

The Future of Bundled Payments

Darcie Hurteau

Director, Informatics

DataGen, a HANYS Solutions Company

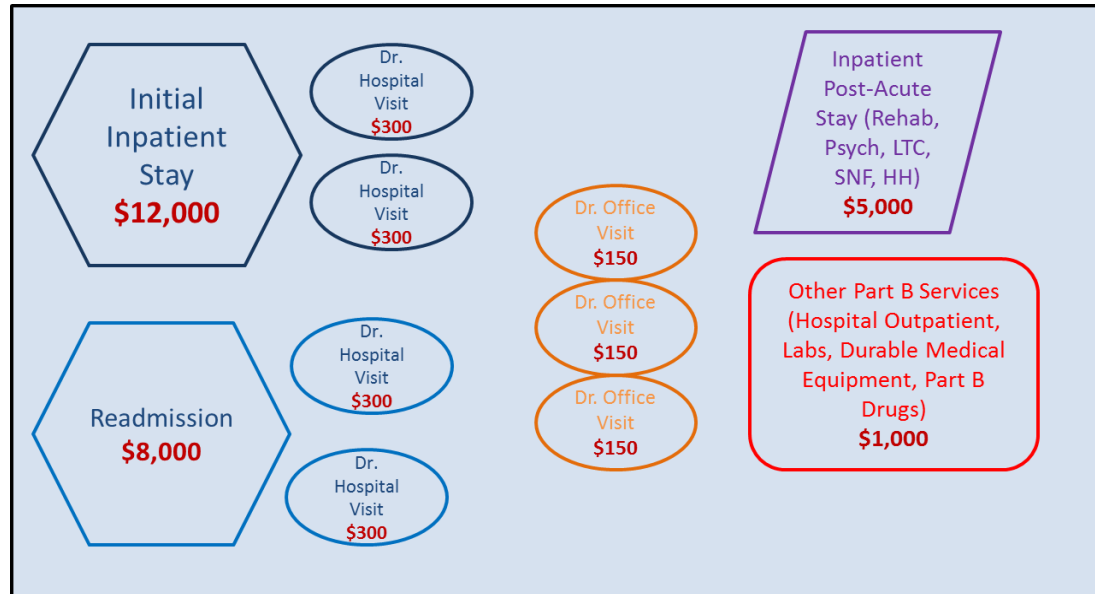
dhurteau@hanys.org



June 28, 2017



Bundled Payments for Episodes of Care



Average of Baseline Period: \$27,650

Discount factor to incentive/ensure savings: 3%

Target: $\$27,650 - 3\% = \$26,821$

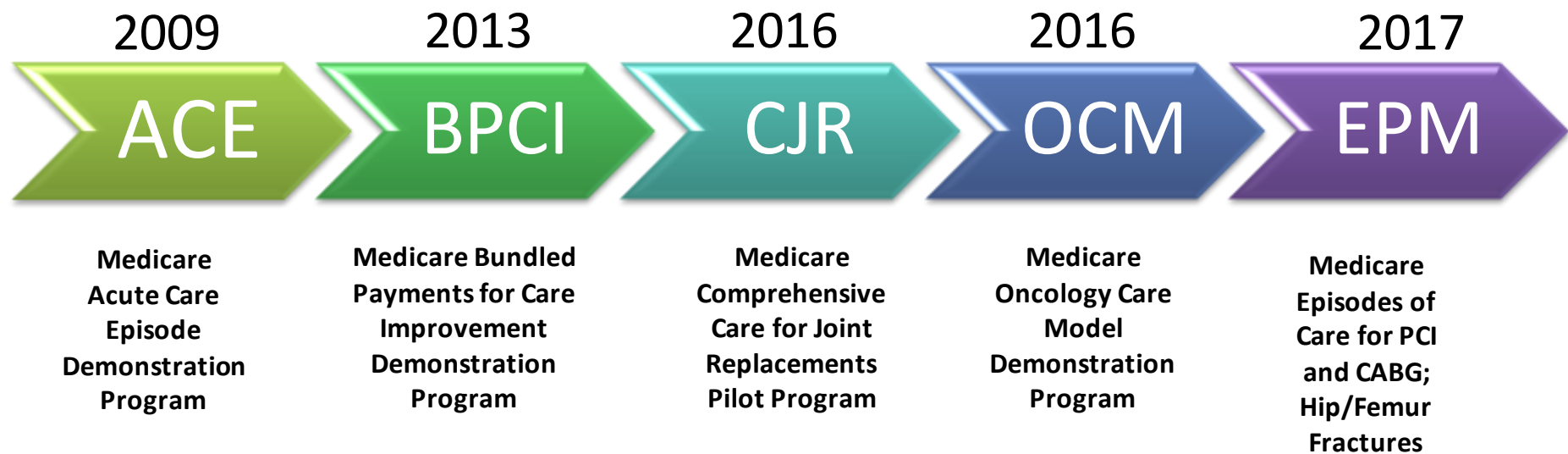
A single target price for the full spectrum of services

