

Uses of DRG systems in the Finnish health care organizations

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Outline

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Context



- Finland is one of the Nordic countries and is a member of the European Union.
- *In Finland we have both public and private healthcare. All the Finnish citizens have health insurance in case of illness*
- *Finland is using NordDRG system (since 1998) and pDRG in primary care*
- The structure of healthcare and social welfare services will be reformed. It will enter into force on 1 January 2020.
- At the moment the municipalities are responsible for organizing health and social services. Based on the current reform, the responsibility is transferred to 18 regions (counties).

Study Objectives

- The aim of this paper is to analyse modes of uses of DRG systems in the Finnish health care system both primary and secondary care
- The paper also explores the incentives and impacts of DRG uses on management control of health care organizations and systems

Research questions

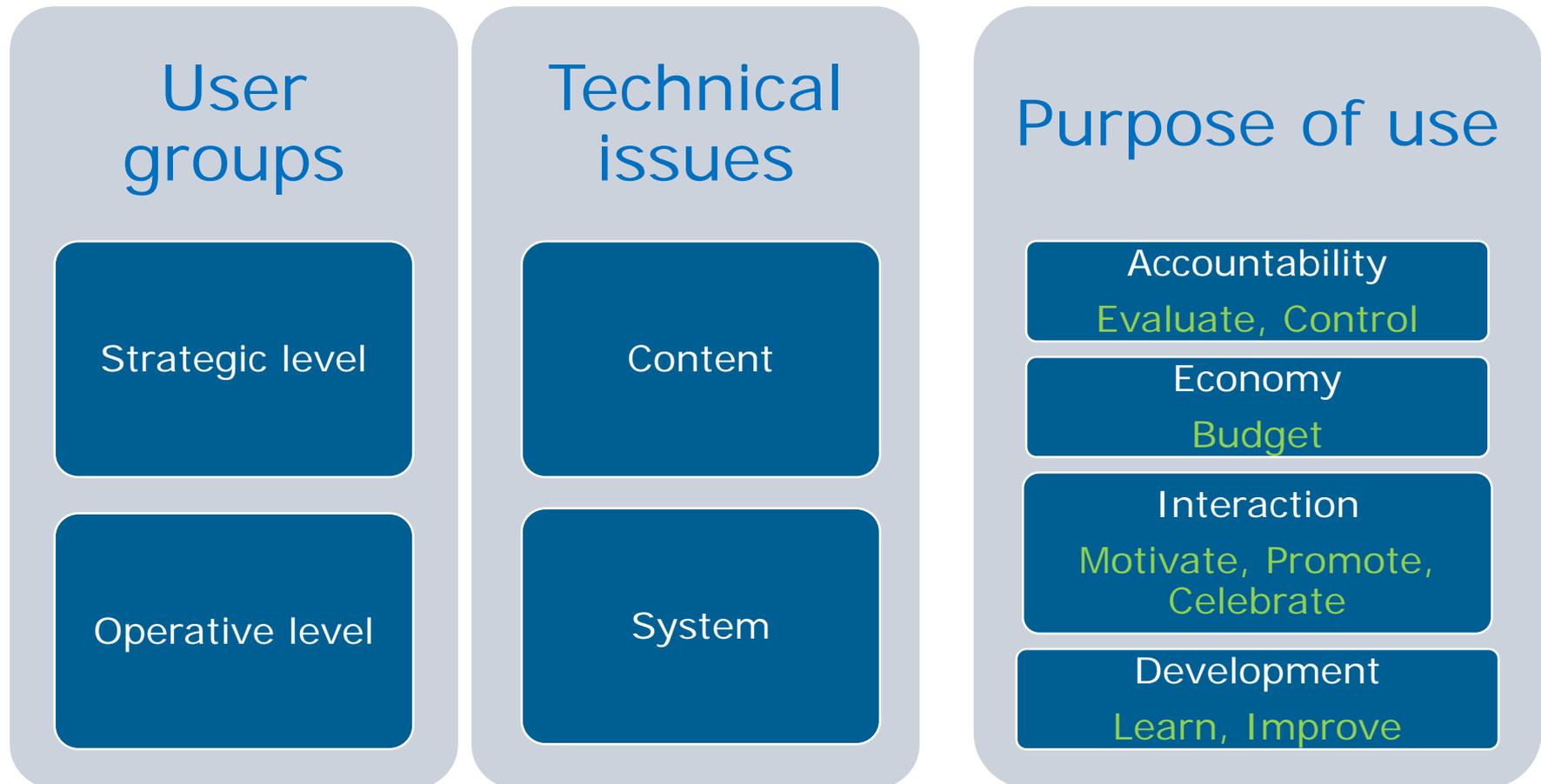
1. How is DRG used for management control in health care?
2. What were the original incentives to implement DRG systems to health care organizations?
3. What kind of impacts does DRG have on the development of health care management control?

