A QUANTIFICATION OF EXPENDITURE ON HOSPITAL STAYS IN 5 EUROPEAN COUNTRIES

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Background
For several decades health care expenditure growth has outpaced growth in GDP and incomes throughout the developed world. The aging global population as well as the growing obesity related health epidemic indicate that this trend will continue. In 2010 17% of adults were obese and more than 50% were overweight in the European Union. While these numbers continue to grow, the recent global financial crisis suggests that the accompanying trend of growing healthcare costs is not sustainable in the long term.

In the midst of the global economic crisis many European Union member countries imposed forced austerity measures to reduce governmental spending across the board. These austerity measures proved effective in many countries and in 2010 health spending across the European Union fell by 0.6%, the first annual decline since 1975. However, health spending continued to grow in several countries including France and Spain. Spending growth even accelerated in Germany and accounted for 11.6% of GDP, second only to the Netherlands. This compares to an average of 9.0% across the EU. Accordingly, Germany’s per capita healthcare spending was $4,811 in 2012, a full 12% higher than the next highest EU5 country.

One of the primary drivers of healthcare costs is hospital length of stay (LOS). LOS is also commonly used to measure the efficiency of health care systems. Therefore, healthcare systems looking to reduce costs often look to reduce LOS

Objective
Hospital LOS and cost per bed-day have become common indicators of overall health system efficiency. The primary objective of this study was to determine which European countries have been most successful at reducing their average LOS for five common inpatient admissions. Malignant neoplasm of the breast, single spontaneous child delivery, acute myocardial infarction, cataracts, and pneumonia. This research also sought to quantify the additional cost associated with longer inpatient admissions and higher costs per bed-day in order to demonstrate the potential for savings in countries that have not been as successful in reducing their average LOS if they are able to align with their peers.

Methods
A review of hospital LOS and cost data was conducted in five European countries (France, Germany, Italy, Spain and the United Kingdom), utilizing data published by the World Health Organization (WHO). An average cost of each day of hospital stay was determined for each country through a WHO database. Additionally, hospital payment systems were assessed in each country through published research to understand the motivations of healthcare providers with regards to LOS.

Results
There was little consistency in the length of stay for most conditions across countries

- The difference between the longest and shortest lengths of stay for a single condition range from 138% with pneumonia to 253% with malignant neoplasm of the breast
- The average length of stay in Germany for malignant neoplasm of the breast is 2.4x the next longest country and for acute myocardial infarctions it is 1.3x the next longest country
- The average length of stay in Germany is above the five-country average for all five conditions

There was little variability in the cost per bed-day across EU5 countries

- The difference between the highest cost per bed-day in the United Kingdom and the lowest cost per bed-day in Italy was less than 17%
- Germany has the second highest cost per bed-day, only 0.5% behind the United Kingdom
- The average cost per bed-day across all five countries is $494.35

There was no variability in the LOS per condition across countries.

• The LOS in line with the EU5 average

Germany stands to save money on a per-patient basis for each of the five conditions if they reduce the average LOS to be in line with the average of the EU5 countries

• The most substantial savings opportunities exist by reducing the LOS for malignant neoplasm of the breast and acute myocardial infarction

Germany has the potential to save more than $837 million per year if they are able to align their average LOS with the rest of the EU5 countries across all five conditions

• The majority of the savings can be achieved if Germany is only able to reduce the average LOS for malignant neoplasm of the breast and acute myocardial infarction

Conclusions
Further research into the differences between the German healthcare system and those of the other EU member countries is necessary to identify the underlying cause of the discrepancy between average LOS in Germany and the other EU countries. Possible explanations include:

- Hospitals in Germany have a counterincentive to keep patients longer than necessary because they do not receive full reimbursement when patients are discharged unusually early compared to other patients with similar conditions and they can even be eligible for increased reimbursement when patients stay beyond the average LOS for a given DRG
- German hospitals can feel less pressure to reduce the cost of healthcare because Germany weathered the global financial crisis better than most other EU countries

References:

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