Reconciliation

DRG	Performance Period Episode Count (a)	Performance Period Episode Target \$ (b)	Total Performance Target \$ (a*b)	Total Actual Performance \$ (c)	Reconciliation Amount \$ ([a*b]-c)
470 w/o fracture	100	\$24,000	\$2,400,000	\$2,200,000	\$200,000
469 w/o fracture	10	\$40,000	\$400,000	\$550,000	-\$150,000
Hospital A Total	110	\$24,455	\$2,800,000	\$2,750,000	\$50,000

- First reconciliation will take place 3 months after the end of the first performance year.
- First reconciliation will be revised 12 months later to ensure all claims run-out is captured
- Same process for years 2 through 5

The Evolution of Medicare Bundled Payment



What's Happening

BPCI

- 2 year extension, possibility of 2.0 (MACRA)
- “Education cycle” (staff change, evolving understanding, changing rules)

CJR

- Hospitals only
- Mandated nature driving change in BPCI
- Precedence issues
- EPM rule add remaining hip/femur fractures

OCM

- Physician practices only
- Risk stratification critical

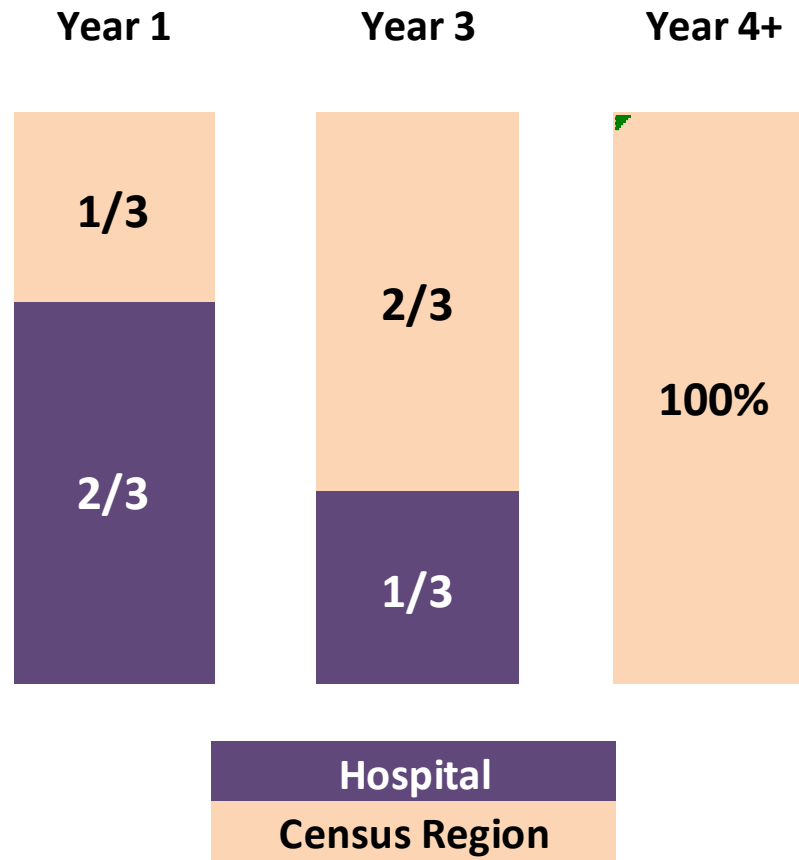
CAD

- Hospitals only
- Gainshare with physicians can count as Advanced APM for MIPS

CJR Changes over time

