

Medicare's Comprehensive Care for Joint Replacement and Episode Payment Model Programs

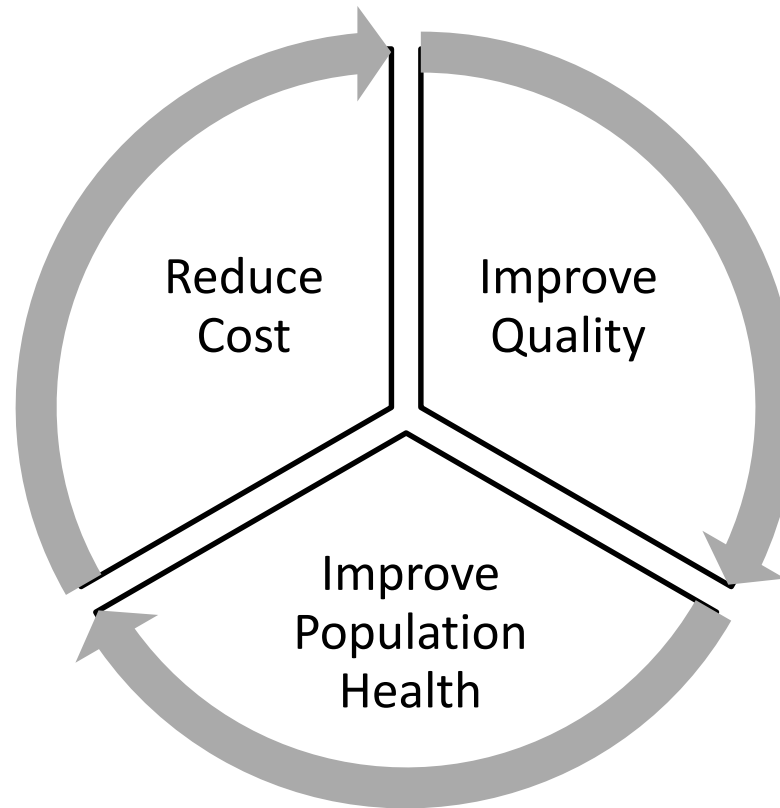
Lessons Learned from the Field

DataGen

- A wholly-owned subsidiary of the Healthcare Association of NYS
- Policy-based analytics for 47 state hospital associations and 5 multi-state systems
- Payment policy and quality analytics for associations, consulting firms, hospitals, and post-acute providers across the country
- Data partner for 90+ Medicare BPCI, CJR, OCM, and MSSP participants of all sizes and types
 - Association of American Medical Colleges
 - Ascension
 - Genesis Healthcare

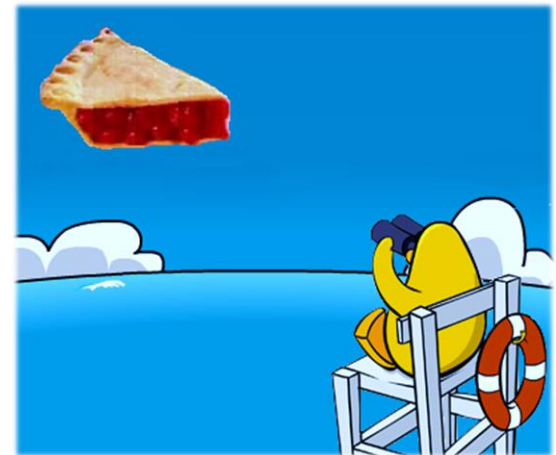


The “Triple Aim”



