Development of a CMS Bundled Payment Program

First Illinois Chapter HFMA
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Presented by:

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Presentation Objectives

- Provide a summary of the CMS bundled payment program;
- Provide an illustration of the total costs of care and why “episodic treatment costs” is likely a wave of future initiatives to reduce health care costs;
- Provide a summary of one way a local physician practice is redesigning care to help it achieve savings under the CMS bundled payment program
The Illinois Bone and Joint Institute (IBJI) will go-live with the CMS Bundled Payment program, Model 3, effective January 1, 2014 for major joint replacement (DRGs 469 and 470).

This presentation will provide a summary of the CMS bundled payment program, how IBJI reviewed historical data cost data and how/why IBJI designed its program in an attempt to lower associated costs, improve care and overall patient satisfaction.
Program Outline

- Bundled Payment Program Overview
- Why IBJI elected to pursue this program
  - Learn about the total costs of care
  - Assumption of risk may offset a declining unit price environment
  - Enhance VALUE to purchasers of care
  - Retain musculoskeletal excellence
- IBJI elected to pursue Model 3 – Post-acute care services only
  - IBJI’s position among many major health systems
  - IBJI surgeons are already very connected with many systems cost reduction initiatives related to the inpatient stay
  - Note: Model 2 has distinct advantage for health systems – gain sharing with surgeons related to internal cost reductions
- Post Acute Care costs related to major joint replacement – Summary
- Review of IBJI’s Care Redesign Program Summary
Spiraling costs have led the Center for Medicare and Medicaid Innovation (CMMI) to propose various payment reforms, including:

- ACOs
- Patient Centered Medical Homes
- Bundled Payments for Care Improvement Initiative (BPCII)
Bundled Payment Overview

The “Bundled” payment combines payment for physician, hospital and other provider services into a single payment.

- Creates incentives for providers to deliver care more effectively through care coordination
- Providers may be jointly accountable and may realize a gain or loss based on how they manage resources
- Armed with information on historical costs, an organizations can begin to determine true value and/or emerging strategic issues
- It is a form of Episodes of Care Groupers or ETG’s
## Bundled Payment CMS Overview

<table>
<thead>
<tr>
<th>Payments of Bundle</th>
<th>Acute Care Hospital Stay Only</th>
<th>Acute Care Hospital Stay plus Post-Acute Care</th>
<th>Post-Acute Care Only</th>
<th>Chronic Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Retrospective&quot;</td>
<td>Model #1 Inpatient only All MS-DRGs</td>
<td>Model #2 Inpatient, physicians and post acute providers</td>
<td></td>
<td>Model #7</td>
</tr>
<tr>
<td>(Traditional FFS payment with reconciliation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Prospective&quot;</td>
<td>Model #4 Hospital and physicians for acute and hospital stay only. Includes Readmission</td>
<td></td>
<td>Model #5</td>
<td>Model #8</td>
</tr>
<tr>
<td>(Single prospective payment for an episode)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Medicare provided historical claim data for Models 2-4*

- Current = 
- Future =
<table>
<thead>
<tr>
<th>Medical Specialties</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical Therapists</td>
<td>111</td>
</tr>
<tr>
<td>Orthopaedic Surgeons</td>
<td>72</td>
</tr>
<tr>
<td>MidLevels</td>
<td>43</td>
</tr>
<tr>
<td>Radiologists</td>
<td>28</td>
</tr>
<tr>
<td>Occupational Therapists</td>
<td>23</td>
</tr>
<tr>
<td>Rheumatologists</td>
<td>9</td>
</tr>
<tr>
<td>Pain Mgmt - Anesthesiology</td>
<td>8</td>
</tr>
<tr>
<td>Podiatrists</td>
<td>3</td>
</tr>
<tr>
<td>Cardio-vascular thoracic</td>
<td>1</td>
</tr>
<tr>
<td>Physiatrist</td>
<td>1</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>1</td>
</tr>
<tr>
<td><strong>Office Locations</strong></td>
<td>39</td>
</tr>
</tbody>
</table>
CMS utilizes MS-DRGs to define the program. DRGs 469 and 470 define Major Joint Replacement. Physician data utilizes CPT-4 coding and these DRGs correspond to hip replacement (CPT 27130) and knee replacement (CPT 27447). Note: There are other services included.

CMS has also defined a list of excluded DRGs and ICD-9 codes for patients that develop complications UNRELATED to the joint replacement.

CMS provides 3 years of historical data reflecting a practice’s major joint replacement patients.