Program Year	Risk Level	Target Price (hospital-specific /regional split)	Discount Range for Calculating Reconciliation	Discount Range for Calculating Repayment	Stop-Gain/ Stop-Loss	Reconciliation (2x/program year for reconciliation payments and repayments)
2016	Upside Only	2/3 hospital 1/3 regional	1.5% - 3.0% *	N/A *	Stop-gain: 5%	2Q 2017 2Q 2018
2017	Two-Sided	2/3 hospital 1/3 regional	1.5% - 3.0% *	0.5% - 2.0% *	Stop-gain: 5% Stop-loss: 5%	2Q 2018 2Q 2019
2018	Two-Sided	1/3 hospital 2/3 regional	1.5% - 3.0% *	0.5% - 2.0% *	10% for both	2Q 2019 2Q 2020
2019	Two-Sided	100% regional	1.5% - 3.0% *	1.5% - 3.0% *	20% for both	2Q 2020 2Q 2021
2020	Two-Sided	100% regional	1.5% - 3.0% *	1.5% - 3.0% *	20% for both	2Q 2021 2Q 2022

What's in the baseline?



CJR

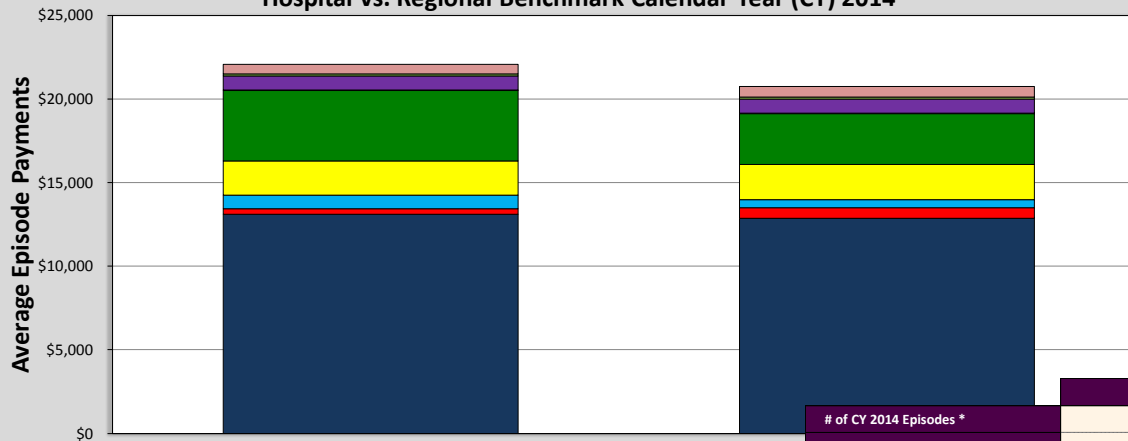
67 Mandatory MSAs

Analysis of Medicare Comprehensive Care for Joint Replacement (CJR) Episodes Anywhere Medical Center

Located in a Mandatory Metropolitan Statistical Area (MSA)

DRG 470: Major Joint Replacement or Reattachment of Lower Extremity w/o MCC
Without Hip Fracture (869 total episodes)

Hospital vs. Regional Benchmark Calendar Year (CY) 2014



Anywhere Medical Center

- Anchor Admission
- Home Health
- Hospice
- Acute Transfer
- SNF
- Physician Office
- Readmission
- Long-Term Care Hospital
- DME

