Bundled Payments
Care Coordination Among Providers: Effective Strategies
April 2016
By: Chad Beste and Andre Blom

Overview – Learning Objectives

- Bundled payments are here to stay and this program will likely be expanded over the next few years;
- While our talk is predominately focused on Medicare, the principles are essentially the same for different populations;
- Provide perspective on how to begin to think through the strategic issues and how to begin developing a program;
- To share IBJI’s approach to this and a little bit of their results;
- To discuss where this is likely headed into the future.

About Illinois Bone & Joint Institute®
(cont.)

- Selected Model 3 – Post Acute only bundle
  - Best accommodate multiple hospitals/health systems
  - focus post-acute care variation
- Initiated BPCI program – January 1, 2014
  - Initially Major Joint Replacement – DRGs 469/470
- 4 Additional bundles – October 1, 2015
  - Revision hip/knee – DRG’s 466/467/468
  - Bilateral LE joint replacement – DRG’s 461/462
  - Upper extremity JR – DRG’s 483/484
  - Spinal fusion (non-cervical) – DRG’s 459/460
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

CJR Bundled Payments Started April 1, 2016

Most Hospitals Facing CJR Penalties: Analysis by Rich Daly, HFMA Senior Writer/Editor April 1, 2016

March 30—Most of the nearly 800 hospitals required to participate in Medicare’s first mandatory bundled payment program are headed toward penalties, according to a new analysis.

Avalere Health found 60 percent of hospitals participating in Medicare’s Comprehensive Care for Joint Replacement (CJR) model could face penalties, based on their cost performance. The new model, which starts April 1, will place hospitals at risk for all Medicare spending associated with hip and knee replacements and any charges within 90 days of discharge.

Sample CJR Data – Initial Hospital Stay

<table>
<thead>
<tr>
<th>Patient Name</th>
<th>Hospital</th>
<th>Part B</th>
<th>Acute Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>$10,124</td>
<td>$2,233</td>
<td>$12,357</td>
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<tr>
<td>b</td>
<td>$10,124</td>
<td>$2,280</td>
<td>$12,403</td>
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<td>c</td>
<td>$10,124</td>
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<tr>
<td>d</td>
<td>$10,124</td>
<td>$2,398</td>
<td>$12,563</td>
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<tr>
<td>e</td>
<td>$10,124</td>
<td>$1,932</td>
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<td>$2,280</td>
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<td>$10,124</td>
<td>$2,101</td>
<td>$12,225</td>
</tr>
</tbody>
</table>

Minimal variation exists within the initial hospital stay.

Sample Data – Total Costs/Patient

<table>
<thead>
<tr>
<th>Patient Name</th>
<th>Hospital</th>
<th>Acute Totals</th>
<th>Post Acute Totals</th>
<th>Episode Totals</th>
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<td>$1,995</td>
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<td>$2,385</td>
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<td>$2,557</td>
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<td>$2,592</td>
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<td>$14,851</td>
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<td>j</td>
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<td>$2,845</td>
<td>$14,886</td>
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<td>$10,124</td>
<td>$2,436</td>
<td>$2,669</td>
<td>$14,861</td>
</tr>
</tbody>
</table>

Tremendous variation exists in the post acute environment.
Hospitals and physicians fees are fixed based on the CMS fee schedules in place – hence, minimal variation in costs;

Post Acute providers reimbursement schedules are also fixed – but with highly variable utilization patterns even within the same market;

Conclusion – for success, the starting point is NOT the internal hospital costs but rather the post-acute environment.

More On Post-Acute Care Providers

<table>
<thead>
<tr>
<th>PAC Type after Hospital</th>
<th>Typical %’s</th>
<th>Ave. Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Health</td>
<td>15% - 70%</td>
<td>$5,000 - $8,000</td>
</tr>
<tr>
<td>Inpatient Rehab</td>
<td>2% - 40%</td>
<td>$18,000 - $26,000</td>
</tr>
<tr>
<td>SNF</td>
<td>40% - 80%</td>
<td>$15,000 - $18,000</td>
</tr>
<tr>
<td>Hospital Readmissions</td>
<td>10% - 20%</td>
<td>$10,000 - $20,000</td>
</tr>
</tbody>
</table>

• BPCI – Organization’s historical cost determines CMS Target Price
• CCJR – Introduces Regional Cost Averages as basis for CMS Target Price – Regional Cost Averages are likely the future.

