

**TITLE:** Stakeholder responses to the results of the national cost analysis

## **Introduction**

In 2024, the Health Insurance Institute of Slovenia (HIIS), in cooperation with 11 hospitals (which together perform 70% of all cases), conducted a national cost analysis (NCA). The aim of NCA was to calculate the first Slovenian DRG weights, which will be based on the costs of Slovenian hospitals. These would replace the Australian weights, which have been in use for 20 years. The new weights will determine realistic and comparable DRG prices, as hospitals themselves have repeatedly pointed out the unreality of the existing weights, their underestimation and even the overestimation of some (e.g. orthopedic surgeries).

## **Methods**

The methodology for recording data for calculating DRG weights was prepared in 2021-2023 together with the participating hospitals. The methodology precisely defines the patient-level data, its content and structure. The dataset includes the costs of medicines and materials used, the costs of examinations that hospitals order from external providers, and data on activities performed. In the last 3 years, participating hospitals have received a total of 6.6 million euros for the establishment of patient-based data recording and reporting to HIIS.

In 2023, hospitals began to send patient-level data, which we thoroughly checked and, together with the hospitals corrected errors. Where the data was not of sufficient quality (missing or illogical data), we replaced their values with the average values of other hospitals. This ensured that the quality of the corrected/supplemented data was good and suitable for further use - as input for the distribution of costs to individual cases and the calculation of weights.

In the spring of 2024, hospitals provided general ledger data in a pre-agreed cost matrix. We distributed all general ledger costs to individual cases. Part of these costs were provided by hospitals at the patient level, while the remaining costs were allocated to cases based on data on activities performed (e.g. minutes in the OR, hours of mechanical ventilation) or other keys (LOS, number of cases...).

## **Results**

We calculated:

- weights for one-day treatments,
- weights for multi-day treatments,
- upper limit of length of stay (average length of stay for DRG + 2 standard deviations)
- supplement for each day of treatment beyond the upper limit of length of stay.

We believe that in this way the costs of multi-day and very long treatments are covered more fairly and the surpluses of one-day treatments are reduced.

Based on the calculated weights, we also prepared financial simulations for all hospitals, showing the impact of the introduction of Slovenian weights on hospitals' revenues.

## **Discussion/conclusions**

New weights necessarily and always result in a redistribution of funds between DRG groups and consequently affect hospitals' revenues. The financial consequences of the new weights can be systematically mitigated in several ways, in order to ensure that they do not represent an excessive financial burden for hospitals, e.g. by increasing the program of undervalued hospitals or by gradual balancing over a longer period of time (e.g. 3 years), or possibly with additional financial resources.

Stakeholders expressed concern that the new one-day weights would reduce the share of one-day treatments, as hospitals would keep patients in the hospital overnight in order to receive a higher multi-day weight (despite the corrective measures we proposed).

They point out the (poor) quality of the patient level data – that hospitals do not have well-organized HISs and do not record all cost data (despite the 6.6 million EUR they received for this purpose).

After the results were published, hospitals that did not participate in the national cost analysis also came forward and proved higher costs with their (incomplete) data.

The Institute emphasizes the urgency of introducing the new calculated Slovenian weights in 2025, since:

- the procedure was carried out in full accordance with the procedures regularly implemented by comparable other countries with these systems;
- the data for the first step is of the same quality or even better than in comparable systems;
- Slovenian weights are significantly closer to real Slovenian costs than the 20-year-old Australian weights;
- and only the actual introduction of new weights will be the motivation and compulsion for more detailed and strict monitoring of costs and their optimization in hospitals.

Currently, coordination with the Ministry is still underway regarding the final version of new weights and the date of implementation. I believe that by the conference in September we will be able to report on the actual introduction of the new weights.