# of CY 2014 Episodes *	Anywhere Medical Center				South Atlantic			
	900				68,842			
Average CY 2014 Total Payment	\$22,063				\$20,745			
Episode Component/Service Type	Average Number of Claims per Episode	Average Payment Per Claim	Average Payment per Episode	% of Average Episode Payment	Average Number of Claims per Episode	Average Payment Per Claim	Average Payment per Episode	% of Average Episode Payment
Anchor Admission	1.0	\$13,121	\$13,121	59%	1.0	\$12,864	\$12,864	62%
Acute Transfer	0.0	\$0	\$0	0%	0.0	\$10,761	\$4	0%
Readmission	0.0	\$6,178	\$305	1%	0.1	\$7,165	\$627	3%
Inpatient Rehabilitation	0.1	\$11,134	\$813	4%	0.0	\$11,908	\$492	2%
Home Health	0.8	\$2,634	\$2,052	9%	0.8	\$2,691	\$2,085	10%
SNF	0.7	\$5,668	\$4,226	19%	0.6	\$5,269	\$3,055	15%
Long-Term Care Hospital	0.0	\$0	\$0	0%	0.0	\$28,658	\$23	0%
Inpatient Psychiatric	0.0	\$5,040	\$10	0%	0.0	\$6,641	\$11	0%
Hospice	0.0	\$0	\$0	0%	0.0	\$2,435	\$2	0%
Physician Office	2.3	\$382	\$863	4%	2.6	\$318	\$836	4%
Durable Medical Equipment	1.1	\$118	\$124	1%	1.0	\$126	\$130	1%
Outpatient	2.2	\$246	\$550	2%	2.2	\$277	\$617	3%

Cardiac Bundles

98 Mandatory MSAs

- AMI, PCI, and CABG DRGs
 - Hip Fracture DRGs added to CJR
- Start date maintained as July 1, 2017
 - Upside only for 2017
 - Voluntary downside risk in 2018
- Target assignment very complicated
- 30 Different Target “cells”

Quality Performance Incentives

Quality Category	Composite Quality Score	Eligible for <u>Reconciliation Payments</u>	Eligible for <u>Quality Incentive Payment</u> *	Discount for Calculating <u>Reconciliation</u> (all program years)	Discount for Calculating <u>Repayment</u> (Years 2 & 3)	Discount for Calculating <u>Repayment</u> (Years 4 & 5)
Below Acceptable	<4.0	No	No	N/A	2.0%	3.0%
Acceptable	≥ 4.0 and < 6.0	Yes	No	3.0%	2.0%	3.0%
Good	≥ 6.0 and ≤ 13.2	Yes	Yes	2.0%	1.0%	2.0%
Excellent	> 13.2	Yes	Yes	1.5%	0.5%	1.5%

Rank vs. Achievement of a Threshold

What should you be doing right now?

- Assemble the Team
- Look at the data to determine your risks/opportunities
- Start talking about strategies

