

A DRG implementation and transition strategy

March 2018

Objective of the document

The objective of the document is to describe the DRG implementation and transition strategy which will guide the MOLSHA/SSA throughout the DRG implementation process during the transition period (2018-2019).

The DRG Working Group

The DRG Working Group (WG) was established by the MoLHSA in August 2017 to lead the work in DRG implementation. According to the terms of reference (see [Appendix 1](#)), the DRG WG is chaired by the deputy minister and is accountable to the minister. The regular meetings of the DRG WG will be held once a month and during the meeting the monthly updates about the status of activities described in DRG implementation and transition strategy will be made and aspects that need decision will be discussed. If needed, the strategy can be revised depending on the actual execution. The amendments of the strategy should be justified and agreed within the DRG WG. Depending on the amendment, the approval by the minister might be necessary. Minister receives quarterly status reports about the DRG implementation and transition strategy from the DRG WG.

Members of the DRG WG:

Zaza Sopromadze – Deputy Minister
Lasha Nikoladze – Advisor of the Minister
Sopiko Belkania – Head of HR Management and Intimation Relations Department
Marina Darakhvelidze – Head of Health Care Department, MoLHSA
Ketevan Goginashvili – Head of Health Policy Division, MoLHSA
Ekaterine Adamia – Head of Public Health and Program Division, MoLHSA
Maia Maglakelidze-Khomeriki – Head of Universal Health Care Program Management Department, SSA
Irakli Tabatadze – Head of Information Technology Department, SSA
Nino Tsetskhladze – Medical Statistics Department, NCDC&PH
Tea Bakradze – Chief Specialist of PR department

DRG implementation and transition strategy

The DRG implementation and transition strategy is described in chronological order based on the phases of transition period (see [Appendix 2](#)). The transition period is divided into four phases, each of duration of 3-12 months. Some activities run through different phases and some phases overlap, depending on content of activity and duration of the phase. The detailed strategy with specific activities, responsible persons, due dates etc is described in a separate excel file (Tool for managing the DRG implementation and transition strategy) and it will be used: a) to provide the overview of the status of the strategy, and b) to make necessary amendments in the strategy according to real execution.

In the following chapters each phase of transition will be shortly described (incl. the aim, main content and expected outcomes of it).

1 Phase I

The duration of 1st phase is approximately 6 months (until the end of June 2018) and it includes the activities from different core areas described in the Roadmap for DRG implementation in Georgia¹. The outcome of the 1st phase is to assure the SSA technical preparedness for DRG implementation.

1st phase begun with the MOLHSA's decision in mid-December 2017 to implement NordDRG system. In line with this, the official letter to the Nordic Casemix Centre (NCC) was sent soon after with the request to initiate the cooperation with NCC in order to create the definition tables for Georgian DRG grouper version which are the prerequisite to produce the NordDRG grouper software for Georgia. The creation of Georgian definition tables is the most crucial in current stage because without them many following steps are on hold and no progress can be made. Mid-March the feedback from the NCC was provided concerning the definition tables which should be delivered by the end of May 2018.

During the 1st phase also the letter to two potential grouper software producers was sent and the contact with one of them – Prodacapo – was established². The response from Prodacapo was received on 21st of March 2018 with information about NordDRG grouper software requirements.

The overview of the status of 1st phase (as of the end of March 2018) is provided in [Appendix 3](#). The appendix will be used as a template for reporting the execution of the DRG implementation and transition strategy to the ministry once a month during the two years transition period.

2 Phase II

The duration of the 2nd phase is 3-6 months (until the end of September 2018) and it aims to test IT solutions from the provider perspective (two big providers are selected for that purpose).

The 2nd phase also deals with data quality improvement issues, preparation of performance monitoring and reporting system, and analysis of the vertical programs should begin in the light of DRG implementation.

By the end of the 2nd phase (if the testing is successful), the IT systems will be ready for nationwide use.

3 Phase III

The 3rd phase is for the phase out of the IT solutions to all providers and it lasts approximately 6 months (until the end of December 2018). To achieve this, many other activities of different core areas will be carried out during the 3rd phase, e.g. the revision of current business process,

¹ Submitted in January 2018

² A letter was sent also to Norwegian Directorate of Health with the same request but there is no response (as of end of March 2018).

the analysis of the legal framework to identify needed changes in legislation to implement the DRG system, development of cost weights and base rate estimation methodology.

By the end of the 3rd phase, the IT systems and providers will be ready to start to use DRGs for “shadow funding” in 2019.

