

BPCI Advanced – Potential Implications for Bundled Payments for Self-Insured Employers

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BPCI Advanced - Context/Background

- CMS started its first bundled payment demonstration in 1991 for CABG. Saved 10% in Medicare expenditures, but was not expanded.
- In 2009, CMS started the Acute Care Episode (ACE) demo for certain joint replacements. Included all hospital and physician services, as well as some post-acute care. Mixed results on cost savings: Medicare didn't save any money, but providers did. No changes in quality.
- CMS Innovation Center started BPCI in 2013. Voluntary program including 48 episodes; providers can choose up to 4.
- CMS Innovation Center started oncology bundled payment in 2016.
- In 2017, CMS cancelled a mandatory bundled payment program (Comprehensive Joint Replacement), signaling this administration's move toward voluntary delivery system reform programs.

BPCI Advanced - Context/Background

- The CMS Innovation Center recently announced a new voluntary episode payment model, Bundled Payments for Care Improvement Advanced (BPCI Advanced)
 - Will test a new iteration of bundled payments for 32 Clinical Episodes and
 - Aims to align incentives among participating health care providers for reducing expenditures and improving quality of care for Medicare beneficiaries.
- BPCI Advanced aims to encourage clinicians to redesign care delivery by:
 - Adopting best practices,
 - Reducing variation from standards of care, and
 - Providing a clinically appropriate level of services for patients throughout a Clinical Episode.
- This model has the potential to set the standard across the system for Bundled Payments going forward
 - Potential implications for coalitions and self-insured employers.

Remedy Partners at a Glance

Remedy Partners operates the nation's largest Bundled Payment Network

5,100

Unique physicians initiating episodes

1,210

Post-acute care sites to which physician groups discharge episodes (SNFs, HHAs, IRFs and LTCHs)

