STANDARD SUMMARY PROJECT FICHE

1. Basic Information

1.1 Desiree Number: 2002/000-282.04.10

1.2 Title: Establishment of a Public Health Financial Management System

1.3 Sector: Internal Market and Economic Criteria

1.4 Location: Czech Republic

2. Objectives

2.1 Overall Objective
The ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

2.2 Project purpose
The establishment of the National Reference Centre (NRC) to ensure a more effective use of funds of the public health insurance. This will be reached by introducing modern forms of measuring efficiency and quality of health care, using standard DRG (Diagnosis Related Group) clinical classification and supported by the NRC.

2.3 Accession Partnership and NPAA priority

AP:
- Continue fiscal reforms, including health care and pension system financing reforms (economic criterion – in need of particularly urgent action).
- Ensure transposition of the public health acquis and further develop measures in the area of surveillance and control of the communicable diseases and health monitoring and information.

NPAA:
- More effective use of public health insurance funds
- Use of standard DRG clinical classification to develop a more effective system linking health care needs, quality of care and cost of care
- Professional training and re-training of staff and establishment of well qualified workforce
- Establishment of a national reference database for data analysis
- Awareness raising for the public at large

2.4 Contribution to National Development Plan:
n.a.

2.5 Cross Border Impact:
n.a.

3. Description

3.1 Background and justification

Czech system for health insurance remuneration must be compatible to the systems used in the countries of the EU. Collaboration with Austria, Germany and Netherlands is already ongoing.

The payment system and the monitoring of the health care quality in the acute care inpatient establishments is currently arranged for in 90% of the cases by lump sum payments, and by payments according to the performance list which is much less frequent. The mentioned health care payment methods do not motivate sufficiently the health care providers (the establishments of inpatients' acute care) to utilize efficiently the resources of the public health care insurance.

Description of the development of health care funding in the Czech Republic (acute hospital care):
1. History – in 1992 the legislation was adopted which introduced the system of health insurance. In 1993 the performance system of reimbursements was introduced: According to the list of medical interventions and the unit ('point') price the health care provided by hospitals was paid by the system. The system had no regulation mechanisms, except for reviewing medical officers, whose work however lacked necessary effectiveness. The system led to differentiated rapid increase of expenses from the public health insurance system. 
   In 1997 the system of lump sum reimbursements according to reference periods was introduced. Lump sum reimbursements just maintained the preceding situation regardless to changes in the structure and scope of health care provided.

2. Present situation: As of 2001 the system of reimbursements per one treated insured person was introduced; the amount of reimbursement was determined as a lump sum per one treated insured person on the basis of the reference period. At the same time the reimbursements for outpatient care and acute hospital care were separated. Principal drawback of this system of reimbursements is in the fact that changes in the structure of diagnoses are not reflected.

3. Future – DRG system, where the payments are based on sorting the admitted patients into different diagnostic groups with defined demands on costs. The system enables the improvement of internal management of hospitals (both professional medical management and economic management).
   Such payment system results in economizing and optimum allocation of the public health care insurance resources. It reduces excessive diagnostic processes and optimizes eventually the numbers of acute inpatients' facilities (beds) and enhances their utilization. The diagnosis related group classification system is also applied for measurement and assessment of quality of the provided health care, and for the determination of the basic quality standards. This is a quality assessment and control system and a system of the continuous improvement to the health care provided.
   This system originated in the USA (the case mix concept has been introduced more then twenty years ago in order to measure hospital productivity and promote quality of care). The European countries were initially interested in the DRG system and its application as an experiment, later on various countries (Austria, Germany, Spain, Portugal, Belgium, Denmark, France, Ireland, Hungary...) applied various DRG modifications.

Since 1997 the DRG system has been tested in the Czech Republic. Experts from the company 3M Health Information Systems cooperated within this project with the experts from the General Health Insurance Company (GHIC) CR within the framework of the contract United States Agency for International Development. 2 pilot projects have been implemented. 4 district hospitals and GHIC participated in the first one, organized under the auspices of Phare. Its results were published in April 1997.