Methodology

- Qualitative research approach
- The empirical data consists of individual interviews, questionnaire data, notes and participatory observations
- Interview and questionnaire data was gathered during 1-6/2017
- 20 individual interviews (state institutions, hospitals and health centers)
- Data is analyzed through content analysis to create conceptual categories for modelling modes of DRG uses

Conceptual framework

Two approaches regarding the uses of performance measurements are used (cf. Behn 2003; Hatry 2011)

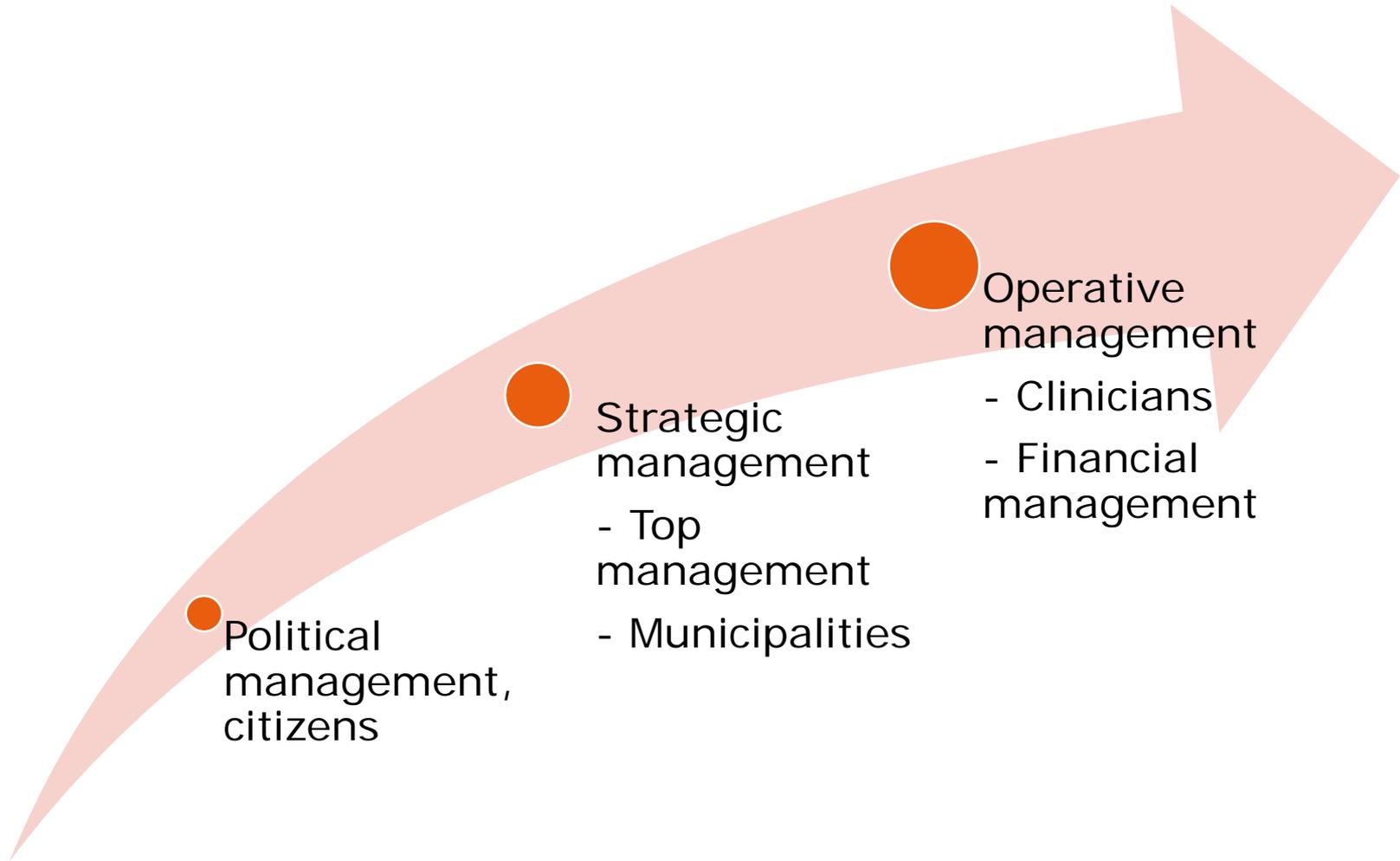


Results from questionnaire and observatory notes

Planning and monitoring production (out-/inpatient)	Pricing (out-/inpatient)	Billing (out-/inpatient)	Using cost weights (own/national)
17 (13/17)	15 (6/15)	13 (4/13)	12 (8/7)

- The data demonstrates that in Finland **DRGs are considered essential systems for the future** to instigate changes towards a more integrated social and health care system.
- Interviewees pointed out that **better management control** can be achieved **by development work of episodes of care eg. care paths grouping system.**