730

Hospitals in which our partners initiate episodes

410

Skilled nursing facilities initiating episodes

100

Physician groups initiating episodes

\$12.1B

Cumulative medical spend managed to-date

484,000

Cumulative BPCI episodes managed to-date

18M

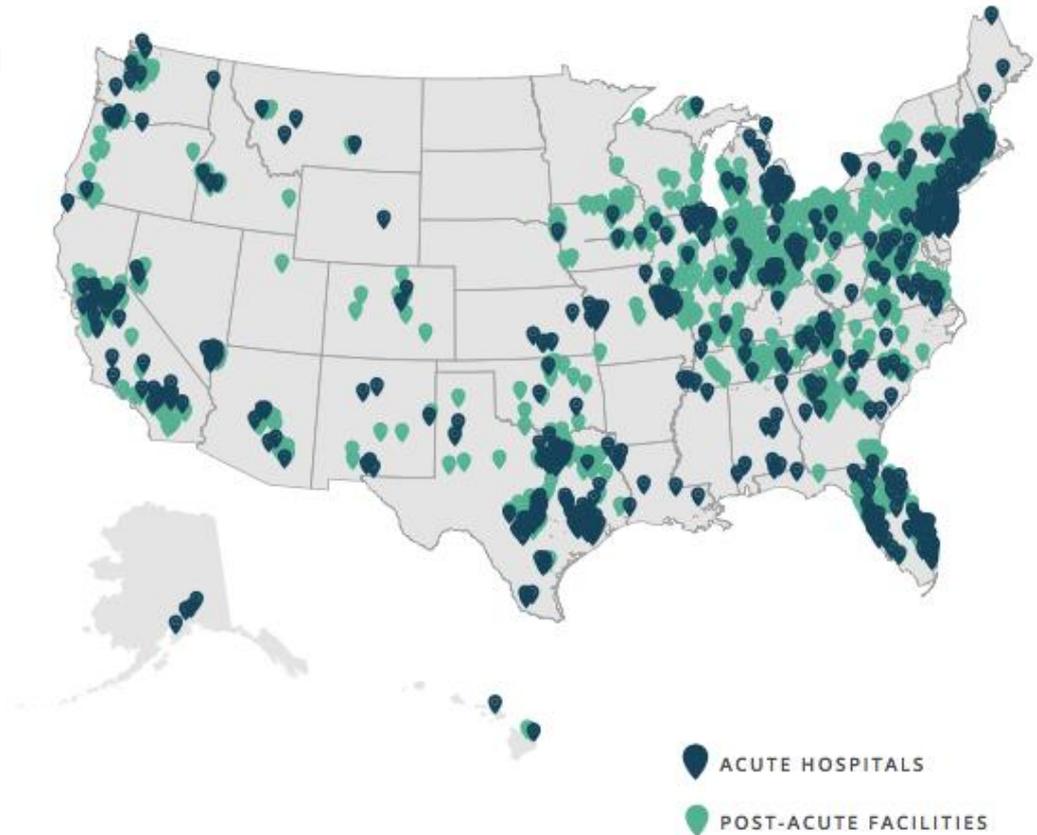
Monthly EHR transactions

1,000

Unique EHR integrations

45

States in which we manage episodes



Sources: Volume and program size data as of October 2017 reconciliation, 2013Q4-2017Q1, all Model 2 and Model 3 episodes; data also includes 2017Q2-2017Q4 estimates. Demographic data as of October 2017 reconciliation, 2016Q2-2017Q1, all Model 2 and Model 3 data.

BPCI Advanced

Administration Leads with Bundled Payments

Administration signals commitment to payment models that have proven successful

January 9th, 2018 BPCI Advanced Program is Announced

“CMS is proud to announce this Administration’s first Advanced APM,” said CMS Administrator Seema Verma. “BPCI Advanced builds on the earlier success of bundled payment models and is an important step in the move away from fee-for-service and towards paying for value. Under this model, providers will have an incentive to deliver efficient, high-quality care.”

BPCI Basics



Medicare FFS program where claims costs (Part A (facility) & Part B (professional) only) are captured for a given “Episode of Care” and compared against a predetermined target price set by CMS

- If costs are below target, savings are created and are shared with participants
- If costs are above target, participants pay excess to CMS



Retrospective program: No revenue cycle disruption for providers



29 bundles (105 DRGs) triggered upon inpatient admission; episode continues from admission until 90 days post discharge



3 bundles triggered in outpatient setting



Acute-care hospitals and physician groups can “initiate” an episode and will be the “owner” of that episode for the 90 day period

Results from the BPCI Predecessor Program

- Over 2,000 health care organizations participated—the highest adoption in the history of Medicare payment demonstrations
- Publicly distributed results to date are only available on the Remedy Partners' portion of BPCI, which represented half of total program
- Average savings rates reached 8% across all participants; some organizations sustained savings rates above 15%
- Physician groups and hospitals both achieved success as Episode Initiators
- Medical **and** surgical episodes were successful
- Higher dropout rates among organizations not affiliated with Awardee Conveners
- Vast majority of participants expected to continue in BPCI Advanced

Savings to Medicare Exceed \$40 Million per Quarter

BPCI Advanced: Program Overview

BPCI Advanced model	Announced January 9, 2018
Application deadline	March 12, 2018
CMS will share pricing and historical data sets	May 2018
Clinical Episode selection due to CMS	August 2018
Performance year	Begins October 1, 2018
No staged entrance or staged risk; participants accountable for risk on selected bundles	Begins October 1, 2018
Advanced APM measurement	Begins with the January 1, 2019 performance period
No Clinical Episode additions or withdrawals	Until January 2020
Clinical episodes	Similar to original BPCI initiative
Episode Initiators (EIs) to include Acute Care Hospitals and Physician Groups	

BPCI Advanced: Included Bundles

29 Inpatient Clinical Episodes		
Acute myocardial infarction	Coronary artery bypass graft	Major joint replacement of the upper extremity
Back & neck except spinal fusion	Disorders of the liver excluding malignancy, cirrhosis, alcoholic hepatitis - NEW	Pacemaker
Cardiac arrhythmia	Double joint replacement of the lower extremity	Percutaneous coronary intervention
Cardiac defibrillator	Fractures of the femur and hip or pelvis	Renal failure
Cardiac valve	Gastrointestinal hemorrhage	Sepsis
Cellulitis	Gastrointestinal obstruction	Simple pneumonia and respiratory infections
Cervical spinal fusion	Hip & femur procedures except major joint	Spinal fusion (non-cervical)
COPD, bronchitis, asthma	Lower extremity/humerus procedure except hip, foot, femur	Stroke
Combined anterior posterior spinal fusion	Major bowel procedure	Urinary tract infection
Congestive heart failure	Major joint replacement of the lower extremity	
3 Outpatient Clinical Episodes		
Back & Neck except Spinal Fusion	Cardiac Defibrillator	Percutaneous Coronary Intervention (PCI)

