Inpatient care payment in Russia:
5 Take-Home Lessons

Positive outcomes:

1. ***Principle of supporting hospitals is giving way to performance-related payment***

Hospitals in MHI are reimbursed on methods:

- 10,5 % - item-by-item expenditures
- 32, 8 % - average rate for bed-day across specialties
- 56, 7 % - rate for finished cases (with various degree of grouping)

2. Much management information collected.

3. Independent quality control system.

Negative outcomes:

Payment methods:

- • No contribution to the health sector restructuring
- • Worsened some structural distortions

Inpatient care utilization and health care expenditure

Country	Number of bed-days per 1000 **1980**	Number of bed-days per 1000 **1998**	Health expenditure as % of GDP
Germany	2400	2200	8.3
France	1800	1300	8.8
Canada	1600	1500	9.5
UK	900	900	7.5
Sweden	1400	1200	11.0
USA	1200	900	13.0
Russia	3300	3300	~6.0

LESSON 1.

Methods of payment can hardly provide adequate incentives for hospitals unless related to general organizational and managerial reforms in health sector.

What is needed?

In Service delivery organization:

- closing excessive capacity of hospitals
- rational referral system
- coordination of medical and social service
- strengthening PHC sector based on GP

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Methods of payment can hardly provide adequate incentives for hospitals unless related to general organizational and managerial reforms in health sector.

What is needed?

In Planning service delivery:

- **strategic purchasing plans**
- **current purchasing plans**
- **hospital business-plans**
- **selective contracting**
- **performance analyses for each provider**

LESSON 1.

Methods of payment can hardly provide adequate incentives for hospitals unless related to general organizational and managerial reforms in health sector.

What is needed?

In Health System Management:

- **Mandate and responsibility of health purchasers for health sector restructuring**
- **Transformation of payer into informed purchaser of health care.**

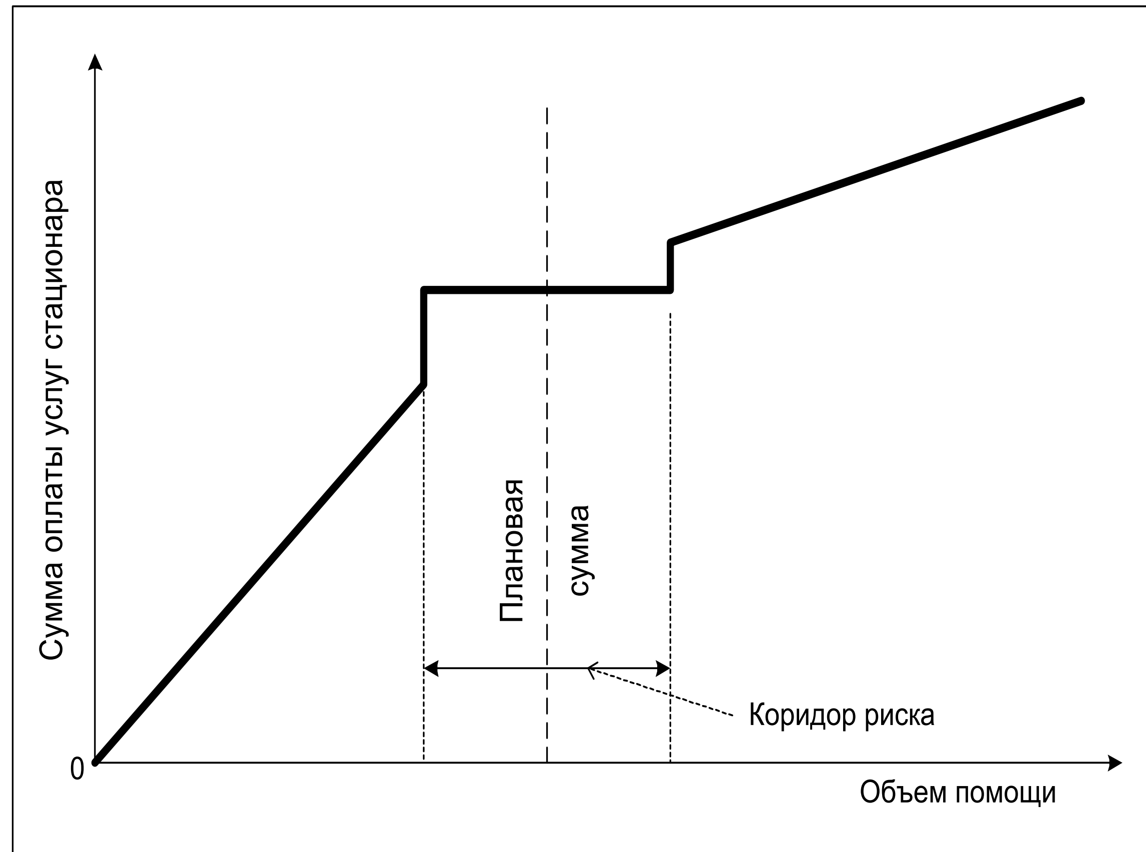
LESSON 2.

The principle of prospective payment better complies with the health sector restructuring objectives than the principle of retrospective payment.

- **Pay predominantly for planned rather than for actual volumes of inpatient care**
- **Health purchaser and provider share financial risks**
- **Hospital keeps surplus from structural changes**

LESSON 2.

The principle of prospective payment better complies with the health sector restructuring objectives than the principle of retrospective payment.



LESSON 3

DRG method is not a “magic tool”.

What really matters is *not the payment unit* but *how* and *in what* environment it is used.

LESSON 4.
Inpatient care methods must comply with methods of payment for other health services. SYSTEMATIC approach!

Example of **a system** of provider payment (Kemerovo region):

- Capitation for a “complex” outpatient care for polyclinic (partial fundholding)

- Insurer together with polyclinic negotiates inpatient care volumes for each PHC catchment area.

- Insurer keeps track of inpatient care volumes across each PHC catcl area and pays bonuses to GPs with lower volumes of care (profiling Same with the indicator of emergency care calls.

- Other PHC performance indicators are set. Insurer pays bonuses for reaching these indicators based on a formal evaluation model.

- Polyclinic is paid extra for day care cases. Condition of payment – actual inpatient care volumes are not higher than planned volumes.

Lesson 5.
Method of payment should be MANAGED

- ***Set a rational share of prospective and retrospective payment methods (cost per case and cost and volume contracts)***
- ***Monitoring and evaluation***
- ***Adjustment of payment methods***