Care Redesign for Bundled Payments
The 27th Annual IHI National Forum
on Quality Improvement in Health Care

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Welcome & Introductions

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Welcome & Introductions

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Assistant Director of Managed Care Contracting
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Objectives

- Demonstrate how to engage stakeholders in the shift from volume-based care to value-based care
- Identify methods to redesign care teams for bundled payments and other risk-based contracts
Top 5 Lessons Learned

- Understand your inputs and costs, opportunities for waste reduction, improved efficiencies
- Redesign care in partnership with frontline staff and patients
- Team approach with clinical/physician champions and leadership buy-in is key
- Stakeholder engagement – who to engage, how and when.
- Use data for ongoing evaluation & re-evaluation during bundle implementation - for measurement, to find opportunities for improvement, and to celebrate successes.

Baystate Medical Center
Evan Benjamin, MD FACP
Stephanie Calcasola, MSN, RN-BC, CPHQ
Session Objectives

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- Identify methods to redesign care teams for bundled payments and other risk-based contracts

- Discuss Baystate's experience in the BPCI Bundle program: how to create a high performing bundle program, engage physicians, gain share and create a post-acute model of care.

Baystate Health

Integrated Regional System of Care for All Residents of Western Massachusetts

- **Integrated Delivery System**
  - Baystate Medical Center – tertiary center
  - Baystate Mary Lane & Baystate Franklin – community hospitals
  - Baystate VNA and Hospice
  - Baystate Medical Practices (630 MDs and advanced practitioners)
  - Baycare Health Partners (1,200 MDs in our PHO)

- **Integrated Health Plan**
  - Over 120,000 members
  - Only Provider Sponsored Health Plan offering commercial, Medicare Advantage and Medicaid Managed Care choices
  - Medical Home Prototypes for all lines of business, including MassHealth.

- **Focused on Quality**
  - Nationally recognized for Quality Care
  - Leapfrog Top Hospital
  - Thomson-Reuters Top100
  - Top 100 Integrated Systems
  - Magnet Designation
  - NCQA level 3 PCMH

- **Health New England**
  - Top 10 health plan in country
  - #1 in customer service in the country

- **Committed to Education**
  - Western Campus of Tufts/New England Medical Center
  - 320 residents
  - Educated 1/3 of PCPs in region
  - Pioneer Valley Life Science Institute
  - Center for Quality of Care Research

- **Partner to the Community**
  - Volunteer community board
  - $37.8M hospital community benefit
  - Partners for a Healthier Community public/private partnership
  - Baystate – Springfield Educational Partnership
  - $2.6B economic impact

“To Improve the Health of the People in Our Communities Every Day, With Quality and Compassion”
Baystate Medical Center’s Bundled Payment Approach: How to Create a Replicable Model

1. Convene the right team
2. Define the episode
3. Develop measures
4. Develop model of care
5. Price the bundle
6. Develop cost reduction opportunities
7. Plan the gain-sharing
8. Develop a continuous process improvement plan

1) Convene the right team:
   - Engage the team (Legal/policy, clinical, quality analysts, finance, communications)

2) Define the episode:
   - Ensure necessary data is available (inpatient/outpatient data)
     Complete analysis and risk adjustment assessments

3) Develop measures (Triple Aim):
   - Select quality metrics to monitor for bundled episode

4) Develop care model:
   - Identify expert(s) to care models development for bundled episode
     (inpatient and post-acute care)
Baystate Medical Center’s Bundled Payment Approach: How to Create a Replicable Model

5) Identify cost reduction opportunities:
   – Review of resources/utilization patterns
   – Review product standardization opportunities or product substitution

6) Price the bundle
   – Determine the key cost metric indicators

7) Plan the gain-sharing
   – Stark, anti-kickback and antitrust guidelines.
   – Develop potential gain sharing strategies/methodologies
   – Define eligibility criteria for provider participation

8) Develop a continuous process improvement plan:
   – Develop a quality and cost tracking scorecard
   – Lean, PDSA cycles as necessary

Physician and Stakeholder Engagement

- Develop a DYAD model for leadership: Physician Champion and Clinical/Administrative Leader
  – Respected, good communicator, can drive/influence change, proven leadership and some project management skills

- Emphasize quality and patient centered opportunities

- Include broad stakeholder membership, subject matter experts and front line staff across the continuum