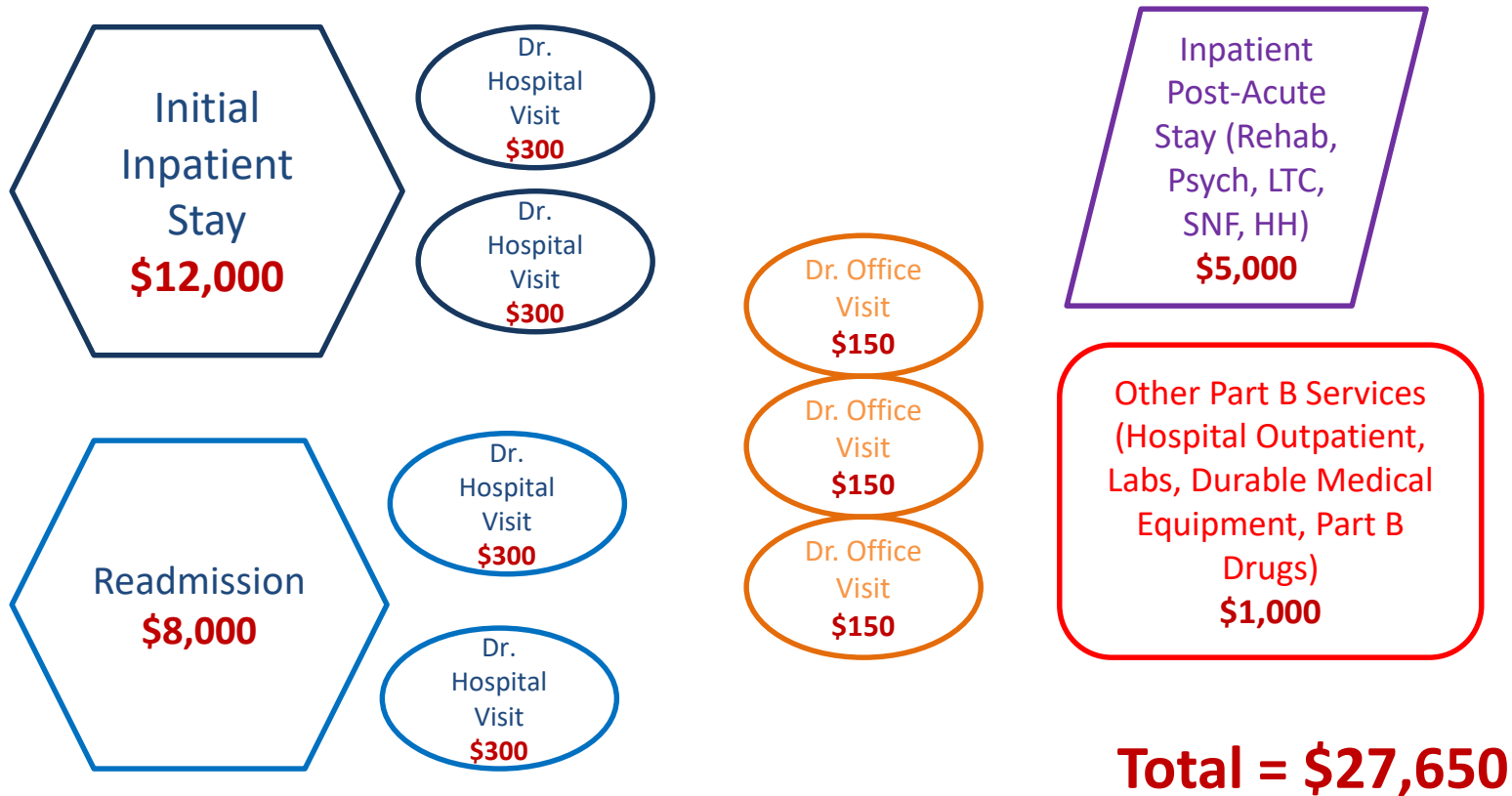
Value-Based Payment

- Providers change how they deliver care
- Payers change how they pay for care delivery
- When incentives align, change can happen
 - Telehealth
 - Physician extenders
 - Patient navigators
 - Geisinger, Wal-Mart, etc.