Output data of these experiments were processed by GIC CR and were made available to the hospitals that participated in the experiment.

Several activities that aim at the DRG application in the area of hospital management, efficiency monitoring and treatment quality, came to the existence based on the experiment. The association PMS 2000 (Performance Measurement System) was founded. This association has about 40 member hospitals, classified by their size into 3 categories. The small reference center was founded that enables only the member hospitals to compare the efficiency and quality of the health care provided with the average tariffs defined based upon the processing of data of approximately 2 million hospitalizations since 1998.

Czech Ministry of Health invited the representatives from the insurance institutions and health care providers to develop a coordinated system for the implementation of DRG. The focus was on the development of a simple, nationally acceptable system, diagnoses based, cost effective and will support stability and structural changes.

3.2 Linked activities
   • "Development of primary care in the Czech Republic "project No. CZ 9201 - 24.01 - L002 was financed under PHARE in 1992. The main objective of this project was strengthening of the role of primary care in the system of health care delivery and the integration of services including social services into the system.
   • "Development of integrated primary health care "project No. CZ 9703 -01 02 -06 -01 - 0042 was financed under PHARE. The main objective was to test in pilot regions the tools of quality improvement for implementation at the national level.
   • "The financing of health care in Czech hospitals" - case studies. The objective was to analyse the cost of hospital treatment and to provide suggestion for the remuneration from the health insurance provider.
3.3 Results

This twinning and supplies project addresses an AP priority and aims to establish the institutional framework required for effective and efficient financial management of the public health system in the CR. The project should result in the introduction and sustainable implementation of modern forms of measuring efficiency and quality of health care, using standard Diagnosis Related Group (DRG) clinical classification throughout the public health system, to ensure a more efficient use of public insurance funds and include staff required skills acquisition through training-the-trainers and the supply of relevant equipment. Taking account of preparatory work already underway, the project should focus on the comprehensive application of DRG methodology as used in several Member States in their respective National Reference Centres (NRCs). The project is conditional on Czech co-financing of the supplies component and the timely adoption of relevant legislation, which should provide for the establishment of such a NRC or an institution with identical responsibilities.

3.4 Activities:

1. Twinning

1.1. Assistance to the MoH in establishing the National Reference Centre (NRC).

The centre is expected to have the following responsibilities:

- Centralisation of valid data on health care;
- Data analysis which will become the bases for the development of management systems and best practices in distribution of public funds;
- Patient Classification System (DRG-Diagnosis Related Groups);
- Distribution of information to hospital managers to improve the structure, quality and cost of care, to health insurance companies for improving reimbursement system, to the ministry of health for the creation of new management systems and to the general public to highlight their awareness;
- Accredited training centres focusing on training of medical and health insurance staff which will deal with application of DRG system will be established to provide coding of diagnoses for individual patients directly in the surgeries, monitoring of quality and management systems.

1.2. Implementation of DRG system.

Main priorities of the Ministry in this field are:

- Application of DRG into the national health care system;
- Definition of rules for the intermediate period during which DRG will be fully implemented into the health care system;
- Classify processes and services which can not be included into the DRG system;
- Obtaining of software licences and technologies;
- Revision of decision-making tools which are used at present;
- Application of DRG system as the main activity of NRC;
- DRG system will become part of the syllabus in medical schools;
- 2 - 4 experts from the Ministry of Health and NRC will spend 6 weeks with the institution which will supply the DRG system. Their task will be to obtain know-how and software technologies for the application in the Czech Republic;
- 1 expert from EU institution will be located at the Ministry of Health in the Department of health insurance;
- 9 staff study visits to EU institutions for the duration of 20 days is planned.

