Monetary Assessment of Performance Management in the Health Care System – Process Cost Analysis at Marienhospital Herne

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Summary

Together with IDS Scheer, the Catholic Hospital Foundation Marienhospital Herne launched a pilot project for the operational intensive care station to meet the challenges of the flat rate payment system with process cost accounting (PCA), opting for ARIS Process Platform as IT support so as to ensure the best possible cost-driver accounting.

Keywords

DRG, Process Cost Analysis, clinical paths, healthcare system, case rates, descriptive QM, performance-amount induced (pai) and performance-amount neutral (pan) processes, Process Cost Accounting, Cost Driver, eEPC, ARIS Process Platform, Hospital Information System (HIS), InEK raw case costing
1 Why Process Cost Accounting in Hospitals?

1.1 The Hospital Environment

In response to increasing cost pressures caused by economic and demographic developments, legislators have produced more reforms for health than for any other sector of the economy. The reform of the compensation system for inpatient treatment and its price-like lump sums is designed to reduce healthcare costs, and hospitals are now being forced to act. Unlike the previous system of compensation by daily rates, the new DRGs\(^1\) offer little incentive for wasting resources.\(^2\) Therefore hospitals must render their services at the lowest possible costs while still complying with quality standards.\(^3\)

Cost accounting in particular now plays a much greater role as a management tool because "the hospital shall maintain cost and performance accounting that permits operational controlling and an evaluation of its efficiency and effectiveness (...)."\(^4\)

Hospitals find in general that revenues are capped by the negotiated budget. Thus, only the costs remain as an object of an assessment\(^2\). One method of fundamental cost analysis is to evaluate the individual process steps. The focus here should be on those subprocesses that stand out either for their higher costs (e.g. major HR expense) or frequency of execution within the process. The cost drivers of the workflow, i.e. the influencing factors that determine the nature of the cost development, have to be identified and analyzed. There follows an explanation of why process orientation is required, then the principles of process cost accounting will be introduced. That will be followed by a description of the procedure adopted in the pilot project for the Catholic Hospital Foundation Marienhospital Herne and its results. A conclusion rounds off the presentation.

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1 Diagnosis Related Group.
3 The options for revenue optimization are not dealt with in this article.
4 Hospital Accounting Regulation: Section 8 Cost and Performance Accounting.
5 This assumes that up-coding is not an option for boosting revenues, as it is with DRGs.