BPCI Advanced: Episodes and Selection

29 **29 Clinical Episodes** (“bundles”) triggered by an inpatient “Anchor Stay” covering 105 MS-DRG

90 Episode duration is **90 days**

3 **3 outpatient bundles “Anchor Procedures”** triggered by 29/30 HCPCS codes

1st **No risk track selection:** WinsORIZATION set at the 1st / 99th percentile

28 The **28 Clinical Episodes** that continue from the existing BPCI program represent 82% of Remedy Partners Model 2 business (in terms of program size).

‘20 No episodes can be added or dropped until **January 1, 2020**

BPCI Advanced: New Quality Measures

CMMI prescribes quality measures that may impact payments under BPCI Advanced. BPCI also qualifies as Advanced APM.

- 1 Commencing 10/1/2018, compliance with Quality Measures will be scored; **10% of Total Reconciliation Amount is “at risk” for quality performance.**

- 2 Score will be calculated for each measure by bundle and then **aggregated across all bundles for each episode initiator.**

- 3 Scores will be **weighted for outcome measures and process measures** resulting in a Composite Quality Score (CQS) which will serve as adjustment mechanism for NPRA.

- 4 For the first two years, CMS will automatically collect quality data from claims; **no additional administrative burden placed on participants.**

- 5 Commencing in 2020, **additional measures will require tracking** and reporting by February of following year.



Implications for Self-Insured Employers

Providers Want More Spend in Bundles Self-Insured Employers & Coalitions Can Accelerate Move to Value

- This is the only time that employers can use Medicare to leverage provider data and interest
- Providers seek to expand beyond Medicare
- Providers need to spread care redesign efforts across multiple payers to maximize success in bundles and ROI
- Multi-payer bundle programs will have a multiplier effect on savings rate and Coalition play an important role in bringing employers together

Providers have until 3/12 to submit applications to BPCI Advanced.
Employer support would increase benefits for all stakeholders.

This a Unique Opportunity to Support Bundled Care

Government Already Created The Market:

Remedy is talking to providers in your market now in preparation for a March 12th application deadline for the next round of the Medicare BPCI program.

Evidence of Savings:

The first phase of the BPCI program lasted 5 years and was highly successful.

Providers Are More Receptive Than Ever:

