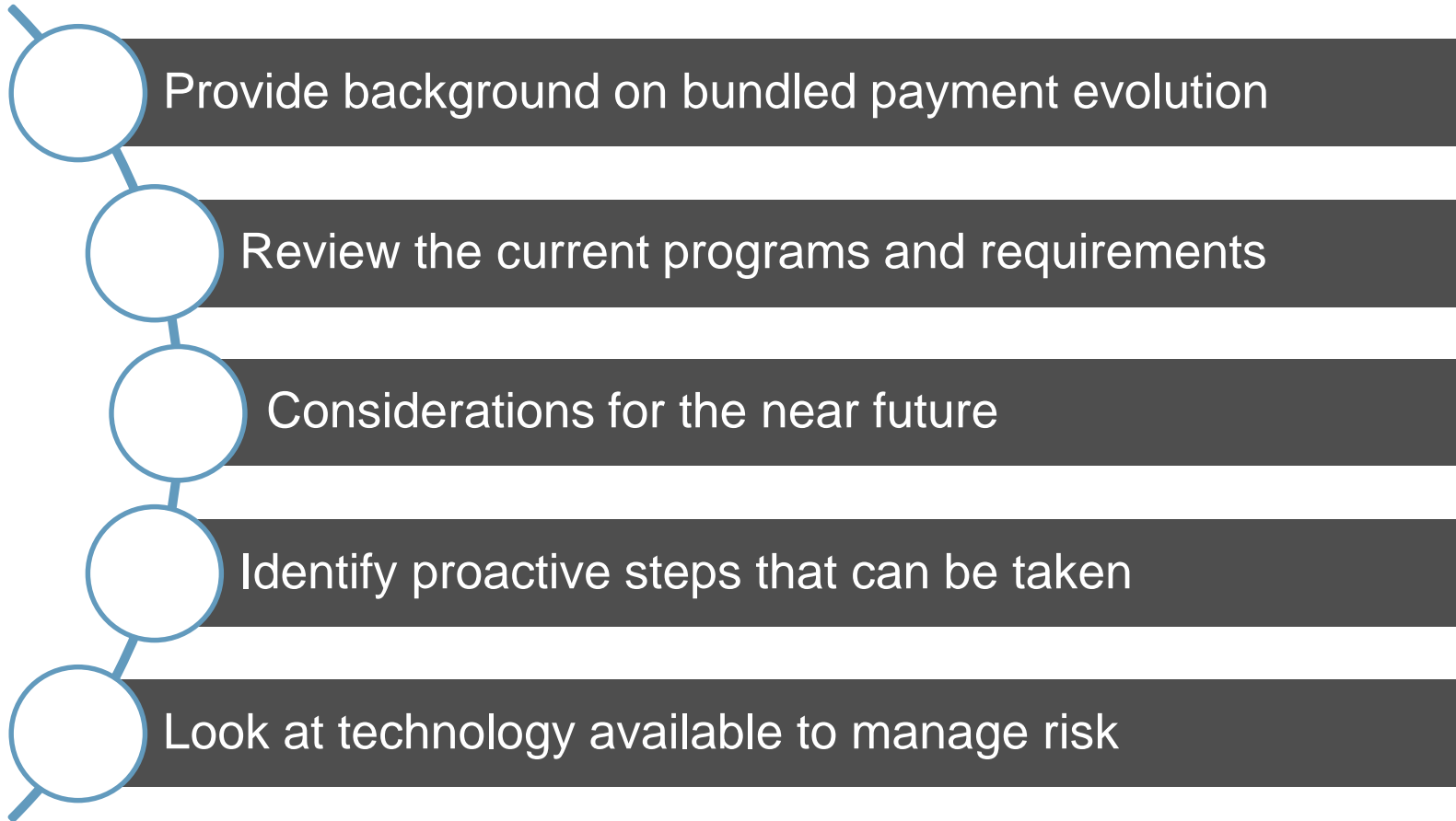# MEDICARE BUNDLED PAYMENT INITIATIVE:
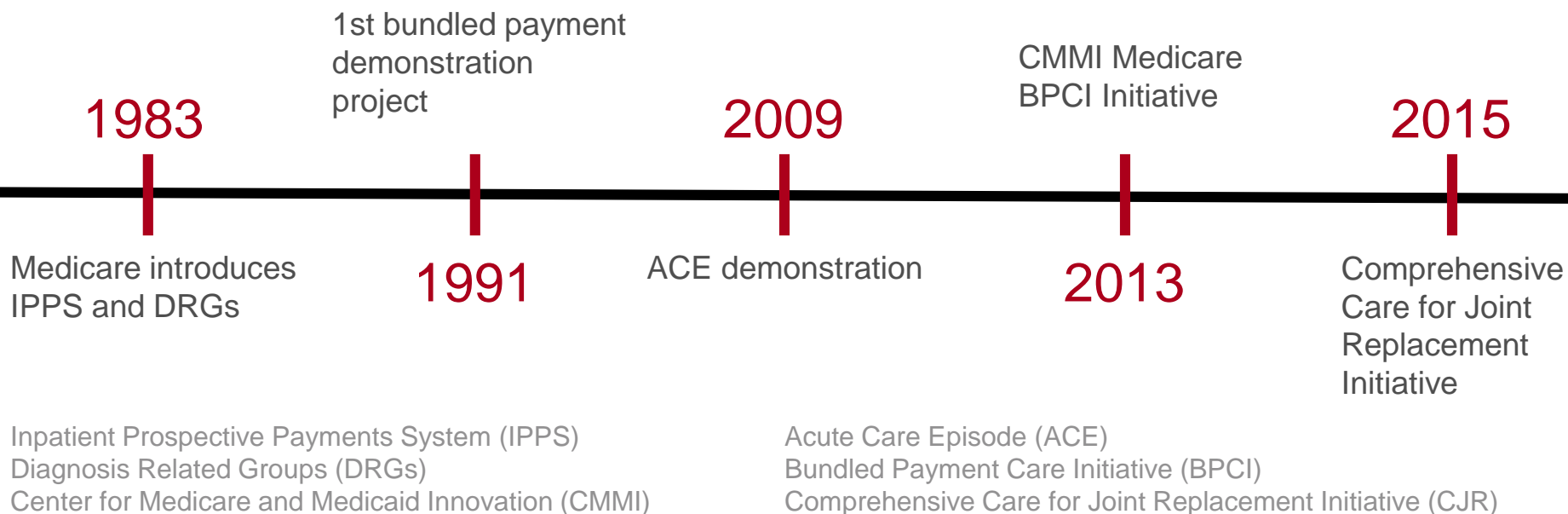## INDUSTRY TRENDS AND TECH SOLUTIONS