Twinning Covenant will include following activities:

- Training of NRC staff (training in the IT systems field (special software), training of coders of patients grouping according to the DRG methodology and the Quality of the health care relating questions, controlling and reimbursement of health care);
- Study visits and stays to EU institutions and NRC centres in relevant EU countries in order to gain experiences on introduction of the DRG system;
- Consultancy on DRG system and issues concerning NRC establishment and its functioning (short-term experts);
- Workshops, seminars and conference on above issues in order to disseminate information.
- Under the project the support of following experts is expected; One PAA (for 12 months) to be located at the Ministry of Health, Dpt. of Health Insurance – with deep experience in functioning of NRC and implementation of the chosen DRG system
- Short term experts (in total approximately 12 manmonths) experienced in the field of functioning of NRC / implementation of the chosen DRG system:
• 1 expert for IT field (expected to be experienced in Grouper issues and with implementation of the DRG system),
• 1 expert for training of coders of the patients grouping according the DRG methodology,
• 1 expert experienced in the processing model of the NRC organisation.
• Workshops, seminars and study visits.

The PAA is expected to assist the Ministry of Health with the development of a strategy for the preparation of the system of DRG, to provide practical knowledge about DRG application in the funding of in-patient care and to assist with the monitoring of health care quality. He is expected to fulfil the overall supervising and coordinating role in the project, assisting in the process of programming and administration of the NRC.

(2) Investment (0,5 M€)
• Supply of technical equipment (HW and SW),
• Supply of DRG grouper multi licence and support services

HW supply (financed by Phare) apx. 0.2 M €
• 1 server printer
• 20 PC’s
• 12 printers
• Extension of configuration of the Powerful server (will be financed by Phare)

HW supply (financed by the MoH)
• Powerful server

SW supply (to be financed by Phare) apx. 0.300 M €
• application
• Grouper DRG,
• reference database and a system of its processing
• management system overlay
• communication modules for data exports and imports
• networking system

3.5 Lessons learned:
Outputs of two pilot projects on testing DRG systems in CR (implemented in 1997 as mentioned under 3.1.) will be taken into consideration.

4. Institutional Framework

The beneficiary of this project is the Ministry of Health. The discussion group steering committee has been established by MoH and representatives of health insurance companies, major hospitals and representatives from the whole political spectrum with the main aim to find appropriate solution with general consensus on the effective health system.

National Reference Centre NRC is a usual institution in the EU, it is a public institution which allocates finances for public health insurance. In the Czech Republic this institution will be created as a result of collaboration between health insurance companies, health care providers and the Ministry of Health. It will be financed jointly from the Ministry of health, users of NRC / health insurance companies and health care providers / and budget requested from PHARE. The establishment of NRC will result in changes in the system of remuneration for health care. The health insurance companies will no longer be responsible for the total payment for the treatment of the patient. The cost of NRC will be divided between the health insurance companies, health care providers and the ministry of health.

The implementation of different system of payment, using DRG, is expected to result in the disagreement in the basic rate for treatment between the different types of hospitals; the large teaching hospitals and the smaller county hospitals.

The implementation of DGR system will effect the following institutions:
Ministry of Health and Health insurance companies and health care providers (public-law institutions)

Application of the new DGR system will result in shorter hospitalisation consequently resulting in the decrease of the number of intensive care beds and therefore the reduction of the cost of care. The personnel who will
overlook the change to the new DGR system will be chosen according to the needs of the project. It is anticipated that 12 staff will be required.

5. Detailed Budget (M€):

<table>
<thead>
<tr>
<th>Project Components</th>
<th>PHARE Support</th>
<th>Total PHARE (=I+B)</th>
<th>National Cofinancing*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Investment</strong></td>
<td><strong>Institution</strong></td>
<td><strong>Building</strong></td>
<td><strong>Total</strong></td>
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<tr>
<td>(1) Twinning Covenant</td>
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<td>0.6</td>
<td>0.6</td>
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<td>(2) Supply Contract</td>
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<td>0.5</td>
<td>0.26</td>
<td>0.26</td>
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<tr>
<td>Co-financing to Contract</td>
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<tr>
<td>(equipment)</td>
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<tr>
<td>Total</td>
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<td>0.6</td>
<td>1.1</td>
<td>0.26</td>
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</tbody>
</table>

* There will be parallel co-financing
- The Investment component of the project is to be co-financed from the MoH budget (server);
- The establishment of NRC will be financed from research and development funds paid by the government according to the following statutory legislations No. 300/1992 and No. 88/2001.

