

Sector-Equal Remuneration through Hybrid-DRGs

Classification and Calculation Model

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Hybrid-DRGs in Germany

Background – the “double specialist track”

- Traditionally, a large variety of medical interventions has been provided on both an outpatient and inpatient basis (two “sectors”)
- Outpatient services are provided either by specialist doctors in private practices or by the hospitals’ outpatient facilities
- If and to what extent hospitals are permitted to provide outpatient services is subject to a (quite large) variety of regulations
(e.g. dependent on the availability of private practices performing a specific service in the region)

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Hybrid-DRGs in Germany

Background – remuneration and incentives

- For many medical services there are three different possible settings with different regulations and remunerations:

Setting	Remuneration via
Outpatient treatment in private practice	Fee for service catalogue within a limited budget
Outpatient treatment in hospital	A variety of different remuneration models
Inpatient treatment	DRG

- Although inpatient treatment is not an option that can be “freely chosen” for any patient, the typically higher inpatient remuneration can be an incentive to expand inpatient services

Hybrid-DRGs in Germany

Objectives and Legislation

- Hybrid DRGs shall eliminate incentives to expand inpatient services
- In 2023, the German MoH has commissioned the German DRG institute to establish the first Hybrid-DRGs for application in 2024
- For this purpose, MoH provided a “start catalogue“ of 34 procedures covering 5 services

certain hernia operations	arthrodesis (fusion) of the
removal of ureter stones	toe joints
ovariectomies	excision of a pilonidal sinus

Hybrid-DRGs in Germany

Key questions for development – and key institutions

#	Key questions	Key players
1	What medical services are suitable for reimbursement via hybrid DRGs?	MoH, "self-administration" ^{**}
2	What cases should be assigned to a certain hybrid DRG? (DRG definition / classification)	InEK
3	How to set the hybrid DRG revenue? (DRG calculation)	InEK

^{**} In Germany, many health care regulations are not primarily set by the MoH, but agreed on by the "self-administration" (hospital and doctors' association, statutory and private health insurers)

Hybrid-DRG specifications

A mere list of procedures is typically not a sufficient definition

Initial definition of hybrid DRG cases in the **foot procedures** DRGs (I20)

- Procedure code (6 codes for *fusion of toe joints*), and
- Length of stay = 1 day and no severe or catastrophic CC (PCCL<3)

This does not sufficiently answer the question which cases should be assigned to the hybrid DRG(s):

- All cases with these procedures? Or just...
- those with only these procedures and no other? (performed or coded)

Hybrid-DRG specifications

Not just yet another DRG definition...

- In the hierarchically structured (inpatient) G-DRG system, surgical DRGs are typically defined by the case's most complex procedure
- In contrast, Hybrid-DRGs aim to represent **less complex services** thus requiring another logical approach ("assign case to DRG, unless...")
- Most cases in the Hybrid-DRGs evaluated for 2024 had not only codes from the "start catalogue" but various other relevant procedures that either rendered the case unsuitable for Hybrid-DRG remuneration or showed no significant differences that would advise against including these additional procedures in the Hybrid-DRG