Since this is Model 3, the data includes all post acute care cost/utilization data only.

The defined Episode of Care is 90 days from the initiation of skilled nursing facility, home health, inpatient rehab or long-term care facility services (There were options for 30 or 60 days).
CMS Bundled Payment Program (cont’d)

- Based on this data, CMS develops a historical price on a per patient basis.
- CMS contractually takes a 3% savings for the CMS program (historical price less 3% savings = Target Price (For Model 2, CMS required a minimum 2% savings).
- CMS processes all claims at 100% of allowed charges for all providers.
- The organization assumes the risk that through its management of these patients, it can reduce the total costs of post acute care costs by greater than the 3% CMS discount.
- CMS will provide a quarterly reconciliation:
  - If the sum of individual patients claim costs are less than the Target Price, the organization retains 100% of this surplus.
  - If the sum of individual patients’ claim costs are greater than the Target Price, the organization owes CMS this difference.
- Patients have to be notified that the organization is participating in CMS’ Bundled Payment Program and patients retain 100% freedom to choose any provider.
- CMS has extensive operational and quality review requirements that must be maintained.
# IBJI Patient “Initiation” Summary

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNF Initiated Cases</td>
<td>81%</td>
</tr>
<tr>
<td>Home Health Initiated</td>
<td>17%</td>
</tr>
<tr>
<td>Inpatient Rehab</td>
<td>2%</td>
</tr>
<tr>
<td>LTCH</td>
<td>0%</td>
</tr>
<tr>
<td>Out of State</td>
<td>1%</td>
</tr>
<tr>
<td>Totals</td>
<td>100%</td>
</tr>
</tbody>
</table>
Services by “Episode Initiator”

**Skilled Nursing Cost**
- Inpatient/Readmit
- SNF
- Home health
- Hosp. outpatient
- Part B
- DME

**Home Health**
- Inpatient/Readmit
- SNF
- Home health
- Hosp. outpatient
- Part B
- DME

**Inpatient Rehab**
- Inpatient/Readmit
- SNF
- Home health
- Hosp. outpatient
- Part B
- DME
IBJI Platform Management Program

Development of the Care Continuum Platform and related content to monitor and manage patient care through the continuum (Utilizing Pinpoint Health):

• Pre-operative care tool to establish patient expectations and expected care pathways and related expenses (NOTE: all patients receive a customized care plan);
• Functional progression markers that illustrate care pathways;
• Transparent information through the care continuum that is available to the surgeon, patients and providers providing care;
• Dashboard tools for monitoring individual and overall program results;
• Ongoing enhancement of this platform of services/tools.
Development of downstream provider contracts and related materials including incentives/disincentives.

- Contracts that include all CMS requirements
  - B-Care tool requirements
  - Quality measurement requirements
- Development of Gainsharing models and related language, examples and communication materials
- Actual contracting with providers and the ongoing management of such contracts
IBJI Platform Management Program (cont’d)

CMS ongoing program reconciliations
  • Analyze monthly claim program costs
  • Reconcile quarterly CMS reconciliations to actual program performance
  • Other items as identified by CMS/program

Perform provider gain-sharing reconciliations
  • Distribute and/or collect gainsharing funds among the contracted providers
  • Identify specific providers to contract and/or terminate

Ongoing financial/accounting services of the program
Joint Replacement Post Acute Care

Summary Findings

- There has been no real data on choices, costs, outcomes and satisfaction
- Patients are not informed/educated about their care
  - Many patients appear to maximize benefits/convenience
- Surgeons/physicians do not coordinate care in a meaningful manner
- Providers tend to maximize reimbursement
- Rehab is overwhelmingly the critical touch-point for patients – about 80% of care provided
IBJI Bundled Payment Summary

- We’ve developed a platform based on actual data/costs and will track outcomes/results/satisfaction;
- Our platform is designed to educate, engage and keep patients/families informed while preserving patient choice;
- Surgeons/physicians will coordinate care across the continuum (we’ve created an additional level of infrastructure for patients/physicians to coordinate care);
- Providers will be rewarded on value and not just fee-for-service;
- Our model, particularly in the short-term, is focused on maximizing the effectiveness of rehab (functional progression);
- We intend on building on this platform for other Orthopaedic related conditions.
What is the primary obstacle?

Fee-for-Service Medicine
Solutions to the problem?