- Involve stakeholders in decisions that impact them
Stakeholder Alignment: Working with Physicians and Key Stakeholders

Key tool for alignment: **DATA TRANSPARENCY**
- Show the teams their own data (cost, LOS, quality)

Provide **updates around healthcare payment reform**
(building will/creating burning platform)

Show **early successes** and efforts

Consider **gain sharing/incentive** payments
- BPCI Gain Sharing Waiver/Criteria

Gainsharing Definition

Gainsharing is a contractual arrangement that sets up a formal reward system in which participants share in cost savings resulting directly from either productivity gains or increased efficiency. Thus physicians participating in a gainsharing arrangement will have a financial stake in controlling hospital costs.

Gainsharing Program Considerations

- Use scientifically sound, nationally recognized measures
- Collaboratively develop by providers and hospital
- Promotes improvement AND does not result in greater spending
- Transparent discussions around expectations and bonus pool
- Avoid using only administrative or claims data for measurement

BPCI Total Joint Savings $ Gain Share

<table>
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<tr>
<th>DRG</th>
<th>Cases (1/1/14 – 12/31/14)</th>
<th>Target Amount W/ 2% Discount</th>
<th>Actual Amount</th>
<th>Savings</th>
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<tbody>
<tr>
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<td>$782,422</td>
<td>$604,377</td>
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<td>Combined</td>
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<td>13,888,386</td>
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<td>2% discount</td>
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<td></td>
<td>300,403</td>
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<tr>
<td>Actual Savings Achieved</td>
<td></td>
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<td>$1,383,417</td>
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<tr>
<td>Estimate of amount owed for gainsharing</td>
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<td></td>
<td></td>
<td>$275,000</td>
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<tr>
<td>Net savings to Hospital</td>
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<td></td>
<td>$1,108,417</td>
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Medicare Spend on Post-Acute

Medicare Spending on FFS Post-Acute Care 2001-2011

Managed care spending is not included in this chart.
Source: CMS, Office of the Actuary (Healthcare Spending and the Medicare Program MEDPAC, June, 2012)

Acute and Post-Acute Payments for 30-Day Episodes

Post-acute spending may rival initial hospitalization

Mechanic R. Post-Acute Care: The Next Frontier for Controlling Medicare Spending.
Baystate’s Post-Acute Model Redesign

Post-Acute Work Summary
- Post-Acute Preferred Partnerships
- Transitions in Care/Cross Continuum Collaboration/Readmission Prevention
- BH Strategic Post-Acute Care Committee
- Bundle Navigator Role
- Post-Acute Care Oversight Work Group

Goals of Strategic Partnerships

BH Strategic Post-Acute Care Committee
- Creating the overarching strategy for Post-acute care (PAC) for the BH hospitals
- Providing a single point of decision making around PAC relationships
- Assuring that the strategy is consistent with other BH approaches to PAC
Post-Acute Considerations

- Conduct a post-acute inventory of community providers and their performance
- Develop a post-acute provider preferred characteristics/attributes
- Align post-acute strategy with system goals (ACO, PCMH)
- Determine the relationship (preferred provider, joint venture, owner)

Post-Acute Care Network

- Narrow Network of Partners
- Quality and Citizenship Ratings
- Embedded Providers
- Seamless Communication
Transitions in Care

- Risk screening on index admission
- Targeted intervention for high risk patients
- Standardized education tools/Models of Care
- Medication reconciliation
- Follow up phone calls
- Appointments made before discharge
- Active cross continuum teams
- Automated readmission notification EMR
- PAC Performance Improvement Teams

Total Joint Patients Discharged to Post Acute Facilities
BPCI Total Joint Readmissions: 30 Day All Cause

BPCI Medicare Total Joint Readmissions

Lessons Learned

- Manage politics through transparency and participation of all providers and health plan
- Tightly aligned physician partners critical at the outset
- Data Analytics important to get right first
- Difficult to determine which services to include in the bundle
- Begin planning early for development of the infrastructure to administer the bundled payment
- Post-Acute Partnership are integral to the success of the bundle
Questions?