4 Phase IV

During the 4th phase (duration up to 12 months, until the end of December 2019) the DRGs will be used for “shadow funding” to conduct preparations and simulations for actual DRG based reimbursement by the end of 2019.

By the end of 4th phase and two-year transition period, the preparatory work will be completed and the country will be ready to start DRGs for financing the hospitals.

Terms of Reference of DRG Working Group

DRG implementation working group members job description

1. Background

In 2013, the newly elected Government of Georgia launched the Universal Health Care programme to improve population access to health care and strengthen financial protection. This reform moved Georgia closer to European norms and best practice: near universal population entitlement to publicly financed health care; free visits to family doctors; referral and prescribing systems; a single purchasing agency; and higher public spending on health.

This unprecedented coverage expansion was made possible by a substantial – and much-needed – increase in public funding for the health system. The available evidence indicates good progress in meeting the goals of universal health coverage. Use of health services has increased, financial barriers to access have fallen – especially for emergency and inpatient care – and financial protection for households has improved.

To sustain its recent, remarkable achievements, the government needs to focus on the purchasing and reimbursement of publicly financed health services – that is, on the way in which public funds are used to deliver health services, including medicines, to the population.

For implementation of strategic purchasing, selective contracting and performance based financing, it is important to elaborate DRG implementation roadmap and create DRG implementation working group.

2. Objectives

The main objective of the elaboration DRG implementation working group member's job descriptions is to support timely and high quality execution of the DRG implementation plan; to address challenges during implementation process; to make them meet better the expertise of single member of the working group.

3. Working Group Members:

- Zaza Sopromadze – Deputy Minister
- Lasha Nikoladze – Advisor of the Minister
- Sopiko Belkania – Head of HR Management and Intimation Relations Department
- Marina Darakhvelidze – Head of Health Care Department, MoLHSA
- Ketevan Goginashvili – Head of Health Policy Division, MoLHSA
- Ekaterine Adamia – Head of Public Health and Program Division, MoLHSA
- Maia Maglakelidze-Khomeriki – Head of Universal Health Care Program Management Department, SSA
- Irakli Tabatadze – Head of Information Technology Department, SSA
- Nino Tsetskhladze – Medical Statistics Department, NCDC&PH
- Tea Bakradze – Chief Specialist of PR department

4. Scope of Work

- Working on DRG license acceptance process (grouper, software) – Z.Sopromadze/S.Belkania
- Elaboration of transition strategic plan – Z.sopromadze/M.Maglakelidze-Khomeriki/K.Goginashvili
- Analyse (pros and cons of alternative business processes) adaptation of the DRG grouper to the SSA's IT system – I.Tabatadze
- Adapt the SSA IT system to accommodate the grouper software - I.Tabatadze

- Revise and update of ICD-10 and NCSP – M.Maglakelidze-Khomeriki
- Revise and improve the coding guidelines for ICD-10 and NCSP - M.Maglakelidze-Khomeriki/N.Tsetskhladze
- Develop the external clinical coding audits - M.Maglakelidze-Khomeriki/N.Tsetskhladze
- Revise and improve the SSA claims management process - M.Maglakelidze-Khomeriki/I.Tabatadze
- Analyze the legal framework to identify needed changes in legislation to implement the DRG system – M.darakhvelidze/E.Adamia
- Prepare the legal documents needed for implementing the DRG system - M.Darakhvelidze/E.Adamia
- Analyze the vertical programs in the light of DRG implementation - M.darakhvelidze/E.Adamia
- Develop cost weights and base rate estimation methodology – L.Nikoladze/K.Goginashvili
- Conduct simulations for alternative DRG cost weights and base rate scenarios - L.Nikoladze/K.Goginashvili
- Calculate the cost weights, base rate and DRG tariffs - L.Nikoladze/K.Goginashvili
- Develop the DRG reimbursement policy – Z.Sopromadze/M.darakhvelidze
- Conduct simulations for DRG reimbursement policy scenarios – M.Maglakelidze-Khomeriki/K.Goginashvili
- Group the data, analyze and provide feedback about grouping results to providers - M.Maglakelidze-Khomeriki/I.Tabatadze
- Develop performance indicators and principles for regular monitoring of providers and reporting by using DRGs – K.Goginashvili/M.Maglakelidze-Khomeriki
- Assess gaps in capacity and develop a training plan for capacity building among different stakeholders - M.Maglakelidze-Khomeriki/I.Tabatadze/N.Tsetskhladze
- Improve competence in DRG systems for all stakeholder organizations by offering training and educational opportunities according to need - M.Maglakelidze-Khomeriki/I.Tabatadze/N.Tsetskhladze
- Develop a DRG implementation communication plan – T.Bakradze/K.Goginashvili

