

## Abstract

Expenses on inpatient care form the largest share of Czech health expenditure, which raises concerns about its efficiency. Efficiency improvement belonged to one of the motivations for the implementation of reimbursement mechanism based on diagnosis-related groups, under which hospitals are paid a fixed amount per hospital case. This thesis contributes to the existing literature on DRG by assessing the changes in efficiency of inpatient care under DRG in the Czech Republic, focusing on the length of stay as a measure of resource utilization as well as an indicator of hospital efficiency. Furthermore, it contributes to this topic by using a unique and relatively large dataset containing patient-level information from 15 Czech hospitals over 2015-2019.

Employing models for count data, we observe the downward trend in length of stay over the examined period. This finding is in line with the intended effect of DRG. Moreover, the estimated result is robust when considering different subsamples – based on hospital size (large and medium-sized) or severity level of a patient. The only group where the decline in length of stay was not estimated were the most severely ill patients with major complications and comorbidities. Measured by the standard deviation of length of stay, the process of standardization of healthcare provision has also been observed. The results indicate enhanced hospital efficiency in terms of inpatient care when operating under DRG, which implies that hospitals can treat more patients using the same capacity.