The Team

Analysts

Know what's there

Don't know why it's there

Can't do anything about it

Physicians

Think they know what's there

Usually understand why it's there

Can make things happen within their domain

Finance/Operations

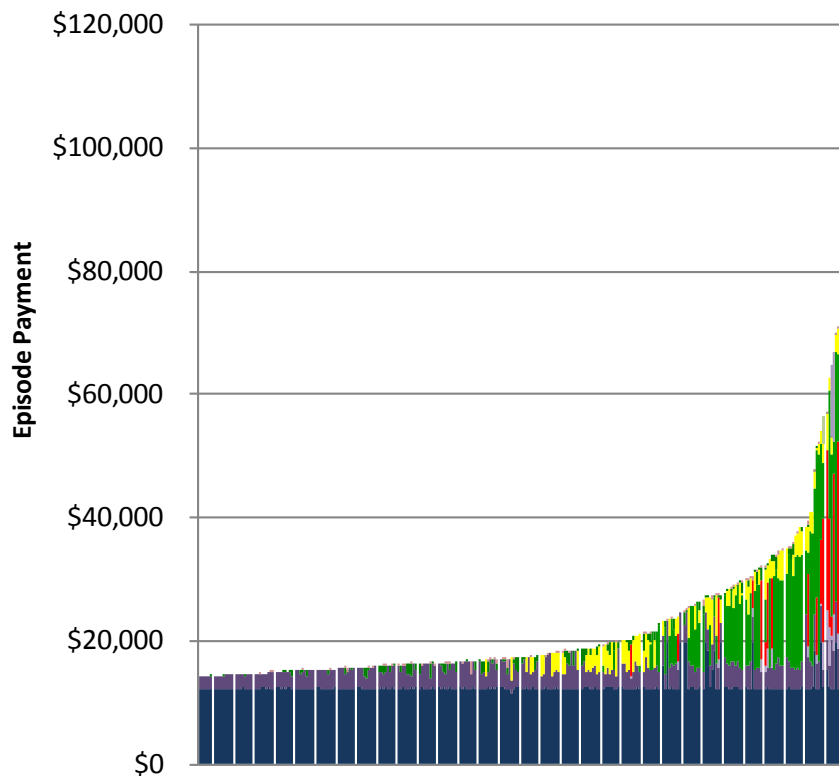
Don't know what's there

Can make things happen throughout care continuum

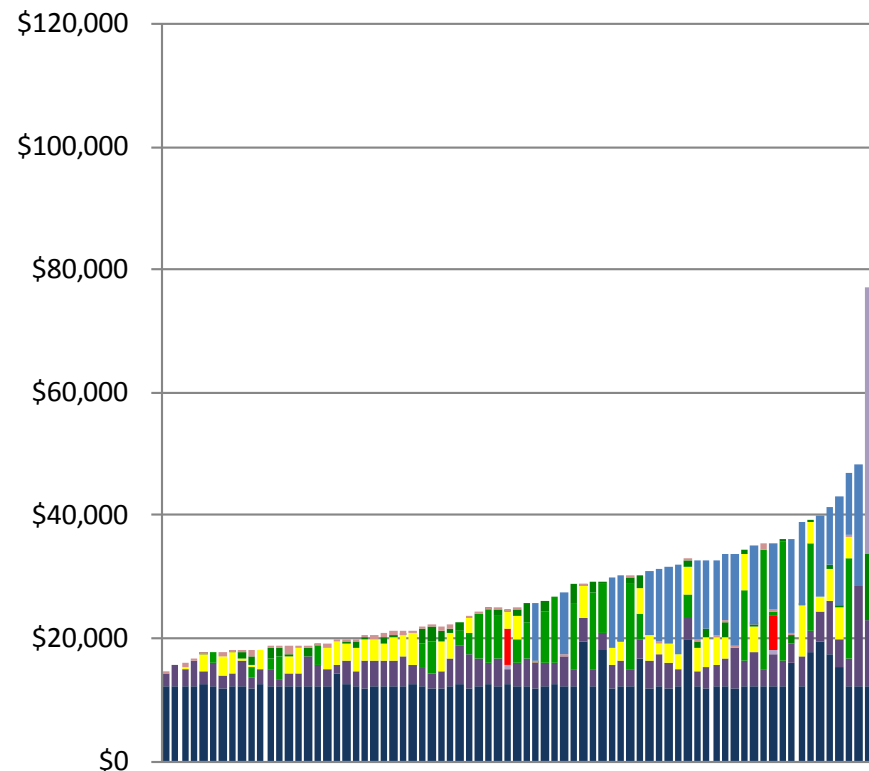
Look at the data

Overall Patterns

Low Institutional PAC Use



High Institutional PAC Use



■ Index Admit ■ Professional ■ Readmission_Professional ■ Readmission ■ SNF ■ HHA ■ Outpatient ■ DME ■ IP Rehab ■ LTC

Post-Acute Networks

Total Number of Episodes:		51				
	Total Episode Count	Total Provider Payment	Average Prorated Payments	ALOS Per Episode	Total Direct Readmissions	Direct Readmit Rate
SNF	26	\$449,022	\$17,270	36	7	27%
Nathan Willman SNF	15	\$256,901	\$17,127	38	3	20%
Zachary Brainard Hospital	4	\$61,414	\$15,353	31	0	0%
Krystal Gasnik SNF	2	\$20,919	\$10,459	19	0	0%
Cortny Kneefel SNF	2	\$46,558	\$23,279	44	1	50%
Mikkel Serocki SNF	1	\$485	\$485	1	1	100%
Catherine Budisavljevic SNF	1	\$32,746	\$32,746	62	2	200%
Brian Gough Hospital	1	\$10,175	\$10,175	18	0	0%
Jesse Palmer SNF	1	\$19,824	\$19,824	35	0	0%
Grand Total	26	\$449,022	\$17,270	36	7	27%