Objectives

- Provide background on bundled payment evolution

- Review the current programs and requirements

- Considerations for the near future

- Identify proactive steps that can be taken

- Look at technology available to manage risk

Background

Bundled payments represent a natural progression of DRG reimbursement and another tool for shifting away from fee for service reimbursement

1st bundled payment demonstration project

CMMI Medicare BPCI Initiative

1983

2009

2015

Medicare introduces IPPS and DRGs

1991

ACE demonstration

2013

Comprehensive Care for Joint Replacement Initiative

Inpatient Prospective Payments System (IPPS)
Diagnosis Related Groups (DRGs)
Center for Medicare and Medicaid Innovation (CMMI)

Acute Care Episode (ACE)
Bundled Payment Care Initiative (BPCI)
Comprehensive Care for Joint Replacement Initiative (CJR)
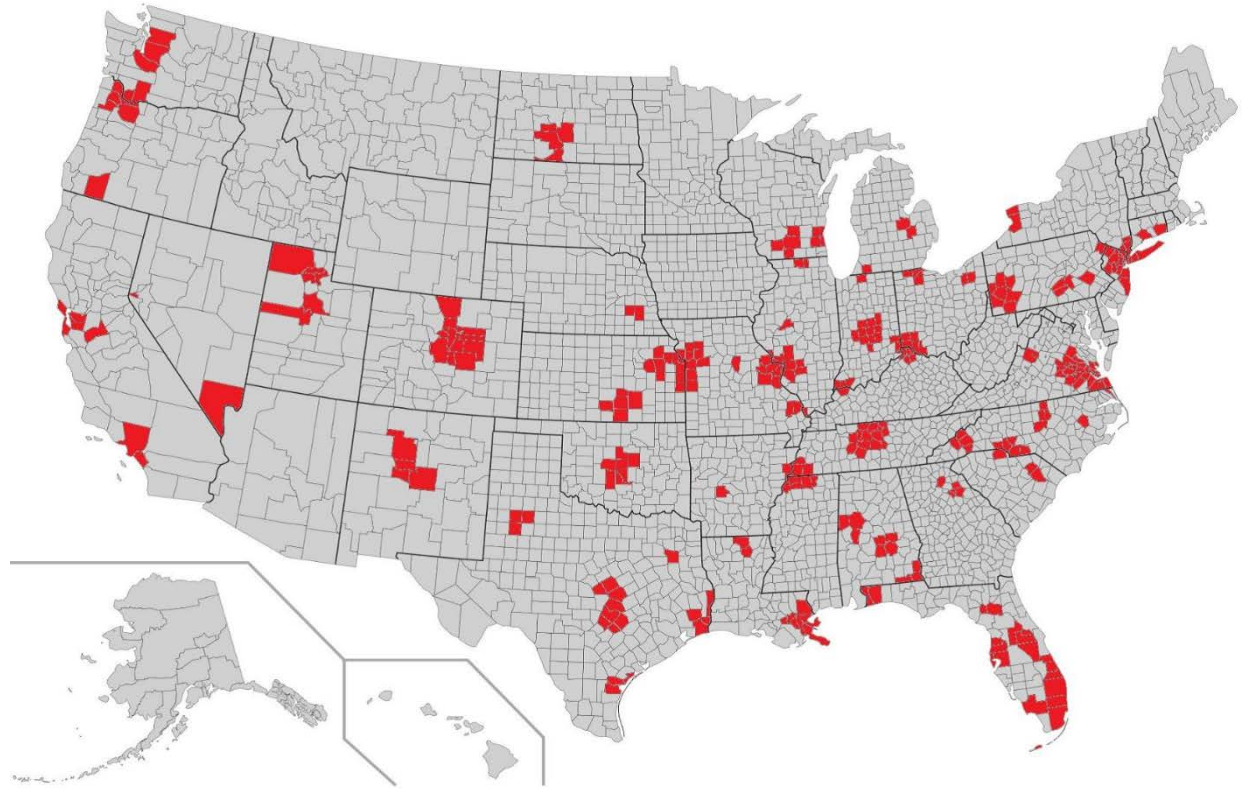
Where Innovation Is Happening