Common threads:
1. The Patient
2. Episode of Care
3. Rehabilitation Services
4. The Physician & his/her team
IBJI has selected Pinpoint Health as its Platform for Patient Engagement & Care Coordination

The Personal Care Experience Platform

The Personal Care Experience Platform is provided to facilitate ongoing communication between the physician/care team and the patient in settings other than the physician's office. The goal is to remain in contact with the patient between visits and to effectively monitor health status, assess risk, understand patient satisfaction and improve overall health status.

The Patient Interaction (PI) activities are based on a two-step process of defining a population and then interacting with that population. Populations may be defined based on:

1. Data elements from the database such as diagnoses, demographics, medications, lab results, etc. or
2. Defined by adding people manually to the population.

The next step is to identify the survey, reminder, or interaction you wish to use to interact with that population and then what actions, if any, to take based on the results.

Continue »
IBJI has Determined Roles & Responsibilities—Adding Functionality for each Role
Dynamic Evaluation (BMI)

Physical Assessment
Evaluation of current physical traits - range of motion, gait, and muscular testing. Total Points: 36

Weight: 284
Height: 65
BMI: 47.3

- Does the patient have a significant knee/hip contracture that could limit functional progression following surgery?
  - Yes
  - No

- Does the patient currently have an abnormal gait pattern?
  - Yes
  - No

Knee ROM

- Current active knee flexion
- Current active knee extension

Active Range of Motion (All fields not required)
Dynamic Evaluation (Fall Risk)

Berg Balance Score

**Score**

63

- Patient Information: 0/5
- Functionality: 8/21
  - Social: 5/5
  - Cognitive: 23/37
- Physical Assess.: 27/32

**Patient Information**

- Sitting to standing:
  - Able to stand without using hands and stabilize independently
  - Able to stand independently using hands
  - Able to stand using hands after several tries
  - Needs minimal aid to stand or stabilize
  - Needs moderate or maximal assist to stand

- Standing unsupported:
  - Able to stand safely 2 minutes
  - Able to stand 2 minutes with supervision
  - Able to stand 30 seconds unsupported
  - Needs several tries to stand 30 seconds unsupported
  - Unable to stand 30 seconds unsupported

- Sitting with back unsupported but feet supported on floor or on a stool:
  - Able to sit safely and securely for 2 minutes
  - Able to sit 2 minutes under supervision
  - Able to sit 30 seconds
Dynamic Evaluation (Pathway)
Dynamic Evaluation (Patient Engagement)
Patients Select Providers Based on Ratings and Proximity

### Patient's Providers
Please select from the list of preferred provider options for each phase of care.

#### Phase 1: Skilled Nursing

<table>
<thead>
<tr>
<th>Provider</th>
<th>Rating</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Hip Care Professionals</td>
<td>🌟🌟🌟🌟</td>
<td>1.2m</td>
</tr>
<tr>
<td>XYZ Hip &amp; Knee Care Medical</td>
<td>🌟🌟🌟🌟</td>
<td>1.8m</td>
</tr>
<tr>
<td>CBA General Care Professionals</td>
<td>🌟🌟🌟🌟</td>
<td>3.0m</td>
</tr>
<tr>
<td>I Care For You Medical</td>
<td>🌟🌟🌟🌟</td>
<td>5.6m</td>
</tr>
</tbody>
</table>

*Skilled Nursing near: 60610 (Change) | Patient will select location at a later time

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#### Phase 2: Home Health

You are viewing: Evaluation Specialist Role
Contracted Partner
## SNF: Manor Care of Elgin IL, LLC Admission Survey

### 1 Admission Information and Review

<table>
<thead>
<tr>
<th>Date of Admission</th>
<th>Anticipated Length of Stay as per MDS</th>
<th>Anticipated Rehab Minutes as per MDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/03/2013</td>
<td>8</td>
<td>450</td>
</tr>
</tbody>
</table>

Have you Reviewed / Downloaded OrthoSync® Care Plan*

- [ ] Yes
- [ ] No

Is there a variance between the OrthoSync® Care Plan and anticipated length of stay as per MDS?*

- [ ] Yes
- [ ] No

If different, why?

The patient fell in the hospital.

* [Download OrthoSync® Plan (PDF)](link)
Contracted Providers Will Receive Tools to Facilitate Patient Management
IBJI will Utilize a Dashboard to Manage the Population and Individual Patients Throughout the Episode
IBJI will use the Dashboard to Monitor Individual Providers
What is the possible solution?

Integrated, data-driven progression of episodes of care
Questions and Open Discussion

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