- Where are you sending patients
- How do they get there
- Performance comparison

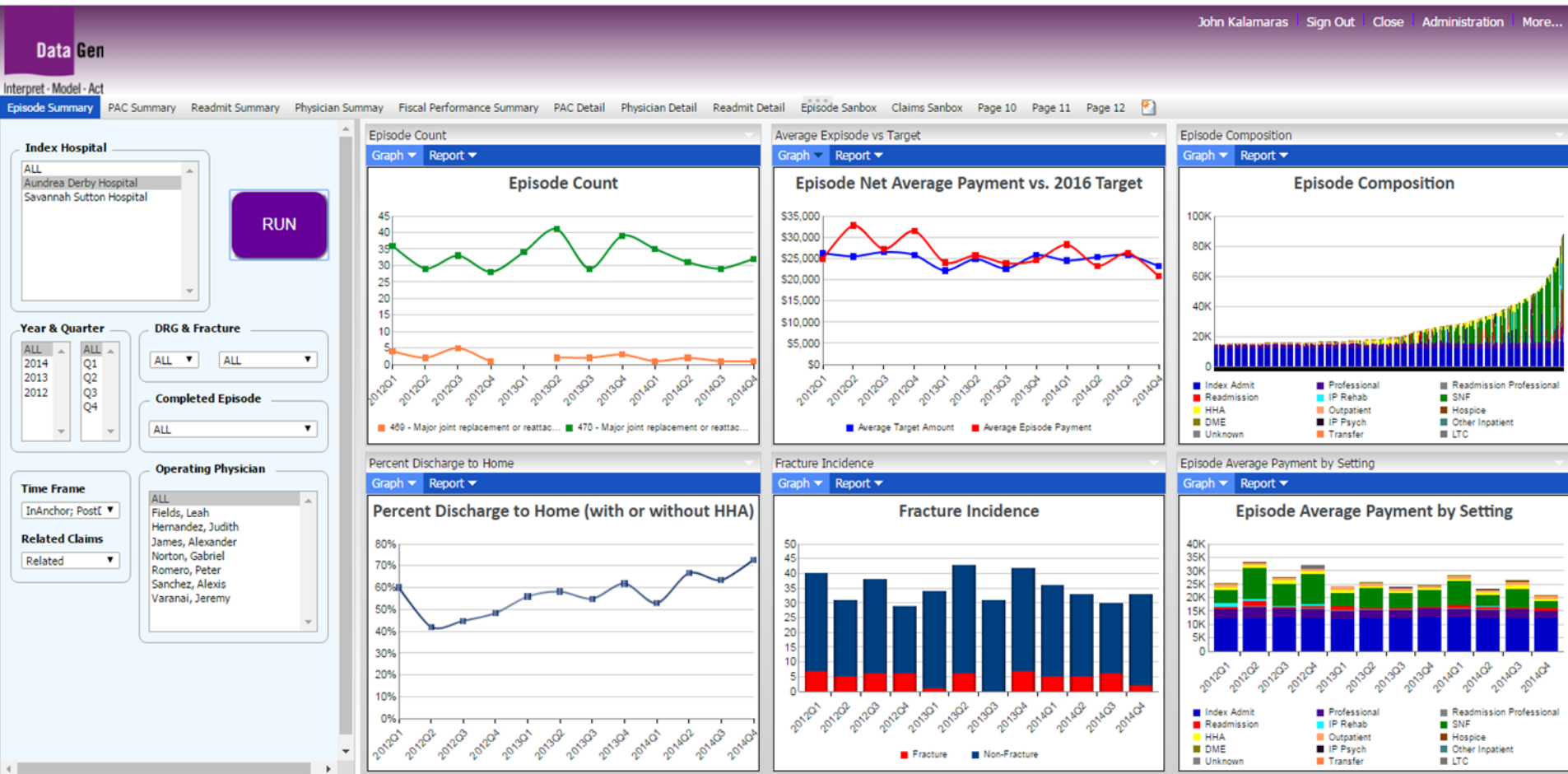
Detail by Surgeon

Physician/DRG/Fracture Status/First PAC Setting	Episode Count	Avg Completed Pmt Per Episode	2016 Episode Target Amount	Average Payment to 2016 Target	KPI Compared to Target	Percent of Episodes With At Least One Readmission
BARRETT, MATTHEW	138	\$21,436	\$19,838	(\$1,598)		7 %
469 - Major joint replacement or reattachment of lower extremity w MCC	3	\$34,587	\$33,081	(\$1,506)		
Not Fracture	3	\$34,587	\$33,081	(\$1,506)		
SNF	2	\$40,361	\$33,081	(\$7,280)		
Self-Care	1	\$23,038	\$33,081	\$10,044		
470 - Major joint replacement or reattachment of lower extremity w/o MCC	135	\$21,144	\$19,543	(\$1,600)		7 %
Fracture	4	\$27,323	\$35,181	\$7,858		
SNF	2	\$35,110	\$35,181	\$71		
HHA	2	\$19,536	\$35,181	\$15,645		
Not Fracture	131	\$20,955	\$19,066	(\$1,889)		8 %
Self-Care	65	\$17,295	\$19,066	\$1,771		8 %
SNF	39	\$27,642	\$19,066	(\$8,576)		8 %
HHA	27	\$20,108	\$19,066	(\$1,042)		7 %
JORDAN, MICHAEL	26	\$24,450	\$22,165	(\$2,285)		8 %