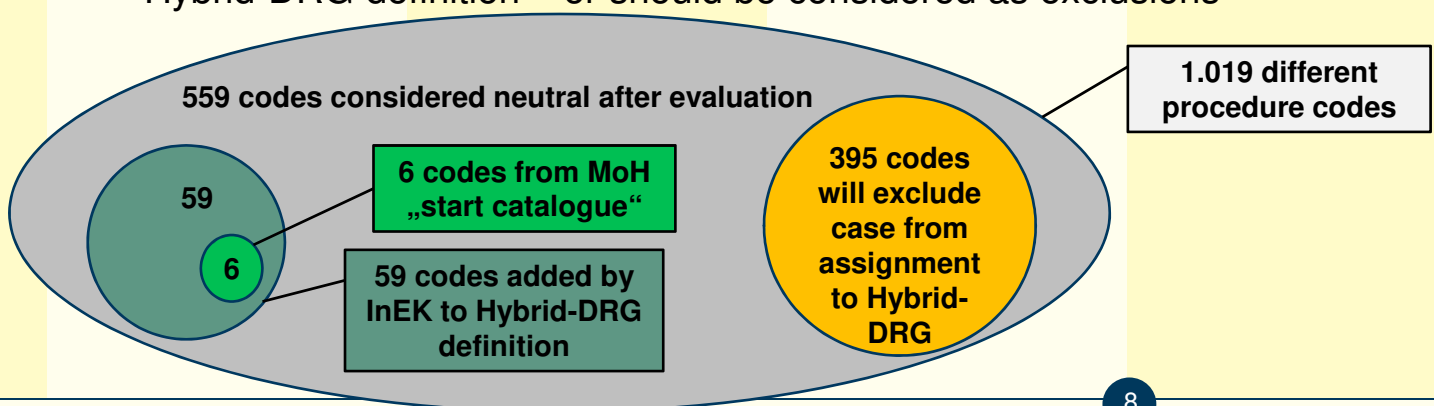
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ADRG I20 Foot procedures

More than 1,000 different procedure codes are assigned to the ADRG

- All these codes had to be analyzed, whether they should be part of the Hybrid-DRG definition – or should be considered as exclusions



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Hybrid-DRG specifications

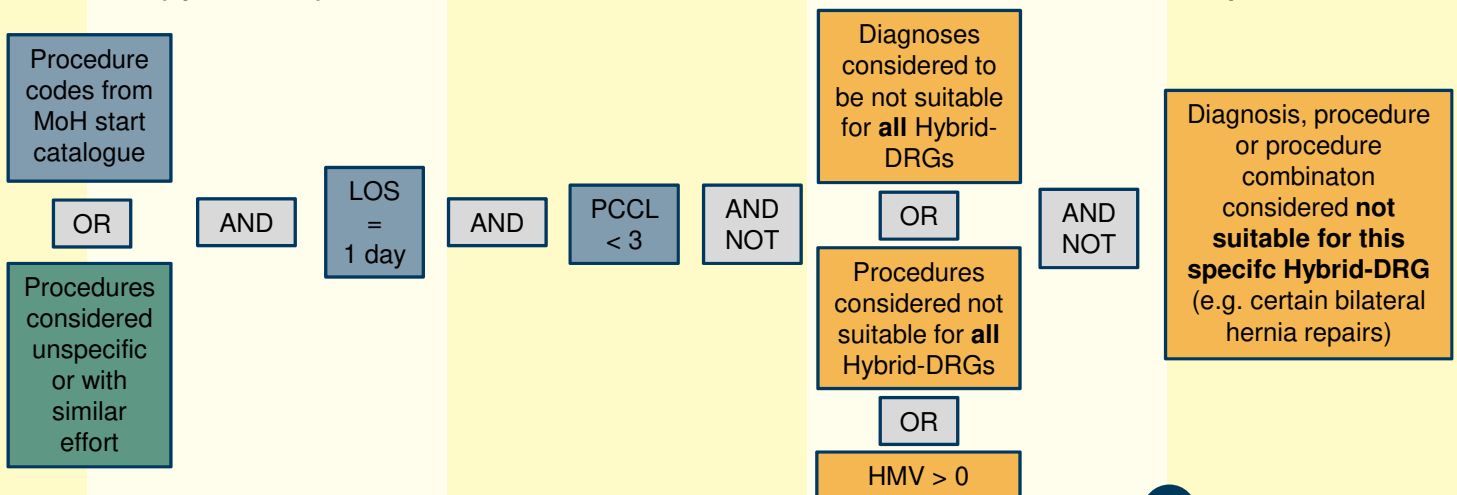
A complex mix of possible incentives should be considered

Which cases should be assigned to Hybrid-DRGs and which shouldn't?

- Possibilities to “escape” the Hybrid DRGs by coding should be minimized – resulting in the **broadening** of the DRG definitions (e.g. by also including unspecific procedure codes)
- On the other hand, patients with additional or more complex surgery (or complicating medical conditions) may not be eligible for Hybrid-DRG remuneration – possibly requiring a **narrowing** of the DRG definitions

Hybrid-DRG specifications

A typical Hybrid-DRG definition in G-DRG 2024 – hernia repair



Hybrid-DRG specifications

A complex mix of possible incentives should be considered

Which cases should be assigned to Hybrid-DRGs and which shouldn't?