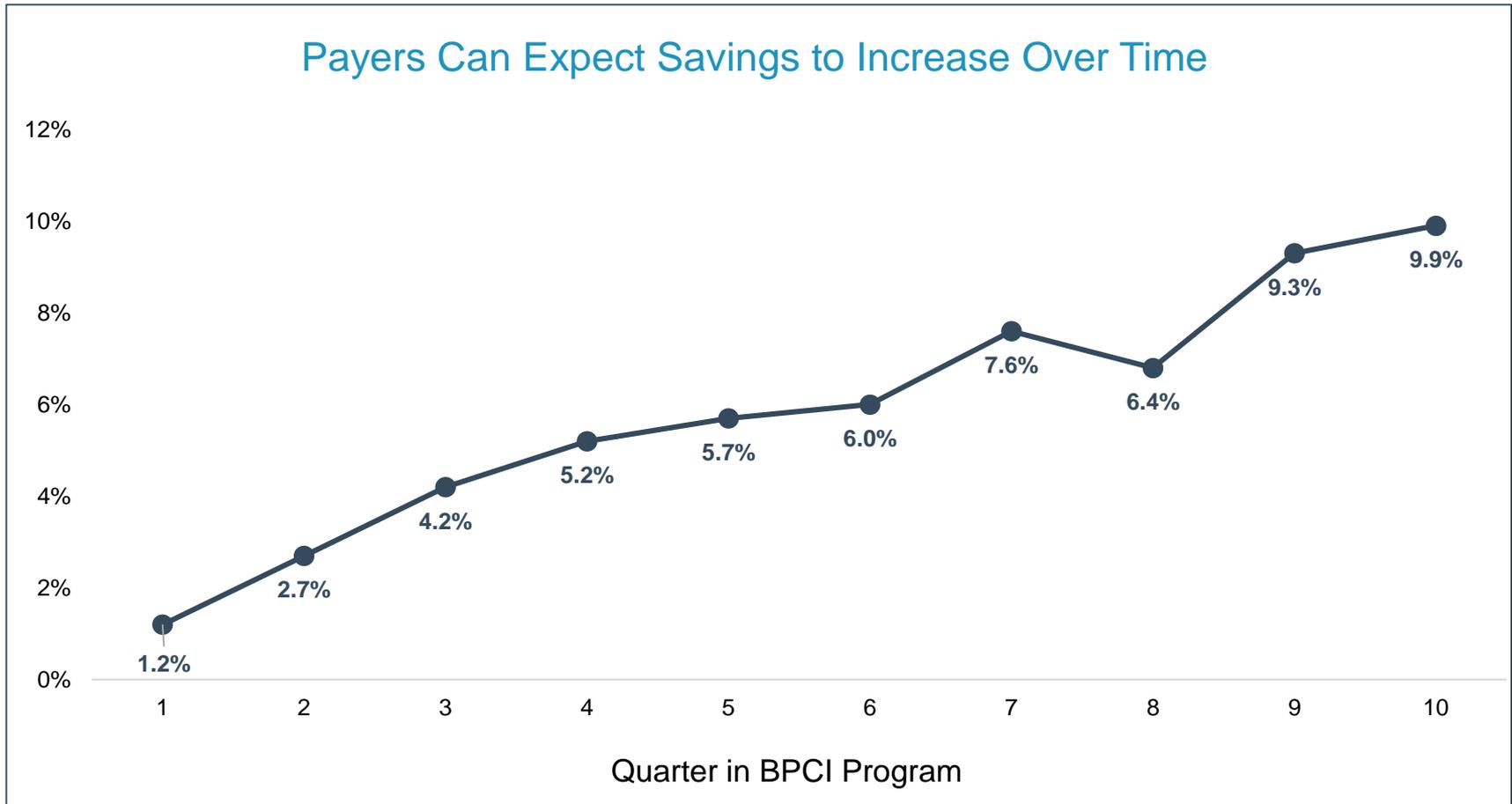
Providers need help with bundled payments, and seek a multi-payer solution.

Bundles Are Particularly Great for Self-Insured Employers:

Bundled Payment options grow over time and fit with desires to promote value-based care and engage employees and their families in making intelligent health care decisions.