470 - Major joint replacement or reattachment of lower extremity w/o MCC	26	\$24,450	\$22,165	(\$2,285)		8 %
Fracture	5	\$35,403	\$35,181	(\$222)		
SNF	3	\$28,827	\$35,181	\$6,354		
IP Rehab	2	\$45,267	\$35,181	(\$10,086)		
Not Fracture	21	\$21,842	\$19,066	(\$2,776)		10 %
Self-Care	8	\$15,976	\$19,066	\$3,090		13 %
SNF	7	\$29,958	\$19,066	(\$10,892)		14 %
HHA	6	\$20,195	\$19,066	(\$1,129)		
MCKISSICK, RUSSELL	19	\$25,583	\$22,459	(\$3,124)		
470 - Major joint replacement or reattachment of lower extremity w/o MCC	19	\$25,583	\$22,459	(\$3,124)		
Fracture	4	\$40,262	\$35,181	(\$5,081)		
SNF	2	\$31,980	\$35,181	\$3,201		
IP Rehab	1	\$67,906	\$35,181	(\$32,725)		
Self-Care	1	\$29,184	\$35,181	\$5,998		
Not Fracture	15	\$21,668	\$19,066	(\$2,602)		
SNF	6	\$26,308	\$19,066	(\$7,242)		
HHA	5	\$20,627	\$19,066	(\$1,561)		
Self-Care	4	\$16,010	\$19,066	\$3,056		

Real-time management vs. Strategy Review

- Real-time management
 - Identify at scheduling
 - Coordinate with discharge planners
 - Monitor patient progress through 90 days
- Strategy Review
 - What was my strategy?
 - Did I follow it?
 - Did it have the expected impact?