5. Expected Outputs

- DRG License has been accepted
- DRG implementation and transition strategy has developed
- IT systems is prepared for DRG implementation
- ICD and NSCP are updated, coding guidance is improved and the external clinical coding audits has developed
- Regulation needed for implementation of DRG system is developed
- DRG tariff setting methodology has developed
- Reimbursement policy has developed
- Monitoring and reporting system has developed
- Capacity building for all Stakeholders has finalized
- DRG implementation communication plan is developed

6. Timeframe

- 2018-2019
- DRG WB meetings will be held once a month. Health Care Department is responsible for taking notes by keeping the DRG implementation and transition strategy table (see [Appendix 2](#)) as one source to make monthly updates about the status of activities.

7. Accountability

DRG WB is accountable to the Minister and submits the status reports quarterly by the end of every quarter (31 March/30 June/30 Sept /31 Dec).

8. Qualifications/Expertise

The DRG group member(s) needs to have the following experience:

- Experience in clinical field
- Experience in Health Program development
- Experience in health finance field
- Experience in health legislation field
- Experience in IT technologies

9. Reporting arrangement

The DRG WG members will work under the coordination of the Deputy Minister of Labour, Health and Social Affairs.

Appendix 2

DRG implementation and transition strategy 2018-2019

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
1.Adoption of DRG system	1.1 Decide which DRG grouper will be implemented	MOLHSA	N.Berdzuli; Z.Sopromadze	Dec 2017	Dec 2017	Phase 1	Completed	
1.Adoption of DRG system	1.2 Contact the organization delivering the DRG system and start the negotiations	MOLHSA	Z.Sopromadze/S.Belkania	Dec 2017	March 2018	Phase 1	Completed	Letter sent to Nordic Casemix Centre in mid-December 2017. The definition tables should be developed by NCC and delivered to MOLSHA by the end of May 2018. The files with Georgian primary classifications have been sent to NCC in mid March 2018.
1.Adoption of DRG system	1.3 Contact the organization delivering the grouper software	MOLHSA	Z.Sopromadze/S.Belkania/ K.Goginashvili	March 2018	May 2018	Phase 1	Completed	Letter sent to Prodacapo and Norwegian Health Directorate on 12th of March 2018 by MOLSHA. The response from Prodacapo received on 21 of March with information

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
								about NordDRG grouper software.
2. Development of DRG implementation and transition strategy	2.1 Define the phases of transition with concrete activities and time frames	MOLHSA/SSA	Z.Sopromadze/S.Belkania	Jan 2018	March 2018	Phase 1	Completed	
2. Development of DRG implementation and transition strategy	2.2 Create the DRG core team with clear TORs within SSA and MOLHSA	MOLHSA/SSA	Z.Sopromadze/S.Belkania	Jan 2018	April 2018	Phase 1	Completed	
3.Preparedness of IT systems	3.1 Analyse (pros and cons of alternative business processes) adoption of the DRG grouper to the SSA's IT system	SSA	I.Tabatadze	April 2018	June 2018	Phase 1	MOLSHA/SSA needs to study the information sent by Prodacapo (see activity 1.3) and if the suggested solution is suitable, then Prodacapo can give a price quotation upon MOLSHA's request for proposal.	

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
3.Preparedness of IT systems	3.2.Adapt the SSA IT system to accommodate the grouper software	SSA	I.Tabatadze	May 2018	Sept 2018	Phase 2		
3.Preparedness of IT systems	3.3 To revise/change/modify business process according to DRG requirements	SSA	I.Tabatadze/M.Khomeriki	Aug 2018	Dec 2018	Phase 2 - Phase 3		This might need additional analysis after the testing and pilot phase
4.Improvement of data quality	4.1.1 Prepare ICD-10 and NCSP to produce DRG definition tables by NCC	SSA/NCDC	M.Khomeriki/N.Tsetskhladze	Feb 2018	March 2018	Phase 1	Completed	The final versions of ICD10 and NCSP files were sent to NCC 19th of March.
4.Improvement of data quality	4.1.2 Translate and adjust DRG terminology into Georgian	NCDC/SSA	N. Tsetskhladze /M.Khomeriki	June 2018	Sept 2018	Phase 2		
4.Improvement of data quality	4.1.3 Develop standard procedure to revise and update ICD-10 and NCSP	SSA/NCDC	M.Khomeriki/M.Kereselidze	July 2018	Dec 2018	Phase 3		
4.Improvement of data quality	4.2.1. Prepare basic userfriendly guideline for ICD-10 and NCSP coding standards with basic overview about DRG grouping principles	NCDC/SSA	M. Darakhvelidze/N. Tsetskhladze /M.Khomeriki	Sept 2018	Dec 2018	Phase 3		The activity includes also a creation of a user guide for providers about DRG logic
4.Improvement of data quality	4.2.2 Revise and improve the coding guidelines for ICD-10 and NCSP	SSA/NCDC	M.Khomeriki/ M.Kereselidze	August 2018	Dec 2019	Phase 2 - Phase 4		
4.Improvement of data quality	4.3 Develop the external clinical coding audits	SSA/NCDC	M.Khomeriki/M.Kereselidze	Jan 2019	April 2019	Phase 4		