** Supply contract (HW/SW / including licence fees for the DRG grouper):
HW – 0.2 MEUR; SW 0.3 MEUR;

6. Implementation Arrangements

The CFCU will be the Implementing Agency responsible for tendering, contracting and accounting. Responsibility for technical aspects related to preparation, implementation and control will rest with the beneficiary institutions and will be co-ordinated by the Ministry of Health.

Responsible person
Mr Antionin Hlaváček CSe-Deputy Minister
Ministry of Health of the Czech Republic
Address: Palackého Náměstí 4, 128 01 Praha 2
Telephone: + 420 2 24 97 27 25
Fax: + 420 2 24 91 60 28
email: antonin.hlavacek@mzcr.cz

The contact person will be:
Mr Petr Slama - Director of Health Insurance Development Department,
Ministry of Health of the Czech Republic
Address: Palackého Náměstí 4, 128 01 Praha 2
Telephone: + 420 2 24972405
Fax: + 420 2 24915986
email: petr.slama@mzcr.cz

6.2 Twinning: specified under 3.4.
6.3 Non-standard aspects:
The Practical Guide to Phare/Ispa/ Sapard contract procedures shall be followed.

6.4 Contracts
(1) Twinning Covenant             0.6 M€
(2) Supply Contract (HW + SW)      0.5 M€

7. Implementation Schedule:
7.1 Start of tendering
    twinning: 2Q / 2002
    supply: 1Q / 2003
7.2 Start of implementation:
    twinning: 1Q / 2003
    Supply: 3Q / 2003
7.3 Project completion:
    4 Q / 2004
8. Equal Opportunities:
Equal opportunity principles and practices in ensuring equitable gender participation in the Project will be guaranteed.

9. Environment: N/A

10. Rates of return: N/A

11. Investment criteria: N.A.

12. Conditionality and sequencing: N/A

ANNEXES TO PROJECT FICHE

1. Logframe planning matrix
2. Implementation chart
3. Contracting and Disbursement schedule
4. Number of Health Insurance Companies & Hospitals
5. Timetable and specifications of all activities concerning establishment of NRC
6. Co-financing Method to be applied within project
## LOGFRAME PLANNING MATRIX FOR

### Project: Establishment of a Public Health Financial Management System

**Project number:** 2002/000-282.04.10  
**Contracting period expires:** 31/10/2004  
**Disbursement period expires:** 31/10/2005

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ability to take on the obligations of membership, including adherence to the aims of political economic and monetary union;</td>
<td>Acknowledgement by the European Commission.</td>
<td>EC Regular Report</td>
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</table>