This is further complicated by the fact that different sectors (outpatient vs. inpatient) are confronted with different incentives:

- A hospital, that used to perform a specific medical service mostly in an inpatient setting may be tempted to avoid the Hybrid-DRG, whereas
- for outpatient service providers, the Hybrid-DRG reimbursement may be more attractive than the previous reimbursement options...

Hybrid-DRGs: revenue calculation

Data from inpatient and outpatient sector is used



inpatient sector: case level cost data from DRG calculation hospitals
 outpatient sector: case level billing data (cost data not yet available)

numbers of services performed is precisely known from both sectors
 → Weighted average uses inpatient / outpatient ratio per service / DRG

The 12 Hybrid-DRGs of G-DRG 2024

Hybrid-DRG	No. of cases	Other cost w/o nurses	Material and lab cost
Hernia surgery	98.735		
G09N Beidseitige Eingriffe bei Leisten- und Schenkelhernien, Alter > 55 Jahre oder...	10.243	2.183,04	498,19
G24N Eingriffe bei Hernien ohne plastische Bauchwandrekonstruktion, mit beidseitigem...	7.274	2.107,07	453,62
G24M Eingriffe bei Hernien ohne plastische Bauchwandrekonstruktion, ohne beidseitigen...	81.218	1.792,14	327,25
Toe joint fusion	12.536		
I20N Andere Eingriffe am Fuß oder chronische Polyarthritits oder Diabetes Mellitus...	2.916	1.785,50	389,97
I20M Eingriffe am Fuß ohne komplexe Eingriffe oder komplizierende Faktoren, Alter > 15...	9.620	1.653,44	257,20
Excision of sinus pilonidalis	10.647		
J09N Eingriffe bei Sinus pilonidalis und perianal, Alter > 15 Jahre	10.647	1.218,80	170,25
Urinary stones	32.388		
L17N Andere Eingriffe Urethra außer bei Para- / Tetraplegie, kleine Eingriffe Harnorgane...	5.733	1.205,46	202,93
L20N Transurethrale Eingriffe außer ... ohne äußerst schwere CC oder Alter < 16 Jahre...	15.130	1.725,87	453,05
L20M Transurethrale Eingriffe außer ... ohne äußerst schwere CC oder Alter > 15 Jahre...	11.525	1.391,56	297,71
Ovariectomies	25.504		
N05N Ovariectomien und komplexe Eingriffe an den Tubae uterinae außer ...	9.342	1.905,15	365,63
N07N Andere Eingriffe Uterus, Adnexen, bestimmten Hernien... mit komplexer Diagnose...	5.052	2.002,55	352,80
N25N Andere Eingriffe Uterus, Adnexen, bestimmten Hernien... ohne komplexe Diagnose..	11.110	1.814,03	298,44

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Hybrid-DRGs in Germany

A look ahead

- Implementation in Germany started in 2024 on a rather limited scope (5 performance complexes, 12 different Hybrid-DRGs, estimated number of cases ca. 180,000 in the first year)
- Re-evaluation of cost data will be possible in 2025 for these DRGs
- First feedback on performance data / case numbers already May 2024
- Expanded „Hybrid-DRG portfolio“ for 2025 (including e.g. ERCP and clavicle fractures), with at least an additional 80,000 hybrid cases (or significantly more as the definition of future hybrid DRGs is not yet final)

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Hybrid-DRGs in Germany

Conclusion

- Hybrid-DRGs have the potential to harmonize remuneration for certain medical services between different sectors and to reduce possible incentives for health care providers to prefer inpatient settings
- DRG definition comes with its own set of classificatory challenges, that can be quite unsimilar to inpatient DRGs
- Revenue calculation profits from reliable data on treatment and material cost for inpatients as well as outpatients
- First data audits: Any minute now (implementation in January 2024)

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