IBJI BPCI Care Coordination
Phase 1 Strategies

• Match CMS Data with “current” MD, Operations – esp re Partner Utilization
• Create an "80/20" approach to the Challenge
• Build ‘partner’ provider network
• Develop/utilize Cloud based technology platform supporting ‘real-time’ communication across ALL Post Acute Providers and entire ‘episode of care
• Identify Key Performance Measures that would drive Post Acute Utilization Patterns – LOS, Readmissions etc

IBJI BPCI Provider Network Build
Illinois Bone & Joint Institute®

• Relationship building
  • In-person meetings and Site Visits
  • Set IBJI and Program expectations
  • Explain BPCI program objectives
  • Develop relationships and introduce METHODS of communication
• Establish contracts with ‘partner’ providers
• Reward: < provider utilization/ > provider compliance with > patient referrals
• Goal: ‘partner’ success = program success
### IBJI BPCI Network

**Illinois Bone & Joint Institute®**

<table>
<thead>
<tr>
<th>IBJI BPCI Partner Provider Network</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic Provider Number</td>
<td>272</td>
</tr>
<tr>
<td>Narrowed To: (80/20 Rule)</td>
<td></td>
</tr>
<tr>
<td>Hospitals</td>
<td>16</td>
</tr>
<tr>
<td>Skilled Nursing Facilities</td>
<td>36</td>
</tr>
<tr>
<td>Home Health Agencies</td>
<td>15</td>
</tr>
</tbody>
</table>

### OrthoSync Pre–Op Steps

#### Scheduling
- Schedule Surgery
- Schedule Ancillary Services

#### In-Hospi Coordination
- Assess for Opioids
- Ortho in Prepare

#### Pre Op Visit
- New Patient Visit
- Pre-op Visit

#### Pre Op Call
- Ortho in Call
- Enter CoC info

### OrthoSync Flow

<table>
<thead>
<tr>
<th>Scheduling</th>
<th>Carri Plan</th>
<th>Recovery</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schedule Surgery</td>
<td>Prepare Pre Op</td>
<td>Check Post Op</td>
<td>Discharge Plan</td>
</tr>
</tbody>
</table>

### Personalized Care

[Image of personalized care plan]
Personalized Care

- support transparent care coordination across partner, provider/patient/surgeon network

Overview Pinpoint Platform Objectives:
- "Task" Driven fulfillment
- Cloud Based Access
- Algorhythm Filter – “pushes” problem cases to the surface on Dashboard
- Communication Platform without being an EHR

Customized Pre-op Care Plan
- patient score DICTATES projected rehab plan/needs (ACE Demonstration Project)
- patient tracked through episode of care

Partners’ enter Pinpoint data at pre determined intervals to track facility/agency patient progress
- admission, discharge, readmission

IBJI BPCI Technology Platform
Illinois Bone & Joint Institute®

Monitor All Patients, but only MANAGE the Outliers..
IBJI Platform Overview

IBJI's Distributed Care Model

Summary of IBJI's Approach

IBJI BPCI Quality Assurance

Patients are risk-stratified using IBJI's pre-operative risk algorithm which informs their care coordinator's episodic care recommendations.

<table>
<thead>
<tr>
<th>In Award</th>
<th>Market Share</th>
<th>Average Patient Burden</th>
<th>Recommended</th>
<th>Summed Episode Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-7</td>
<td>10-14</td>
<td>6 6 8 20</td>
<td>$4,500</td>
<td></td>
</tr>
<tr>
<td>4-7</td>
<td>10-14</td>
<td>6 6 8 20</td>
<td>$4,500</td>
<td></td>
</tr>
</tbody>
</table>

Data indicated is an illustration and not indicative of actual costs.

Care coordinators invite preferred post-acute care providers to track patients' progress in PinpointCare.

