

Functions and responsibilities of SwissDRG AG

On 21 December 2007 the Swiss Parliament adopted a revision of the Federal Health Insurance Act (*Krankenversicherungsgesetz, KVG*), which contains an important improvement: nationally uniform flat rates per case will in future be used to bill for inpatient treatments. This is in the spirit of full cost accounting which also incorporates the investment costs of hospitals. This marks a move away from object financing towards service-oriented subject financing. In addition, free choice of hospitals was approved: patients should (with certain restrictions) be free to choose the hospital in which they will receive treatment. The Federal Council and Parliament hoped this revision would have a cost-reducing effect and ensure greater competition between hospitals. To give all those involved enough time to prepare, the flat rate per case system was set to be introduced in 2012.

New billing system for hospitals

Stays in Swiss hospitals, clinics and birth centres are now billed on a uniform basis. Remuneration for appendectomies, inpatient treatment of mentally ill people or treatment of patients with lung disease in a rehabilitation clinic is based on a flat rate per case system. The objective: uniform reimbursement of treatments with similar clinical pictures.

SwissDRG AG has developed three nationally valid tariff structures for the purpose:

- SwissDRG for inpatient hospital treatments (flat rates per case)
- TARPSY for inpatient psychiatric treatments (daily flat rates)
- ST Reha for recovery of people in a rehabilitation clinic (daily flat rates)

In the area of acute inpatient services, each inpatient stay in a hospital, clinic or birth centre is assigned to a case group (diagnosis related group – DRG) on the basis of specific criteria. The case group corresponds to a group of patients with identical or similar diagnoses or treatments.

The remuneration for the hospital results from the assigned case group, the cost weight of that case group and the base price (base rate) of the hospital. The cost weight of a case group reflects the average treatment cost and the base price reflects the cost structure of the hospital.

Example

Osteoarthritis of the hip is diagnosed in a 57-year-old patient. She is fitted with an artificial hip in a hospital. The patient spends four days in hospital, no complications arise.

DRG	Procedure	Cost weight	Base price	Cost
I46C	Implantation of a hip endo-prosthesis	1.547	CHF 9'800.-	CHF 15'160.60

The remuneration that the hospital receives for the hip treatment will vary between 14,700 and 17,800 francs because of the differing base price depending on the hospital's level of care and other regional factors. Important note: the remuneration covers all the costs that are necessary for the treatment which, as well as the surgery and all the doctors' and nursing services, also include the implant, etc.

Advantages of flat rates per case

Flat rates per case make the costs of medical services comparable and transparent. There are other significant advantages:

- Flat rates per case contribute to a financially affordable healthcare system.
- They help service providers to utilise the potential for savings and optimise their processes.
- They provide an incentive to treat patients as efficiently as possible.
- Patients benefit in the long term from an optimised treatment process and the competition between hospitals on quality.

The role of Swiss DRG AG

SwissDRG AG has the legal mandate to maintain and refine the tariff structures of the flat rate per case system. This activity is founded on the annual cost and service data that Swiss hospitals, psychiatric units and rehabilitation clinics submit to SwissDRG AG. All hospital services are incorporated equally into tariff development, irrespective of the situation and structure of individual hospitals, clinics or birth centres. Each new version of the tariffs must be submitted to the Board of Directors of SwissDRG AG and the Federal Council for approval before it comes into effect.

The supporting organisations of SwissDRG AG are the service providers, social insurers and cantons, in particular

- H+ Swiss Hospitals
- Swiss Medical Association (FMH)
- prio.swiss, the Association of Swiss Health Insurers
- Medical Tariff Commission (MTK) for Accident Insurance (UVG)
- Swiss Conference of Cantonal Ministers of Public Health (GDK)

Important note: With its tariff structures, SwissDRG AG is merely providing the regulatory framework and is not responsible for the tariffs of individual hospitals or for their over- or underfinancing: the key base price (base rate) for the different treatments is negotiated between hospitals and insurers in each canton. The KVG base rate is then approved or fixed by the appropriate canton.