

Alternative costing and care model for DRG's™s AO6A and AO6B saves 40% of the cost

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This abstract is to prove that costs for DRG's AO6A and AO6B can be reduced by approximately 40% if care is being provided in an Intensive home care environment. A care and pricing model has been established to reduce pricing for high cost ranking DRG's AO6A and AO6B.

The department of health in Queensland had identified DRG's AO6A and AO6B as high cost DRG's in their service provision to public Patients.

DRG's AO6A and AO6B had been issued for tender in October 2014 and a care and costing model was established by an external service provider that could reduce the cost by approximately 40% whilst delivering similar care in a home care environment.

This costing and care model is a model implemented by an Australian health care standard accredited service provider.

This costing and care model is also successful in some European countries and has been implemented since the late 1990's in Germany, Austria, Switzerland and France.

The care and costing model provides cost effectiveness for health care funding agencies, it provides improved quality of life for Patients and their families and it frees up precious resources for Intensive Care Units.

If one looks at the "Total Episode of Care" from the "Activity based funding" scheme for DRG AO6A for the "Average length of stay"(ALOS) of 49.9 days the following figures add up for current "in-hospital" funding for this particular DRG

Funding for DRG AO6A= \$ 5,007x 47.8862= 239,766.20/ 50 days ALOS= \$ 4,795.30 per bed day for Inlier funding= \$ 199.80/hour

Funding for DRG AO6B= \$ 5,007x 22.9884= \$ 115,102.90/ 29.7 days ALOS= \$ 3,875.50 per bed day for Inlier funding= \$ 161.50/hour

The alternative model for Intensive Home Care provides the following costing model \$ 120/hour x 24 hours/day x 49.9 days ALOS= \$ 143,712

Pricing model for AO6B as it relates to the proposed \$ 120/hour of services provided adds up to \$ 120/hour x 24 hours/day x 29.7 days ALOS= \$ 85,536

This proposal was shortlisted by the Department of health in Queensland as part of the "Specialist Clinical Services" tender in 2015 and was of interest for the Department of health in Queensland, as a cost effective and alternative model of care.

This model of care and costing model also improves the quality of life for Patients and their families.