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
4.Improvement of data quality	4.4 Revise and improve the SSA claims management process	SSA	M.Khomeriki/ I.Tabatadze	May 2019	July 2019	Phase 4		Due dates will be revised after the clinical coding audit system has been tested
5.Adaption of regulation needed for implementation of DRG system	5.1 Analyze the legal framework to identify needed changes in legislation to implement the DRG system	MOLHSA/SSA	Z.Sopromadze/M.Darakhvelidze	Sept 2018	Nov 2018	Phase 3		In parallel with implementation of DRG system. However, approval is needed for DRG piloting to involve providers in the first and second phase of the transition period
5.Adaption of regulation needed for implementation of DRG system	5.2 Prepare the legal documents needed for implementing the DRG system	MOLHSA/SSA	Z.Sopromadze/ M.Darakhvelidze	Dec 2018	March 2019	Phase 4		
6. DRG tariff setting methodology	6.1.1 Develop cost weights and base rate estimation methodology for 2019 "shadow funding"	MOLHSA/SSA	I.Nikoladze/K.goginashvili	Sept 2018	Nov 2018	Phase 3		I stage: the cost weights for 2018-2019, (when DRGs are not yet used for actual reimbursement) can be borrowed or developed based on GEO data. Topic will be discussed during May 2018 mission.

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
6. DRG tariff setting methodology	6.1.2 Develop cost weights and base rate estimation methodology for 2020 actual reimbursement "shadow funding"	MOLHSA/SSA	I.Nikoladze/K.goginashvili	Sept 2019	Nov 2019	Phase 4		II stage - cost weights for actual reimbursement.
6. DRG tariff setting methodology	6.2 Analyze the vertical programs in the light of DRG implementation	MOLHSA/SSA	I.Nikoladze/K.goginashvili	April 2018	Sept 2018	Phase 2		Vertical programs initial mapping could be done before next mission in May 2018
6. DRG tariff setting methodology	6.3 Conduct simulations for alternative DRG cost weights and base rate scenarios	MOLHSA/SSA	I.Nikoladze/K.goginashvili	Sept 2018	Nov 2018	Phase 3		Topic will be discussed during May 2018 mission.
6. DRG tariff setting methodology	6.4 Calculate the cost weights, base rate and DRG tariffs	MOLHSA/SSA	I.Nikoladze/K.goginashvili	Sept 2018	Nov 2018	Phase 3		Topic will be discussed during May 2018 mission.
7.Reimbursement policy	7.1 Develop the DRG reimbursement policy: a. Define exemptions (e.g. psychiatric care, rehab care, referred patients etc) and the payment method for financing them b. Define reimbursement rules for expensive drugs and devices, ICU, etc, and the payment method for financing them c. Define high-low cost/LOS outliers	MOLHSA/SSA	Z.Sopromadze/M.Darakhvelidze/	Sept 2018	Nov 2018	Phase 3		