Accuracy of DRG information between user groups



Results – Technical issues

Coding

- Dependency is very strong
- Difference between hospitals

Cost accounting

- Essential part of using DRG
- Demands resources
- Common allocation rules

Pricing

- Cost weights
- Cost outliers
- Content of product varies

Guidelines

- National guidelines is needed and used

ICT systems

- Usability of information
- Difficulties when changing ICT system

Data quality

- Poor quality ruins the use of DRG information
- Demands resources

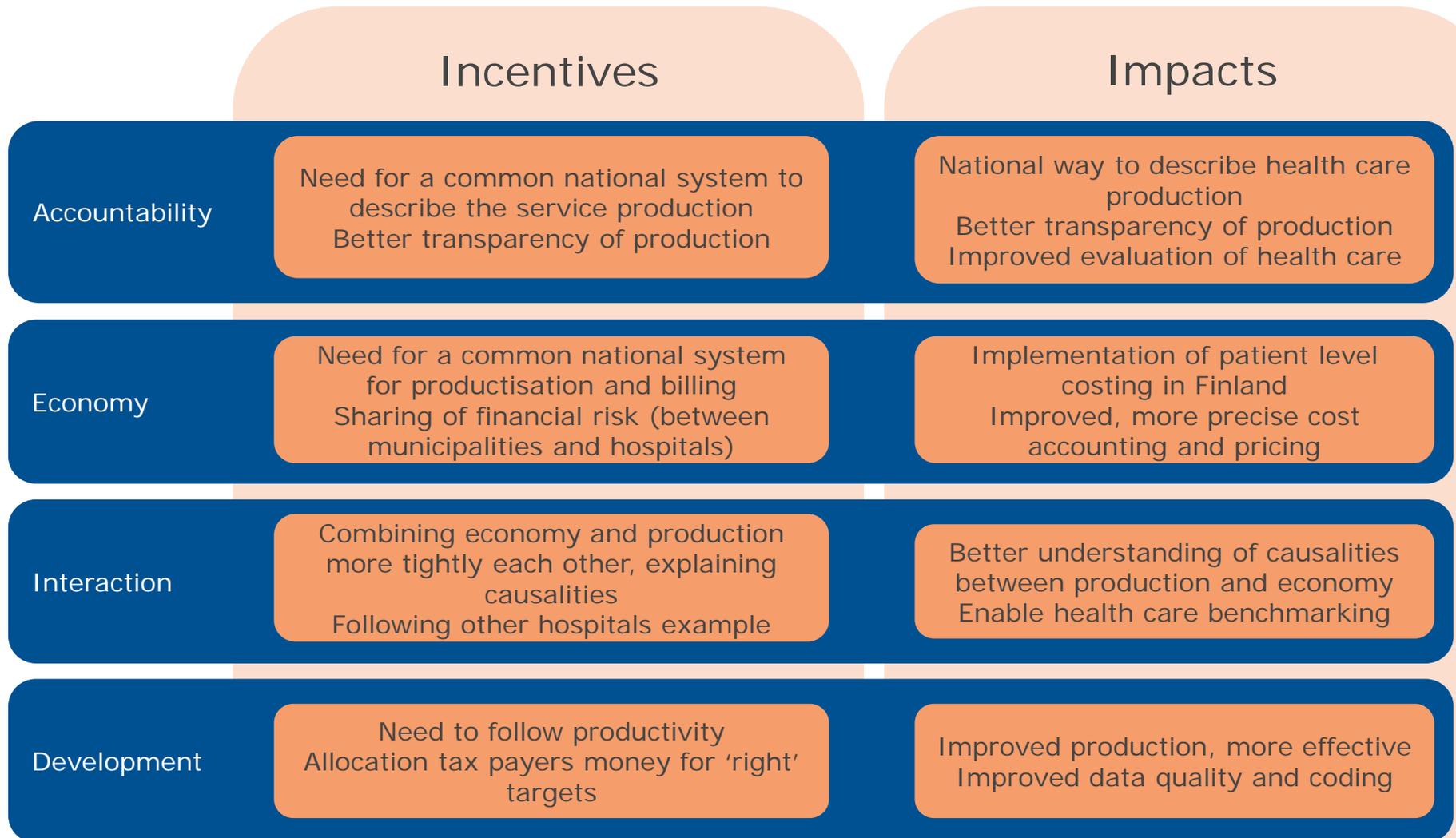
Structure of DRG

- Capability to describe clinical process
- New forms to deliver services (digital)

Results – Purposes of Use

- Monitoring the production and costs are the most common use of DRG based information both in primary and secondary care
- DRG is used in secondary care widely for economical tasks due the fact that it is used in reimbursement
 - Cost accounting
 - Pricing
 - Billing
 - Budgeting
 - Planning
- Negotiations with municipalities
- Benchmarking in secondary care both in and between hospitals nationally and locally
- Development work (production, division of labour, cost effectiveness)

Results* – Incentives and Impacts of Use



Conclusions

- DRG is in wide use even though it is completely voluntary, there is no state level policy or recommendation
- Taking DRG in use has had many good impacts on management control (data quality, cost allocation, transparency of production)
- Most of the original incentives are fulfilled
- DRG is more used in secondary care more widely due to the fact that it was first implemented there. Primary care is following.
- There is still work to do – next step is to continue to development of system for patient-centered care paths grouping in health care (Value based grouping)

References

- Behn, R.D. 2003. Why measure performance? Different purposes require different measures. *Public Administration Review* 63(5): 588-606.
- Hatry, Harry. 2011. Epilogue: The many faces of use. In: Van Dooren, Wouter & Van de Walle, Steven (Eds.) *Performance Information in the Public Sector. How it is Used?* Chippenham: Palgrave, 231-244.

Thank You!

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