Performance Monitoring



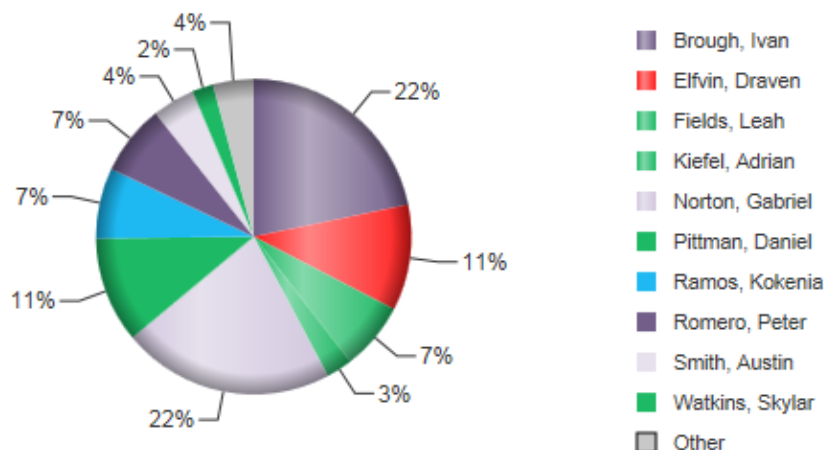
Performance Monitoring

Physician Detail

	▼ Fracture	▼ First PAC	▼ Episode Count	▼ Average Episode Payment	▼ Average Target Amount	▼ Variance To Target	Percent of Episodes w/ At Least 1 Readmission
Major joint replacement or reattachment of lower extremity w MCC	Non-Fracture	HHA	3	\$30,128.36	\$37,431.00	\$21,907.92	%
		IP_Rehab	2	\$62,364.80	\$37,431.00	(\$49,867.61)	%
		Readmission	1	\$39,437.89	\$37,431.00	(\$2,006.89)	%
		SNF	4	\$37,074.56	\$37,431.00	\$1,425.75	%
Major joint replacement or reattachment of lower extremity w/o MCC	Fracture	HHA	3	\$19,217.71	\$39,807.00	\$61,767.88	%
		Hospice	1	\$28,058.81			%
		IP_Rehab	1	\$34,391.82			%

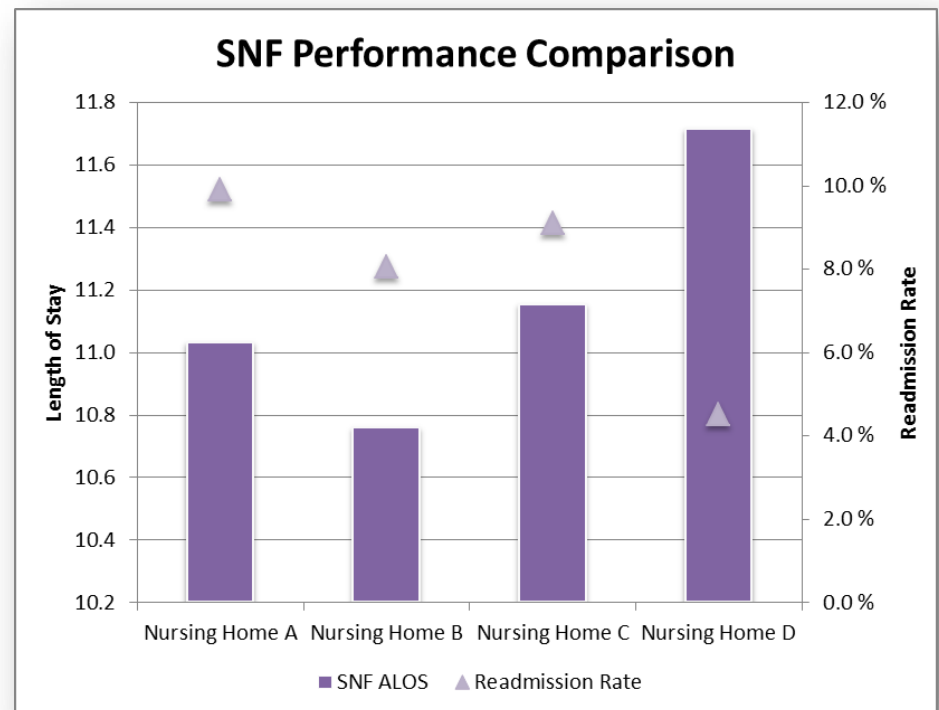
Percent of Episodes w/ At Least 1 Readmission BY Operating Physician

Operating Physician	Percent of Episodes w/ At Least 1 Readmission
Brough, Ivan	22%
Elfvin, Draven	7%
Fields, Leah	4%
Kiefel, Adrian	4%
(Unlabeled)	7%
(Unlabeled)	7%



How Does DataGen Help Providers Prepare?

- Hospitals and Physicians
 - Care patterns
 - Performance of downstream providers
- Post-Acute Providers
 - Referring hospitals
 - Market share
 - Growth opportunities
 - Revenue loss risk
 - Value statement
 - Average payments
 - Readmission rates





Data Gen

Interpret • Model • Act