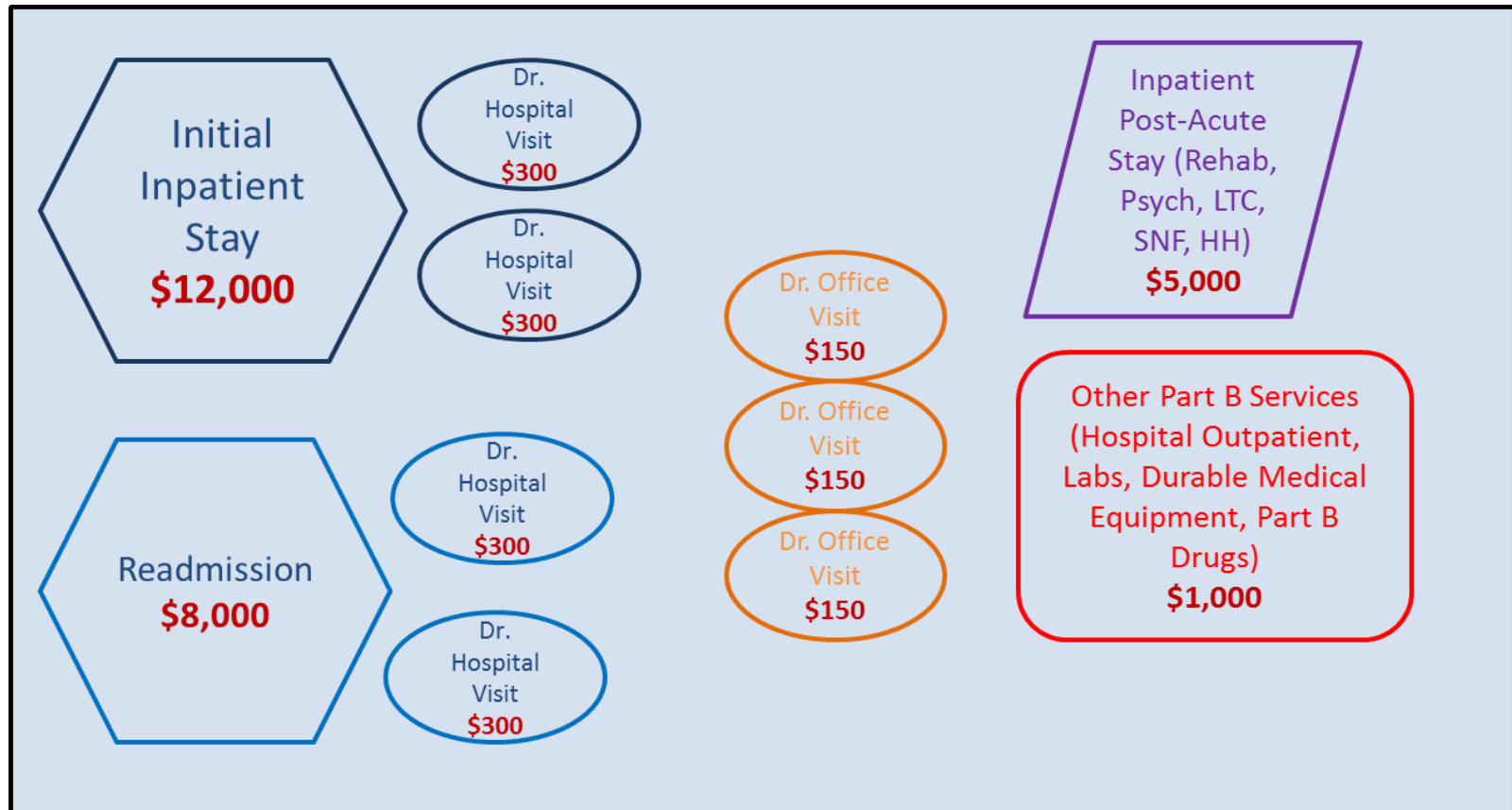
Basics of Bundles

FFS



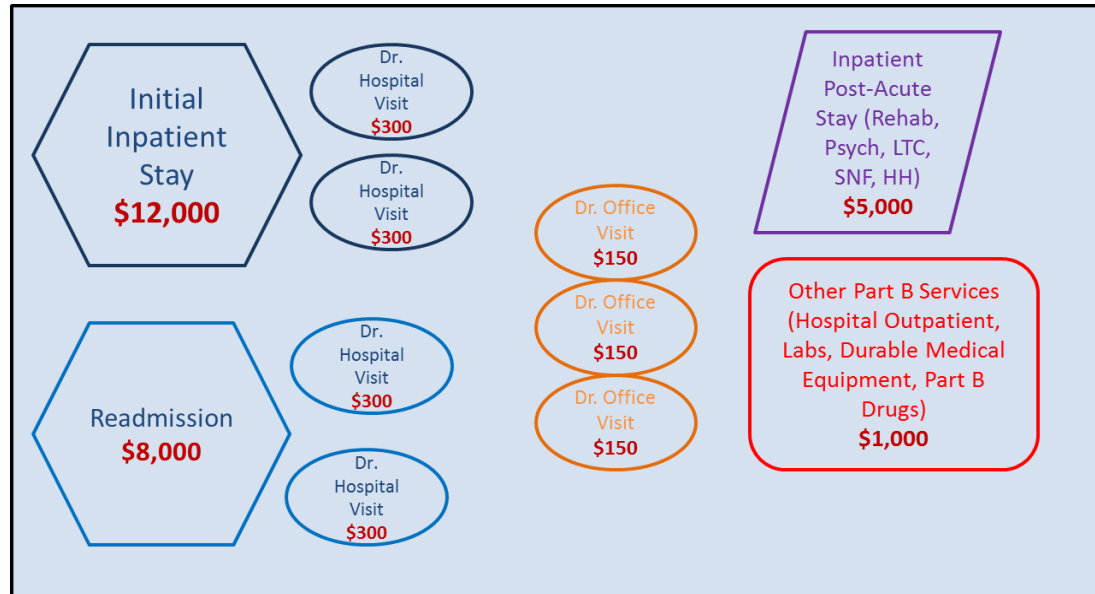
Payment *for* each individual service *to* each individual provider

Bundled Payments for Episodes of Care



A single target price for the full spectrum of services

Bundled Payments for Episodes of Care



Average of Baseline Period: \$27,650

Discount factor to incentive/ensure savings: 3%

Target: $\$27,650 - 3\% = \$26,821$

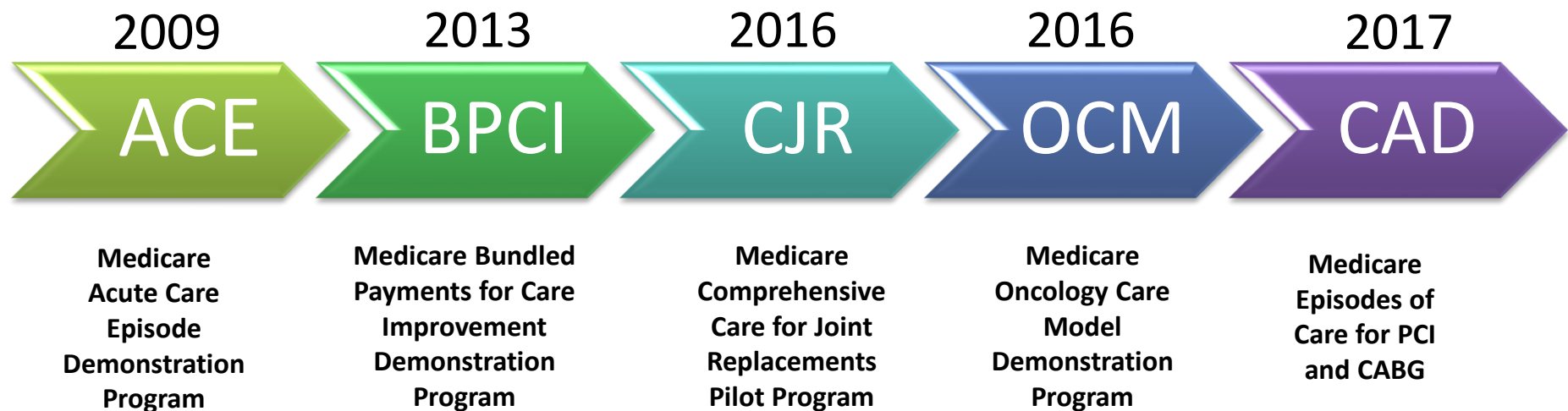
A single target price for the full spectrum of services

Annual Reconciliation

| DRG | Performance Period Episode Count (a) | Performance Period Episode Target \$ (b) | Total Performance Target \$ (a*b) | Total Actual Performance \$ (c) | Reconciliation Amount \$ ([a*b]-c) |
|-------------------------|---|---|--|---------------------------------------|--|
| 470 w/o fracture | 100 | \$24,000 | \$2,400,000 | \$2,200,000 | \$200,000 |
| 469 w/o fracture | 10 | \$40,000 | \$400,000 | \$550,000 | -\$150,000 |
| Hospital A Total | 110 | \$24,455 | \$2,800,000 | \$2,750,000 | \$50,000 |