BPCI

- Voluntary Program

- 4 Separate Models

- 1,522 Participants
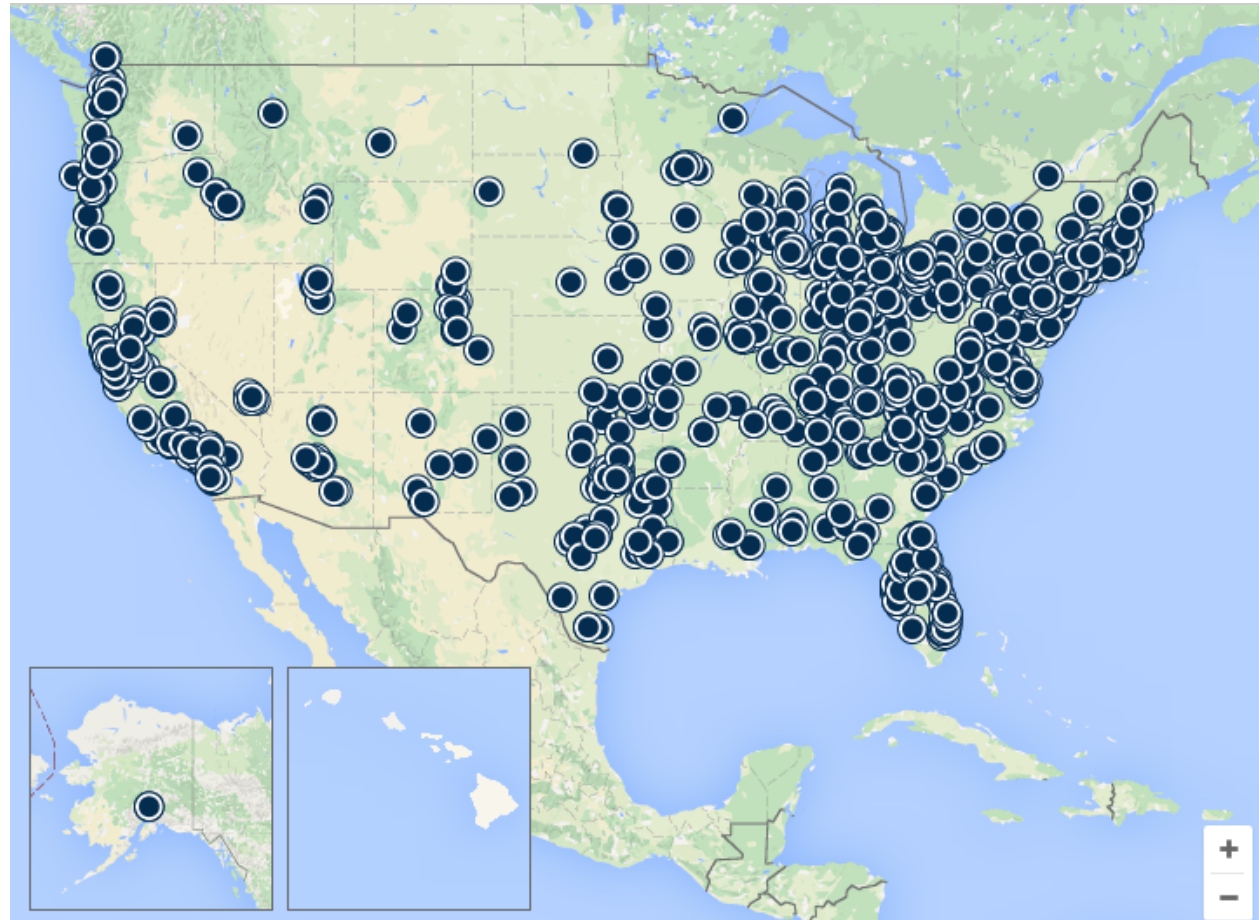
CJR – No Longer Voluntary