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| To establish NRC by means of which the more effective use of funds of the public health insurance will be reached by introduction of modern forms of measuring efficiency and quality of health care, using standard DRG (diagnosis related groups) clinical classification and supported by the NRC. | Greater efficiency in the allocation of resources (finance, investment). Linking issues: health care needs, quality of care, costs of care in view of developments in medicine. Within 1 year since the introduction of the system. The anticipated saving of costs of acute bed care 5% p.a. Lowering of the dynamics of the costs increases for the provided healthcare by 50% as a minimum, by shortening the period of hospitalisation and by reduction of the number of acute beds. Within one year since the introduction of the DRG system and the establishment of NRC, a 10% shortening of the average period of hospitalisation and a reduction of the number of acute beds by 12% | System documentation  
System outputs  
Statistics report (national statistics)  
Annual reports of health insurance companies and providers of health care outputs of NRC  
Data processing methodology, data interface definition, project documentation (definition manual).  
User documentation, validation protocols on data processing.  
Outputs - user application | Risk of non-uniform data outputs - will be resolved by a methodology to define the data interface, and by user training.  
User training risk (speed of training) - creation of an effective training system.  
Risk of partial negative reactions to introducing the system - effective publicity. Of providers of healthcare, which do not find it convenient to make objective the payments for the provided healthcare. |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| • NRC trainers team built;  
• users of DRG grouper trained. | Qualified NRC staff in place until | Manuals, presentations and | Support of all the involved entities: healthcare facilities with beds, health insurance companies and the |
<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
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<tbody>
<tr>
<td>- NRC staff trained in the NRC responsibilities/roles/activities,</td>
<td>the end of 2003,</td>
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<tr>
<td>- DRG system implemented in CR,</td>
<td>HW / SW in place by the end of 2003:</td>
</tr>
<tr>
<td>- NRC established and working with information system with a filled reference database of clinical cases from the Czech Republic,</td>
<td>- 1 powerful server</td>
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<tr>
<td></td>
<td>- 1 server printer</td>
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<tr>
<td></td>
<td>- 20 PC</td>
</tr>
<tr>
<td></td>
<td>- 12 printers</td>
</tr>
<tr>
<td>- A national version of the DRG grouper adjusted to Czech conditions.</td>
<td>Networking SW in place by the end of 2003:</td>
</tr>
<tr>
<td></td>
<td>- application -</td>
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<td>- Grouper DRG,</td>
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<td>- reference database and a system of its processing</td>
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<td>- management system overlay</td>
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<td>- communication modules for data exports and imports</td>
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<td>- system</td>
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<td>- continuous quality improvement (Cost drivers analysis, Performance measurement system)</td>
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<td></td>
<td>Training documents</td>
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<td>Study stay reports</td>
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<td></td>
<td>- annual reports and insurance plans of health insurance companies, national statistics</td>
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<td></td>
<td>- media</td>
</tr>
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<td>- project reports</td>
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**Assumptions**

Ministry of Health

Ensuring HW and SW by a tender

The following subjects will participate in the tender (at the same time these subjects will be users of the system):

- Ministry of Health (MoH)
- Health insurance companies (HIC)
- Health care institutions (HCI)

The subjects will participate in the project in the following areas:

- Financing (MoH 1.200 M €, HIC+HCF 0.700 M €)
  - financial participation of HIC+HCF is expected in the period after the implementation of the system in routine operation; the funds will be used to cover operational costs
  - the proportions of financial contributions will be calculated on the basis of following parameters:
    - HIC: numbers of insured persons
    - HCF: numbers of beds

- Providing of expertise in the following areas:
  - tender specifications
  - DRG system selection
  - consultancy
  - training and methodology

Currently the representatives of HCI and HIC participate in a coordination group – DRG top steering group – which cooperates with MoH in the areas of NRC project.

Hiring of appropriate specialists and their training
1. Twinning:
   One PAA for 12 months:
   an expert to be located at the Ministry of Health, Dept. of health insurance
   (experience of functioning of NRC and implementation of the chosen
   DRG system required);
   4 STEs,
   Seminars, consultancy, study tours

2. Phare Supply Contract:
   supply of IT equipment (HW + SW ),
   including licence fees for the DRG
   grouper selected through an
   international tender
   - HW- 0.200M €
   - SW – 0.300 M €

- S.C. to be set up (representatives of MoH,
  HIC and HCI)
- Activities of the MoH in support of the
  establishment of the NRC (not planned under the
  Phare project) to be realized, e.g. the tender
  entitled "Development and test operation of
  diagnostic groups classification system in the
  Czech Republic". Tender specifications were
  published in Commercial Bulletin No. 41/01 on 10
  October 2001. The aim of the tender is to develop
  an open classification DRG system. A
  precondition for the fulfilment of the aim is to
  obtain appropriate know-how of DRG system and
  further development of the system under the
  conditions of the Czech Republic. This also
  includes an acquisition of appropriate data
  potential, which is necessary for the cultivation
  of the system. On the basis of the tender a
  development group will be selected until the end
  of 2001. This group will support the essential
  functions of NRC:
  - selection and development of DRG system
  - development and updating of reference
    database
  - cultivation of the system
  - other activities (distribution of the system,
    training, methodology, etc.)

