# Implementing
# Diagnosis Related Groups
## in Saudi Private Healthcare Sector

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# What are Diagnosis Related Groups (DRGs)?

DRGs are classification system that provides a meaningful way to relating and grouping the number and categories of admitted patient and the financial cost that required to provide care.

## Vision

Improve transparency and efficiency in the market through contemporary casemix concepts and tools

## Mission

Implement casemix concepts and tools to improve transparency and efficiency

# CHI vision and Health Sector Transformation Program 2030

## Payers

Better management of beneficiaries through improved outcomes and experience through a cost-effective reimbursement for rendered services

Deliver best care possible to enhance value

$$value = \frac{(results)}{(costs)}$$

Pay providers for outcomes, driving quality and promoting appropriate care while controlling costs

## Delivery Organization

Improve delivery of care by measuring outcomes, patient outcomes and experience

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# What are DRGs used for?

**Potential uses of case-mix information:**

- Research
- Reimbursement
- Service planning
- Hospital budgeting
- Monitoring hospital safety and quality

# Why we need to classify patients?

| Counting | Measure | Improve management of care |
|---|---|---|
| **Count consistently** counting is an integral part of any classification system (Service event, episode of care) | **Measure accordingly** Explain the relationship between health care activity, outcome and resource | **Imrove current models of care** Use case-mix insights to improve current models of care, allow for provision of services efficiently and effectively |

| Funding | Benchmarking | Improved administration |
|---|---|---|
| **Control incentives , support policy objectives and provide incentives for** efficiency, effectiveness, quality and innovation | **Allow benchmarking** Allow benchmarking between similar providers within KSA and across the world where classification is used | **Better administration and standardization** Easier to manage cases accross the health sector |

**These elements are critial and necessary to improve the provision of care in a transparent and scientific way**

## Benefits future state vs current state

| | Current state | Future state |
|---|---|---|
| **Quality** | Insufficient, non-standard quality measures | Standardized and risk-adjusted quality measures |
| **Patient** | Currently unjustified longer LoS | Shorter LoS = safer care |
| | Over-utilisation and over-prescription of services due to wrong incentives | Only appropriate and necessary services results in less risk of negative side-effects |
| **Performance** | Ineffective care delivery (redundant diagnostic procedures, unneeded lab tests) | Efficient, well-coordinated care |
| **Transparency** | Non-transparent, non-comparable care delivery | Continuous learning through transparent benchmarks and best practice |
| **Payment** | Inefficient, unfair fee for service payment | Fair and transparent resource related payment for bundles |
| **Administration** | Complex fee schedule/price list negotiations between payers/providers | Fair negotiations for bundles of care (DRGs) between payers/providers |

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# How does it work?

DRGs computed from routinely available data.

## DRGs generated from routinely available data

### HOSPITAL VARIABLES

- Procedures
- Complications (Adx)
- Hours of Mechanical Ventilation
- Same-day status
- Separation Mode/Discharge Status

### PATIENT VARIABLES

- Demographics (Age, sex)
- Newborn admission weight (BW)
- Principle Diagnosis
- Co-morbidities (Adx)
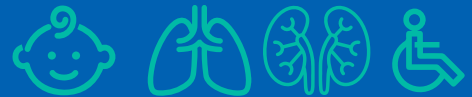- Length of stay (Admit & Discharge Dates)

| MINIMUM DATA SET (MDS) | MDC Norms DRG — GROUPER METHODOLOGY | Patient groups -similar resource consumption |
|---|---|---|

# The Services provided by DRG

## DRGs foundation to understand Casemix system

**Case-mix system helps us to better describe, and group populations based on certain characteristics**

Case-mix is a relatively novel concept that refers to describing patient population based on any number of specific characteristics

**Age**

**Gender**

**Diagnoses**

**Risk factors**

**Treatments received**

**Resources used**

# Benefits of Implementing AR-DRG Healthcare Provider

## Improving Efficiency of Health Care Provision

- Understanding the resource requirements.
- Understanding associated costs for different patient populations.
- Allocate resources more efficiently.

## Enhanced Reimbursement Accuracy

- Enabling health care providers to more accurately estimate and negotiate reimbursement rates with insurance companies or government payers.
- Receiving fair and appropriate payments for the services they deliver.

## Performance Monitoring & Benchmarking

- Comparing resource utilization, patient outcomes, and costs against similar providers, both at the local and national levels. Allowing to identify areas for improvement.
- Supporting performance monitoring by providing standardized metrics and benchmarks.
- Implement best practices.
- Enhance the overall quality of care.

# Benefits of Implementing AR-DRG Health Insurance Companies

## Consistent & Fair Reimbursement

- Understanding the resource requirements.
- Associated costs for different patient populations.
- Identifies areas for cost reduction.
- Allocate resources more efficiently and Optimize budgeting.
- Determining reimbursement rates based on the assigned AR-DRG codes.
- Ensuring that providers are reimbursed fairly and in line with the services provided.

## Fraud Detection & Prevention

- A standardized framework for analyzing healthcare data.
- Easier to identify outliers and anomalies in billing patterns.
- Identifying potential fraud, waste, or abuse by comparing providers› AR-DRG profiles and utilization rates against expected norms, insurers.

## Risk Assessment & Pricing

- Developing more accurate pricing models and coverage plans by understanding the expected resource utilization and costs associated with specific AR-DRG groups.
- Assessing the risk profiles of different patient populations and adjusting pricing accordingly.
- Managing financial risks and offering competitive products to the customers.