Medicare: Proof of Savings

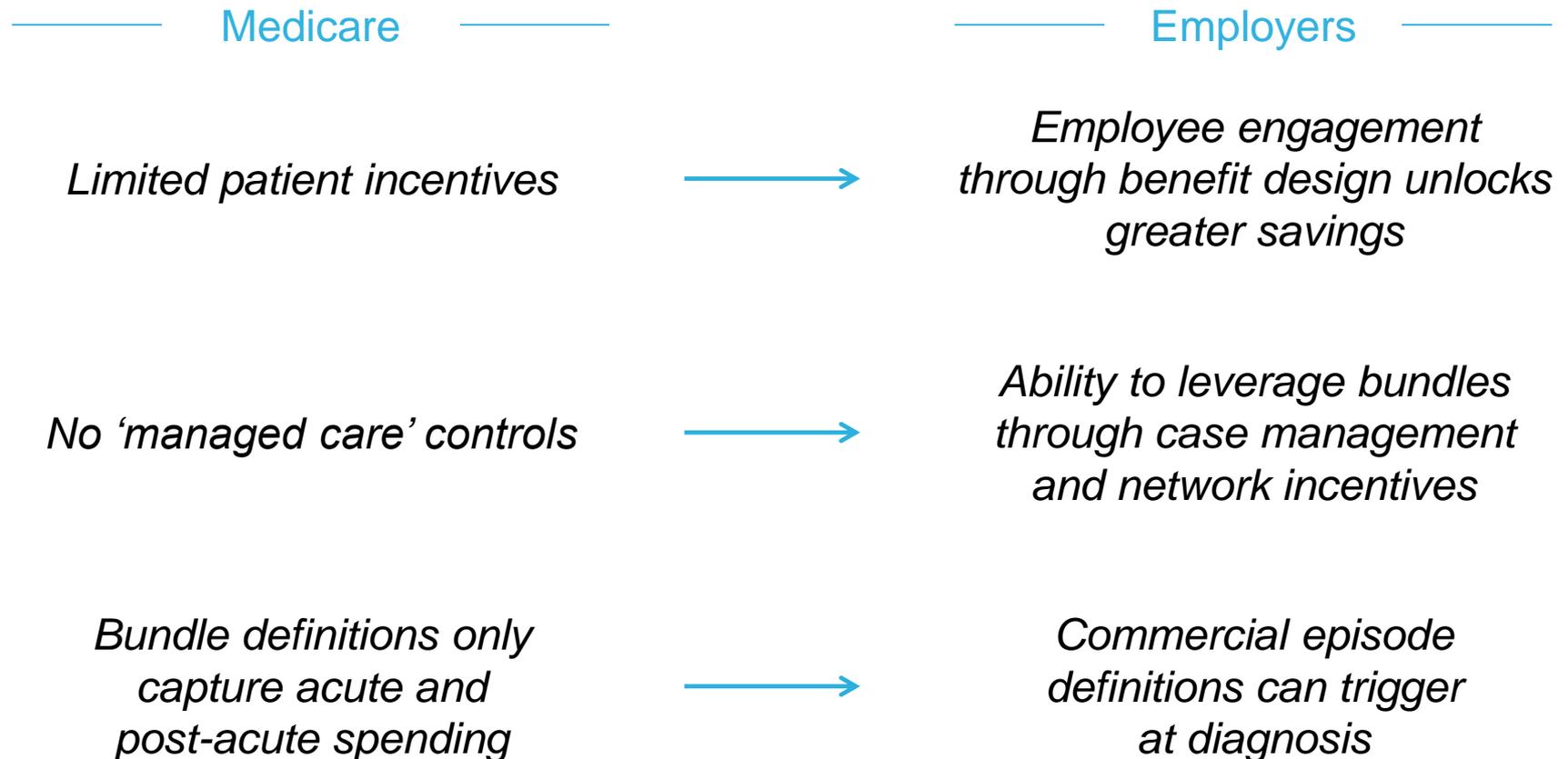
Remedy's savings rate across all provider sites



Sources: Financial data as of October 2017 Reconciliation, 2013Q4-2017Q1, Full risk for all Model 2 and Model 3 episodes.

Employers Can Exceed This Savings Rate

10-15% savings rate expected for well-run programs



PBGH Perspectives on **BPCI Advanced**



Bundled Payment Format



- PBGH utilizes prospective payments for the Employers Centers of Excellence Network (ECEN) moving away from FFS, which is not designed to support value-based payment
- BPCI Advanced only includes a retrospective payment option
- ★ BPCI Advanced Preliminary Target Prices will be provided in advance
- ★ BPCI Advanced 90 day inclusive bundle exceeds ECEN's ~10 day bundle with 30 day warranty

Collaboration



- The ECEN facilitates network-wide, cross-center, continuous quality improvement
- BPCI Advanced doesn't provide formal opportunities for shared learnings

Quality Measurement



- ECEN metrics include general and condition-specific outcomes at facility and physician level
- BPCI Advanced focuses primarily on composite measures
- BPCI Advanced does not request the submission of patient reported outcomes (PROs), which is voluntary but incentivized in the CMS Comprehensive care for Joint Replacement program and required by the ECEN

Care Redesign



- Multi-stakeholder care redesign is critical ECEN performance and is supported by ECEN's prospective payment model and facilitated collaboration
- ★ BPCI Applicants must clearly state plans to transform care delivery to achieve the goals of the model – beyond just be cutting costs (e.g. beyond negotiating lower-priced supplies, etc.)

Open Discussion/Questions



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