The deadline for the above-mentioned tasks is the end
of 2003. By that time the test operation will be
finalized and the start of routine operation will be
prepared.
- Calculation of scores for individual medical
  procedures
- Creation of a list of critical medical procedures
- Elaboration of the methodology of data
  collection
- Calculation of base rate, validation of results
**Preconditions.**

Legislative support:

- The government has accepted DRG as a possible method of reimbursement in the Government Regulation No. 487/2000 for the payments of health care during 1st half of 2001. During the following period this method of payment for hospital care is covered by respective Decrees.
- The establishment of NRC was considered at the meeting of MoH senior officials. It was agreed that the subject matter of the law on NRC establishment will be included in the legislative plan for 2002.

Similar systems on DRG basis have been implemented in many EU member states (Austria, Germany, Belgium, Denmark, Finland, UK, France, Ireland, Spain, Sweden), and currently also Hungary and Poland.

<table>
<thead>
<tr>
<th>Stages / activities in connection with NRC establishment</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introductory study and IS NRC global proposal</td>
<td>MoH</td>
</tr>
<tr>
<td>Staffing and basic technology equipment for NRC</td>
<td>MoH</td>
</tr>
<tr>
<td>Creating a reference database</td>
<td>MoH</td>
</tr>
<tr>
<td>Defining data inputs</td>
<td>MoH</td>
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<tr>
<td>Organising an international tender for the DRG</td>
<td>MoH</td>
</tr>
<tr>
<td>Purchasing the DRG grouper multi-licence and support services</td>
<td>PHARE</td>
</tr>
<tr>
<td>Securing the HW and SW required to ensure the full range of NRC activity</td>
<td>PHARE</td>
</tr>
<tr>
<td>Development work</td>
<td>MoH</td>
</tr>
<tr>
<td>Training, methodology support, consultations, study stays</td>
<td>PHARE</td>
</tr>
<tr>
<td>Evaluation of DRG outputs</td>
<td>MoH</td>
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</tbody>
</table>

**Abbreviations:**
- **NRC** - National Reference Centre
- **DRG** - Diagnosis Related Group
- **MoH** - Ministry of Health
- **HIC** - Health insurance companies
- **HCF** - Healthcare facilities with beds
### IMPLEMENTATION CHART

<table>
<thead>
<tr>
<th>Action</th>
<th>Year 2002</th>
<th>Year 2003</th>
<th>Year 2004</th>
<th>Year 2005</th>
<th>Year 2006</th>
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<tr>
<td>Twinning covenant elaborated</td>
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<td>Approval by EC</td>
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<td>Start of project activity</td>
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<td>Project Completion</td>
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**CONTRACTING AND DISBURSEMENT SCHEDULE BY QUARTER FOR FULL DURATION OF PROGRAMME**

### Cumulative Quarterly Contracting Schedule (mil.€)

<table>
<thead>
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<th>Project</th>
<th>1Q/02</th>
<th>1Q/02</th>
<th>3Q/02</th>
<th>4Q/02</th>
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<th>4Q/03</th>
<th>1Q/04</th>
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<th>4Q/04</th>
<th>1Q/05</th>
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<th>3Q/05</th>
<th>4Q/05</th>
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</table>

### Cumulative Quarterly Disbursement Schedule (mil.€)

<table>
<thead>
<tr>
<th>Project</th>
<th>1Q/02</th>
<th>1Q/02</th>
<th>3Q/02</th>
<th>4Q/02</th>
<th>1Q/03</th>
<th>2Q/03</th>
<th>3Q/03</th>
<th>4Q/03</th>
<th>1Q/04</th>
<th>2Q/04</th>
<th>3Q/04</th>
<th>4Q/04</th>
<th>1Q/05</th>
<th>2Q/05</th>
<th>3Q/05</th>
<th>4Q/05</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of a Public Health Management System</td>
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<td></td>
<td>0,300</td>
<td>0,450</td>
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<td>0,500</td>
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<td>0,500</td>
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</tbody>
</table>
### Number of Health Insurance Companies & Hospitals