- 67 metro areas
- Focus: Total hip and knee replacement
- 5 year program with incremental gain and loss sharing provisions

What's Your Favorite Episode?

Both BPCI and CJR based on MS-DRG families

- BPCI initiative includes up to 48 distinct episode types based on 15 MS-DRGs

- CJR targets two MS-DRGs 469 and 470 (Major joint replacement of the lower extremity) and tracks outcome over a 90 day episode of care

RISK SHARING STRUCTURE

- Retrospective look back
- Hospitals share gains and losses
- Episode captures all post-acute services associated with procedure 90 days after discharge
- Links to quality measures
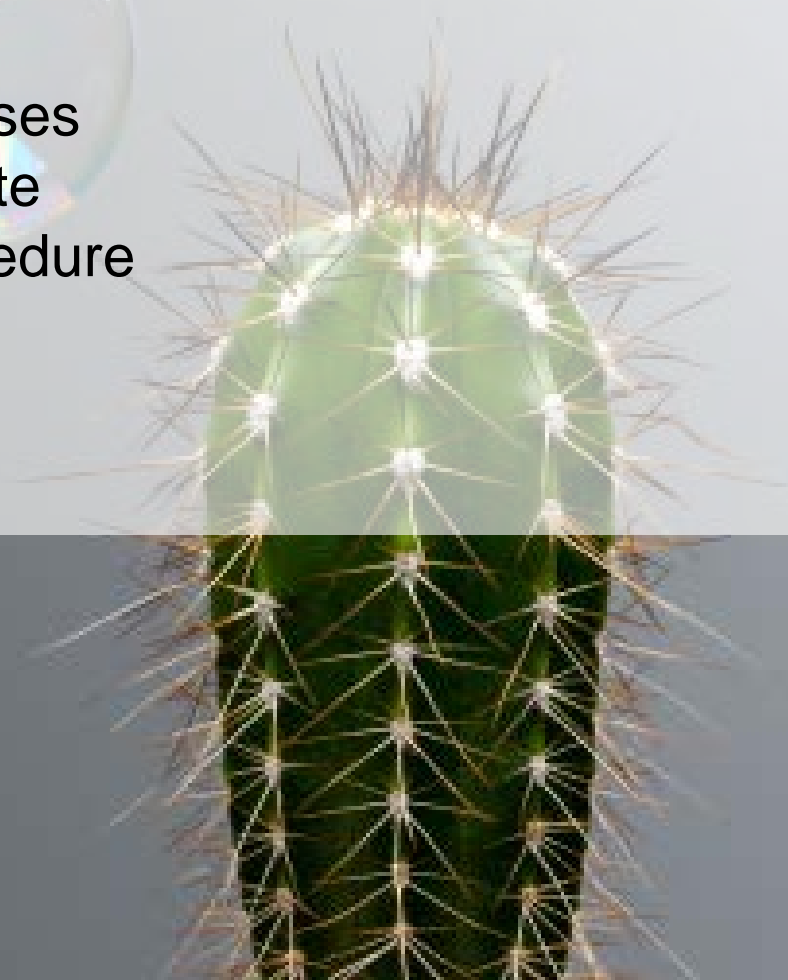
CJR and the Medicare Program At Large

- Estimated to save $343M over the duration of the program
- Financial incentives for quality of care and efficiency gains
- Targeted MSAs include some rural hospitals but financial protections were implemented to reduce risk
- Bundled payment initiatives overlap with other alternative payment models such as Value Based Purchasing and Accountable Care Organizations
- Trend points to expansion

Prepare by Developing Oversight

- Get a handle on data
  - Part A and Part B / other organizations
  - Capacity and ability for data analytics
- Consider the strengths and weaknesses of programmatic service lines
  - Quality
  - Efficiency
- Collaborate with other organizations throughout the continuum of care

WHAT TECH IS OUT THERE TO ASSIST?

- Algorithms isolate episodes of care
- Organization's data combined with national benchmarks
- Predictive analytics score readmission risk
- Cognitive computing

Interested in more?

We are always available for your questions

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