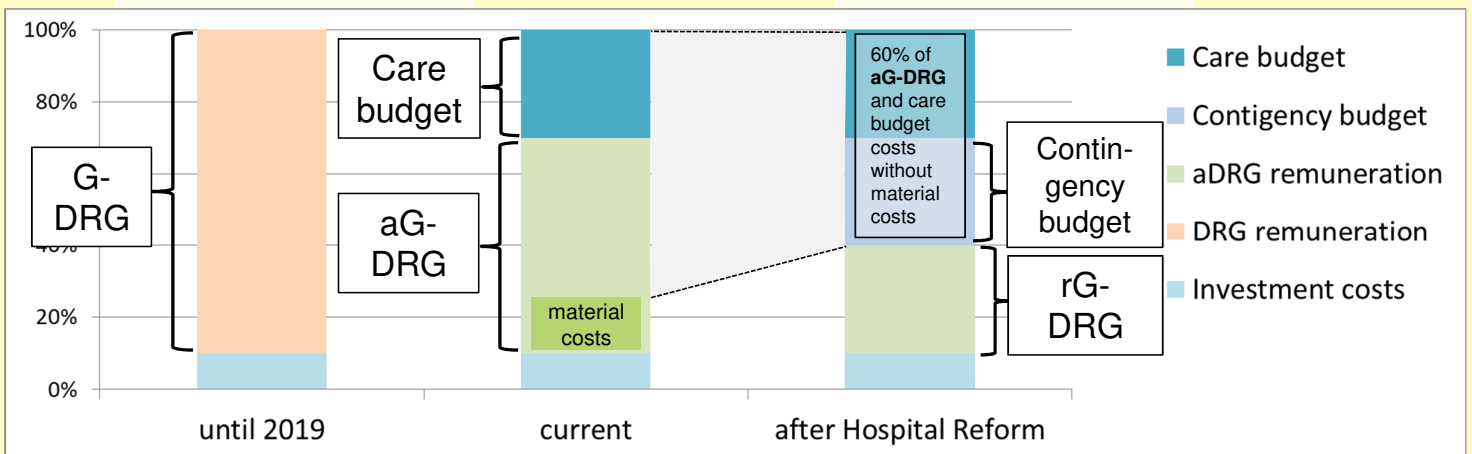
Hospital Reform: A look ahead

Contingency budgets and hospital service groups

- Reminder: Key objectives are reduction of economic pressure and securing and improving of treatment quality
- What scope are we talking about?
 - New billing rules for around 1,660 hospitals with over 16 Mio. hospital cases
- 16 state ministries of health assign HSGs to hospitals as part of hospital planning; requirements are quality criteria and minimum case numbers

Hospital Reform: A look ahead

Changes in the Reimbursement system



Hospital Reform: A look ahead

Contingency budgets and hospital service groups

- InEK calculates the contingency budgets for each hospital yearly
- For hospitals with a certain HSG assigned, the contingency budget part is paid off via case-related reimbursement
 - Increases or decreases in revenue are offset at the end of the year
 - Contingency budgets may not be invoiced if the minimum case number of a hospital service group is not met.

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