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
7.Reimbursement policy	7.2 Conduct simulations for DRG reimbursement policy scenarios	MOLHSA/SSA	Z.Sopromadze/M.Darakhvelidze/ M.Khomeriki	Jan 2019	May 2019	Phase 4		
8.Monitoring and reporting system	8.1.1 Group the data, analyze and provide feedback about grouping results to providers (testing period)	SSA	M.Khomeriki/ I.Tabatadze	March 2018	Sept 2018	Phase 2		Key priority indicators will be developed during the first phase and will be revised for the next phases
8.Monitoring and reporting system	8.1.2 Group the data, analyze and provide feedback about grouping results to providers (pilot period)	SSA	M.Khomeriki/ I.Tabatadze	Sept 2018	Dec 2019	Phase 3		
8.Monitoring and reporting system	8.2 Develop performance indicators and principles for regular monitoring of providers and reporting by using DRGs	MOLHSA/NCDC/SSA	M.Darakhvelidze/M.Kereselidze/ M.Khomeriki/	Jan 2019	May 2019	Phase 4		
9.Capacity building for all stakeholders	9.1 Asses gaps in capacity and develop a training plan for capacity building among different stakeholders	SSA/NCDC	M.Khomeriki/ I.Tabatadze/ M.Kereselidze	Feb 2018	May 2018	Phase 1	Completed	
9.Capacity building for all stakeholders	9.2 Improve competence in DRG systems for all stakeholder organizations by offering training and educational opportunities according to need	SSA/NCDC	M.Khomeriki/ I.Tabatadze/M.Kereselidze	Feb 2018	Dec 2019	Phase 1 - Phase 4	An overview about the timetable and main principles of the maintenance of the NordDRG system (incl. the revision and update of the NCSP and	Activities will be carried out according to the training plan throughout the transition period

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
							the ICD10) was provided to DRG WG in Feb 2018.	
10.Communication	10.1 Develop a DRG implementation communication plan	SSA	Z.Sopromadze/T.Bakradze	March 2018	June 2018	Phase 1	Work in progress	
10.Communication	10.2 Implement the communication plan	SSA	Z.Sopromadze/T.Bakradze	July 2018	Dec 2019	Phase 2 - Phase 4		Implementation start date depends on the developments with DRG grouper, probably should begin earlier

Status of execution of the DRG implementation and transition strategy, Q1 2018

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
1.Adoption of DRG system	1.1 Decide which DRG grouper will be implemented	MOLHSA	N.Berdzuli; Z.Sopromadze	Dec 2017	Dec 2017	Phase 1	Completed	
1.Adoption of DRG system	1.2 Contact the organization delivering the DRG system and start the negotiations	MOLHSA	Z.Sopromadze/S.Belkan ia	Dec 2017	March 2018	Phase 1	Completed	Letter sent to Nordic Casemix Centre in mid-December 2017. The definition tables should be developed by NCC and delivered to MOLSHA by the end of May 2018. The files with Georgian primary classifications have been sent to NCC in mid March 2018.
1.Adoption of DRG system	1.3 Contact the organization delivering the grouper software	MOLHSA	Z.Sopromadze/S.Belkan ia/K.Goginashvili	March 2018	May 2018	Phase 1	Completed	Letter sent to Prodacapo and Norwegian Health Directorate on 12th of March 2018 by MOLSHA. The response from Prodacapo received on 21 of March with information about NordDRG grouper software.
2. Development of DRG implementation and transition strategy	2.1 Define the phases of transition with concrete activities and time frames	MOLHSA/SSA	Z.Sopromadze/S.Belkan ia	Jan 2018	March 2018	Phase 1	Completed	
2. Development of DRG implementation	2.2 Create the DRG core team with clear TORs	MOLHSA/SSA	Z.Sopromadze/S.Belkan ia	Jan 2018	April 2018	Phase 1	Completed	

Core areas	Actions	Responsible institution	Responsible person	Start date	End date	Transition phase	Status at the end of March 2018	Comments
and transition strategy	within SSA and MOLHSA							
4.Improvement of data quality	4.1.1 Prepare ICD-10 and NCSP to produce DRG definition tables by NCC	SSA/NCDC	M.Khomeriki/N.Tsetskh ladze	Feb 2018	March 2018	Phase 1	Completed	The final versions of ICD10 and NCSP files were sent to NCC 19th of March.
9.Capacity building for all stakeholders	9.1 Asses gaps in capacity and develop a training plan for capacity building among different stakeholders	SSA/NCDC	M.Khomeriki/I.Tabatadze/M.Kereselid ze	Feb 2018	May 2018	Phase 1	Completed	
9.Capacity building for all stakeholders	9.2 Improve competence in DRG systems for all stakeholder organizations by offering training and educational opportunities according to need	SSA/NCDC	M.Khomeriki/I.Tabatadze/M.Kereselid ze	Feb 2018	Dec 2019	Phase 1 - Phase 4	An overview about the timetable and main principles of the maintenance of NordDRG system (incl. the revision and update of the NCSP and the ICD10) was provided to DRG WG in Feb 2018.	Activities will be carried out according to the training plan throughout the transition period
10.Communication	10.1 Develop a DRG implementation communication plan	SSA	Z.Sopromadze/T.Bakrad ze	March 2018	June 2018	Phase 1	Work in progress	