- First reconciliation will take place 3 months after the end of the first performance year.
- First reconciliation will be revised 12 months later to ensure all claims run-out is captured
- Same process for years 2 through 5

A Brief History of Bundling



What's Happening

BPCI

- 2 year extension, possibility of 2.0 (MACRA)
- “Education cycle” (staff change, evolving understanding, changing rules)

CJR

- Hospitals only
- Mandated nature driving change in BPCI
- Precedence issues
- EPM rule add remaining hip/femur fractures

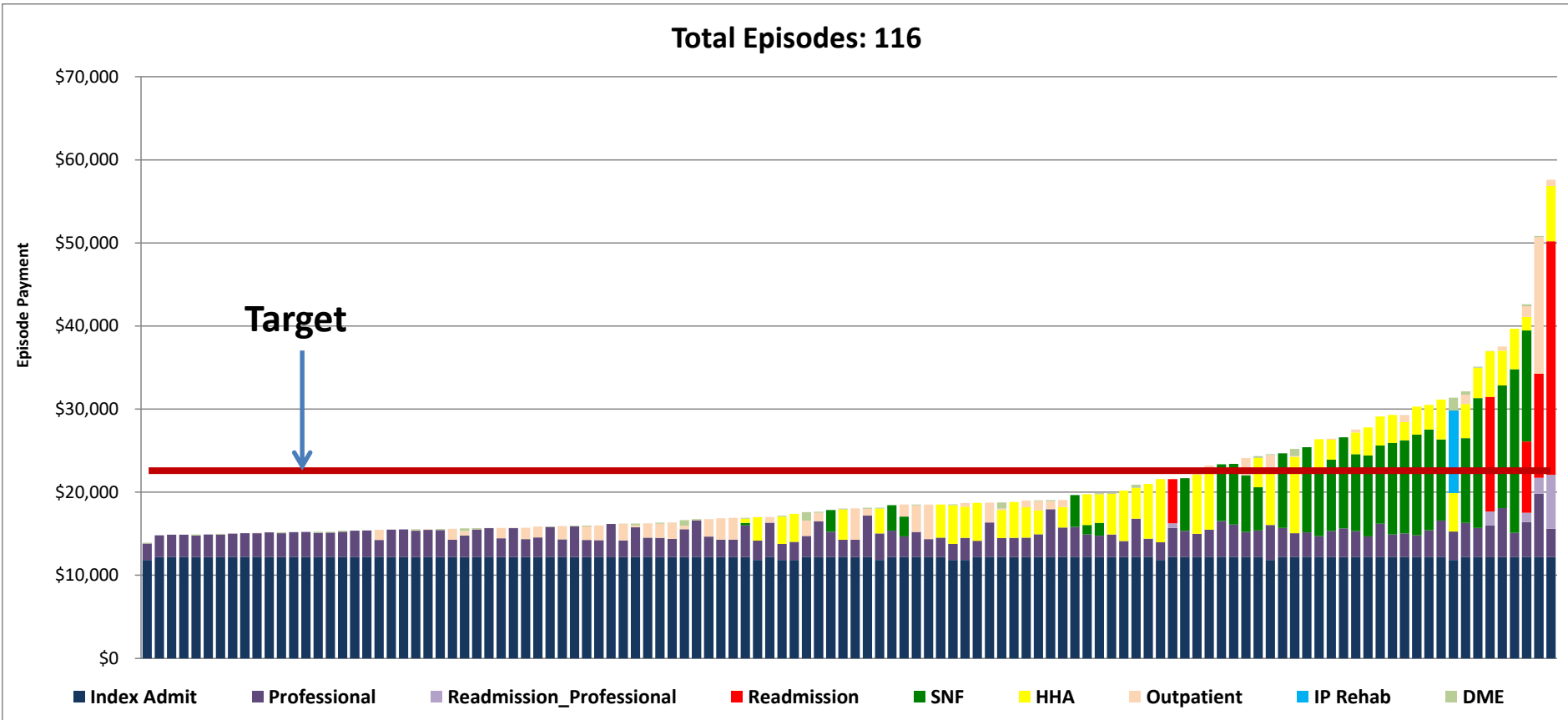
OCM

- Physician practices only
- Risk stratification critical

CAD

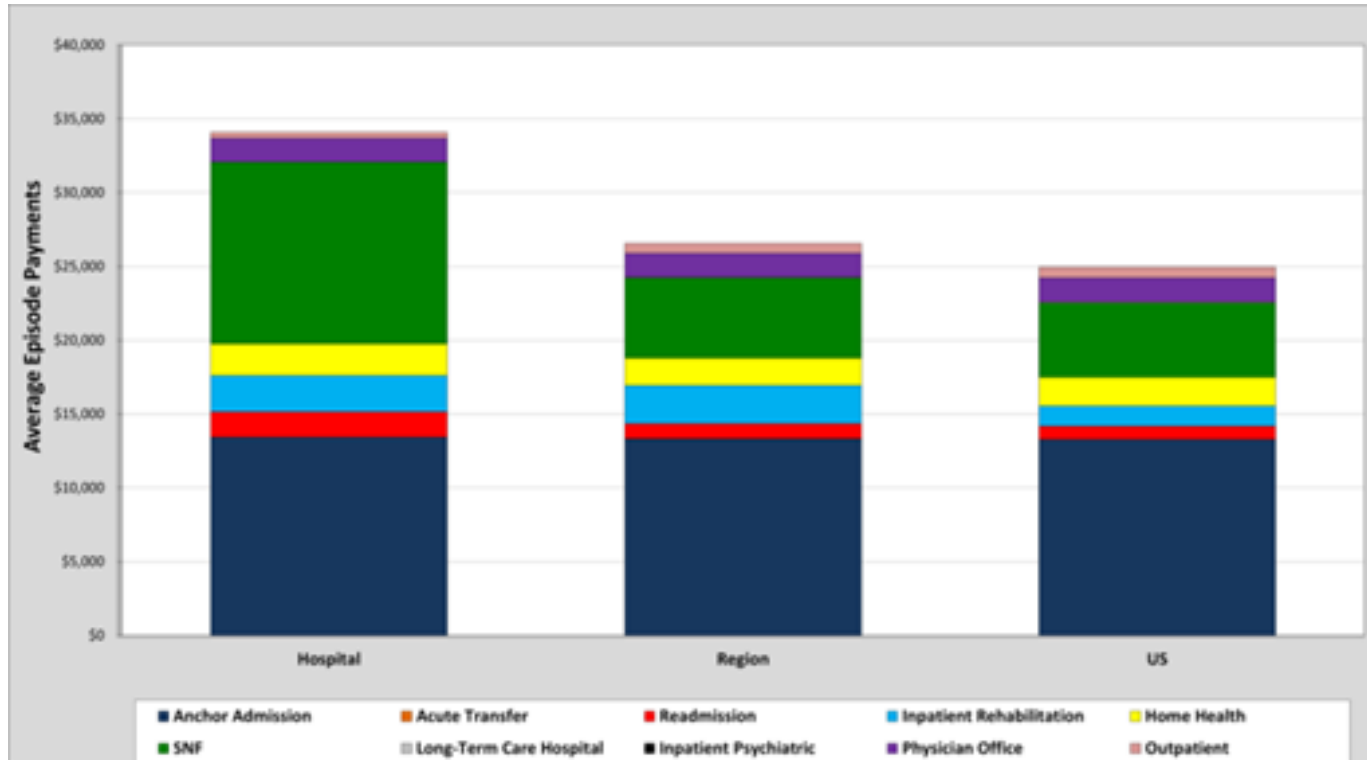
- Hospitals only
- Incentivize rapid transfer for CABG

All the spending variation is in the post-acute setting



- Medicare spending for the inpatient acute stay is not variable
- In order for hospitals to succeed, they need to address the PAC variability

Where are targets headed?



- In CJR, targets will be based on the regional average by year 4
- Decrease over time will drive those targets after year 4

What Data?

- Comes quarterly
- PAC providers involved and how are they performing
- Individual surgeons and how they are performing
- Annual reconciliation
- True-up of reconciliation 1 year later
- Claims lag wrt quarterly data feeds

You need a flexible platform with key metrics easily accessed



For More Information, Please Contact Us

Kelly Price

Vice President Vice President and Chief of Healthcare Data Analytics

DataGen, A HANYS Solutions Company

(518) 431-7629

KPrice@hanys.org