<table>
<thead>
<tr>
<th>Number of health insurance companies (2001)</th>
<th>Number of insures *</th>
<th>Hospitals (incl. outpatient wards)</th>
<th>211</th>
<th>67 457</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Insurance Company (VZP)</td>
<td>7 100 000</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>OZP</td>
<td>409 000</td>
<td>Hospitals (incl. outpatient wards) – non-public sector</td>
<td>98</td>
<td>13 395</td>
</tr>
<tr>
<td>VoZP</td>
<td>555 000</td>
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<tr>
<td>HZP</td>
<td>310 000</td>
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<tr>
<td>ZPŠ</td>
<td>115 500</td>
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<tr>
<td>ZP MVČR</td>
<td>856 600</td>
<td></td>
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<tr>
<td>RBP</td>
<td>267 500</td>
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<tr>
<td>M-A</td>
<td>240 000</td>
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<tr>
<td>ČNZP</td>
<td>320 000</td>
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</tbody>
</table>

* (2001 prediction)
Annex 5

Timetable and specifications of all activities concerning establishment of NRC
(financed from the Czech and EU resources)

<table>
<thead>
<tr>
<th>Period *</th>
<th>Conducted activities specification</th>
</tr>
</thead>
</table>
| September October November 2001 | - Specifying the terms of reference for declaring a DRG Open System Provision Tender, pursuant to current legislation, announcing the Tender in Business Bulletin  
- Passing information on the Tender Declaration to the Government Council for Research & Development for assessment  
- Specification of terms & passing data on the Tender to National Register of Projects funded from the National Budget  
- Processing all Tender bids  
- The basic technical support (HW+SW) - **co financing (0.26MEUR)** |
| November December 2001 | - Tender evaluation, including the option of Appeals to be provided for in the timetable  
- Final Stage of the Declared Programme, drawing up of a contract, signing |
| January February March 2002 | - Tender execution  
- Common Project coordination, launching activities |
| April - December 2002 | - technological NRC support, organizational, operational & technical NRC support  
- economic evaluation of partial investment processes  
- acquisition of licences, purchasing HW & system SW (Phare)  
- implementing algorithms, know how  
- reference normal & other documentation  
- application SW development  
- twinning (Phare) |

<table>
<thead>
<tr>
<th>Financial assessment (€3 mil. EURO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.600 M € (to be financed by Czech side)</td>
</tr>
<tr>
<td>0.200 M € (to be financed by Czech side)</td>
</tr>
<tr>
<td>0.800 M € (0.7M€ to be financed by Phare, 0.1M€ to be financed by Czech side)</td>
</tr>
<tr>
<td>Period</td>
</tr>
<tr>
<td>------------------------</td>
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<tr>
<td>January - June 2003</td>
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<td>July - December 2003</td>
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<td>January - September 2004</td>
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</tbody>
</table>

*Timetable and specification of partial activities will be analysed, fine-tuned & developed during the course of the Project, in line with the factual position. All activities will be regularly updated (elimination, consolidation or definition of new tasks).
Co-Financing Method to Be Applied within project to the Other Partners

Both health insurance companies and health-care facilities will be co-users of the DRG Qualification System, therefore being financially co-responsible for the NRC operation. Financial contribution of individual partners will be set by using a pre-defined calculation model (ratio). In calculating the pre-distribution model, the following factors will be considered:

a) Number of clients of individual health insurance companies
b) Number of acute beds in individual health-care facilities

The size of financial contribution will be set on the grounds of the current condition in the Public Health Insurance System – see table 1. On the brink of the DRG implementation, the re-distribution ratio will be analysed and readjusted in compliance with actual needs and conditions (numbers of partners, numbers of insurees as well as acute beds on the envisaged date of the DRG launch).