Thank you
Evan.Benjamin@baystatehealth.org
Stephanie.Calcasola@baystatehealth.org

Johns Hopkins Healthcare LLC
Trisha Frick, MS, RN
Maryland Medicare Waiver

- All-payor, hospital rate regulation since 1974
- In 2014, CMS approved a new waiver, a 5 year pilot program
- Accountable for total hospital cost of care on a per capita basis to meet triple aim
- Cost reductions built into rates
- Maryland hospitals not allowed to participate in CMS based bundled payment programs
### Stakeholder Engagement Team

- **Facilitator**
- **Value Analytics/Quality**
- **Physician(s)**
- **Senior Leadership**
- **Clinical Administrator**
- **Finance Representative**
- **Managed Care Representative**

#### Map 1: Surgical consultation

#### Map 2: Pre-operative testing

#### Map 3: Day of surgery pre-operative prep

#### Map 4: Operation

#### Map 5: Post-anesthesia care unit

#### Map 6: Discharge

#### Map 7: Rehabilitation

#### Map 8: Follow-up visit

### Time-Driven Activity-Based Costing (TDABC)

**Level 1: Overall care cycle**
- Patient problem
- MD encounter
- Assess appropriateness
- Assess risk
- Schedule OR
- Procedure
- Recovery
- Possible need for procedure
- Shared decision making
- Pre-procedure testing
- Tier 1, 2 outcome measures
- Tier 3 outcome measures

**Level 2: Care Process Flow**

- Map 1: Surgical consultation
- Map 2: Pre-operative testing
- Map 3: Day of surgery pre-operative prep
- Map 4: Operation
- Map 5: Post-anesthesia care unit
- Map 6: Discharge
- Map 7: Rehabilitation
- Map 8: Follow-up visit
Care Process Maps

- **Process-Steps**: All the administrative and clinical process-steps used over a patient's complete cycle of care for a medical condition
- **Resources**: Personnel, equipment, consumable medicines and supplies – used at each process step
- **Time Estimates**: The personnel and equipment time used at each process step for that patient

Commercial Bundled Payments

- Since 1995
- National insurers
- Transplant networks
- Transplant, Cardiovascular, and Orthopedic
- Defensive posture
- Keep up-to-date with scientific evidence to maintain contract language
Bundled Rate Revenue Experience for FY15

Total Revenue: $37.7M
- Transplants $32M
- Joint Replacement $3.6M
- Cardiovascular $2.1M

Bundled Rate Volume Experience for FY15

Number of Cases: 349
- Transplants 169 cases
- Joint Replacement 135 cases
- Cardiovascular 45 cases
Travel Surgery Joint Replacement Program

- Bundled rate contract with Pacific Business Group on Health representing large national employers (Walmart, Lowe's & McKesson).
- Requires medical record collection process that is:
  - Complete and efficient
  - Turn around time for medical record review is within 5 days of receipt
- Patient is approved for surgery without face-to-face surgical consult.
- Education provided by Joint Travel Nurse prior to arrival and reinforced prior to surgery.
- Uncomplicated patient is expected to be in surgical city for 7-9 days.

Travel Surgery Program, the Numbers

121 - Referrals in the first three months

352 - Referrals over 18 months

183 - Surgeries completed over 18 months

23% - Of all joint replacement at JHBMC attributable by the travel program
### Why is the travel surgery program so successful?

<table>
<thead>
<tr>
<th><strong>Employee’s perspective</strong></th>
<th><strong>Employer’s perspective</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• No out of pocket expenses</td>
<td>• Surgical avoidance</td>
</tr>
<tr>
<td>• All travel expenses covered including companion</td>
<td>• Right procedure, right time</td>
</tr>
<tr>
<td>• “Just show up” for surgery</td>
<td>• Price: cost effective &amp; predictable</td>
</tr>
<tr>
<td>• High touch</td>
<td>• Fewer complications</td>
</tr>
<tr>
<td>• Improved quality of life</td>
<td>• Return to work sooner</td>
</tr>
<tr>
<td>• 98% overall program satisfaction</td>
<td></td>
</tr>
</tbody>
</table>

### Bundled Payment Operations

- Nurse Coordinators
- Billing Administrator
- Contracting Director
- Bundled Payment Operations
- Travel Nurse
- Finance Manager
- Payors

#IHI27FORUM
Take-aways

• Get your team on board:
  • Start small or large, but get started
  • Balance: volume, cost & risk
• Data:
  • Review care cycles, costs
  • Focus on reducing variation
• Contracts:
  • Be sure to read the fine print and be able to deliver

Questions?
Closing & Reflections

Thank You!

Please let us know if you have any questions or feedback following today’s session.

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