Personalized Care Plan

1 Data indicated is an illustration and not indicative of actual costs.

Focus: Care transitions and collecting the minimum information required for effective care coordination
- PAC Actively used by PAC providers
- Care coordinator engages with patient care in two key situations:
  - Personalizing the care plan
  - Remedying situations where the patient goes off plan
- Care coordinators manage patients by exception using the off plan dashboard
- Ratio of care coordinator to patients = 1:900

Traditional Model
- Focus: Care management and overall clinical information
- More complete picture of the patient's care

Distributed Model
- Focus: Care transitions and collecting the minimum information required for effective care coordination
- PAC Actively used by PAC providers
- Care coordinator engages with patient care in two key situations:
  - Personalizing the care plan
  - Remedying situations where the patient goes off plan
- Care coordinators manage patients by exception using the off plan dashboard
- Ratio of care coordinator to patients = 1:900

Emphasis on local implementation and management

Understand the post-acute space really well

Monitor all patients in the program, manage wait time and off plan patients.

Strong clinical and technical expertise
Particularly on Rehabs which represents about 80% of post-acute care

Lower cost approach than alternative arrangements

Active surgeon/team leadership/engagement
- Standardized rehab and treatment guidelines
- Increased surgeon engagement during entire rehab episode of care

Surgeon performance data
- Quarterly virtual ALL Surgeon meetings
- Monthly/Quarterly/Annual surgeon reports with peer benchmarking
- Transparency surgeon/team outcomes and utilization data
- Quarterly IBJI BPCI Quality Assurance Committee Meetings/Readmission Reviews

Patient Reported Outcomes (PROs) program – initiated October, 2015
- Review/adjust Key BPCI Performance Indicators
  - % Patient Pinpoint Enrollment
  - % Home Health Initiation
  - SNF LOS
  - Average total costs/case
  - % Hospital Readmissions
2016 IBJI BPCI Program Challenges
Illinois Bone & Joint Institute®

- Challenges:
  - “Social Behavior” – Entitlement
    - Care has been “accessed” based on “wants” rather than Clinical need
    - Regional Expectations - Chicago North Shore versus rural IL.
  - Appropriate SNF LOS
    - Adverse financial impact on SNF’s revenues
    - Increasing volume increases SNF revenues – partial Pre-BPCI revenue restoration – you can’t make everyone “whole”
  - Increase Home Health (HH) Initiation
    - Clinical Demand on HH Agencies increasing rapidly
    - Increased Risk of Readmissions due to Episode Initiation shift
  - Surgeon Engagement – “Emergent” versus “Elective” Practice
  - Data management/analysis
  - Fractures and DRG Classification anomalies

IBJI BPCI Care Coordination
Phase 2 Strategies

- Patient engagement – how can we get patients more involved in their own care – Introducing an app from Pinpoint for personalized care plans & multi-model communications;
- New care plans for hip fracture patients;
- Continued refinement of the Partner post-acute networks – ongoing blocking and tackling efforts
  - Closer review of overall home health services is underway;
  - Focusing more on individual physician results and related discussions
- Conducting research – how well do the results from the Personalized care plans correlate to performance;
- Continued refinement of the Partner post-acute networks – ongoing blocking and tackling efforts
- Incorporating the patient reported outcomes into the ongoing management of the program.

SNF & Home Health Readmit Rates

**Readmission Rates (SNFs)**

<table>
<thead>
<tr>
<th>SNF</th>
<th>Readmission Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>11.0%</td>
</tr>
<tr>
<td>B</td>
<td>9.2%</td>
</tr>
<tr>
<td>C</td>
<td>4.3%</td>
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</tbody>
</table>

**Readmission Rates (HHAs)**

<table>
<thead>
<tr>
<th>HHAs</th>
<th>Readmission Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3.3%</td>
</tr>
<tr>
<td>B</td>
<td>2.0%</td>
</tr>
<tr>
<td>C</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Individual SNF Readmit Rates
(Partner facilities only)
Hip Replacement – Correlation to Personalized Care Plan Evaluation Score

Summary

- Bundled payments and “Episodes of Care” bundles will continue to increase in popularity;
- At least related to Medicare, the primary variations in cost/utilization occur in the post-acute environment – this is the focus;
- Movement more towards Regional pricing targets;
- Enhanced care coordination among providers does yield results;
- Select partners carefully & monitor results;
- Meaningful physician and patient engagement is a must;
  - Continued decrease in inpatient rehab/SNF admissions and lengths of stay;
  - More consistent home health service levels will be provided
- Patients are receiving better care and at lower costs to Medicare;

Thank You!

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