HCP LAN

Health Care Payment Learning & Action Network

Improving the Delivery of Elective Joint Replacement Care Via Episode Payment: Opportunities and Challenges

April 26, 2016

1:00pm – 2:15pm

WELCOME

Amy Bassano

Director, Patient Care Models Group

Center for Medicare and Medicaid Innovation (CMMI)

SESSION OBJECTIVES

- Learn about the work of the CEP Work Group and its recommendations for elective joint replacement episode payment design
- Learn about the need for substantive and meaningful patient engagement in the care delivery process for elective joint replacement
- Hear the provider perspective on what characterizes successful episode payment, both for the patient and for the system
- Engage in audience discussion with the panel

AGENDA

Time (ET)	Topic & Speaker
1:00 – 1:20	CEP Work Group Overview and Joint Replacement Recommendations Amy Bassano
1:20 – 1:40	Consumer and Patient Perspective on Patient Engagement in Episode Payment Carol Sakala
1:40 – 2:00	Provider Perspective on Design and Implementation Mark Froimson, MD
2:00 – 2:15	Facilitated Discussion

CEP Work Group

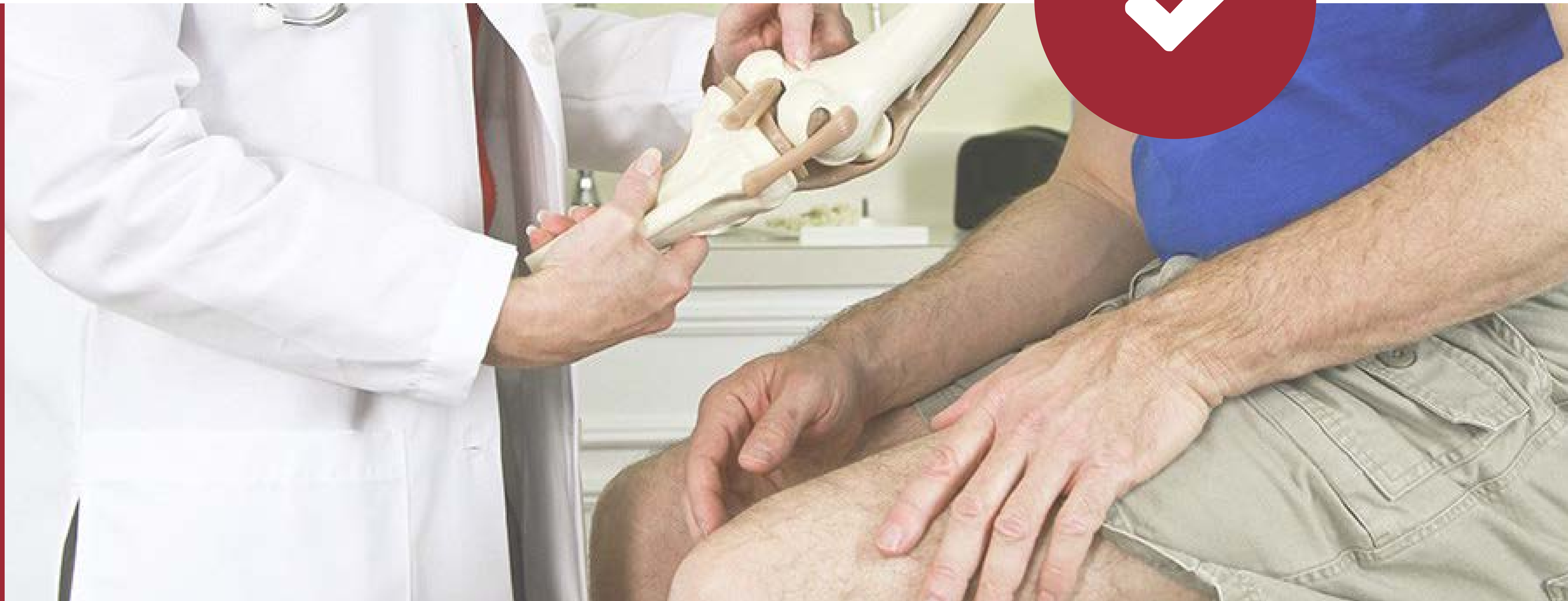
Clinical Episode Payment (CEP)

18 Members

Chair

Lewis Sandy

Senior Vice President, Clinical Advancement, UnitedHealth Group



The group will identify the most important elements of clinical episode payment models for which alignment across public and private payers could accelerate the adoption of these models nationally. The emphasis will be on identification of best practices to provide guidance to organizations implementing clinical episode payment models.

Key Activities

- ✓ Identifying the elements for elective joint replacement, maternity, and cardiac care episode payments
- ✓ Identifying best practices for implementing clinical episode payment models

CEP MEMBERS

Member Roster

Lewis Sandy, MD, MBA
Executive Vice President, Clinical Advancement, UnitedHealth Group

Amy Bassano, MPP
Director, Patient Care Models Group, Centers for Medicare and Medicaid Services

Edward Bassin, PhD
Chief Analytics Officer, Archway Health

John Bertko, FSA, MAAA
Chief Actuary, Covered California

Kevin Bozic, MD
Chair of Surgery and Perioperative Care, Dell Medical School at the University of Texas at Austin

Alexandra Clyde, MS
Corporate Vice President of Global Health Policy, Reimbursement and Health Economics, Medtronic, Inc

Brooks Daverman, MPP
Director of the Strategic Planning and Innovation Group, Tennessee Division of Health Care Finance and Administration

François de Brantes, MS, MBA
Executive Director, Health Care Incentives Improvement Institute, Inc.

Mark Froimson, MD, MBA
Executive Vice President and Chief Clinical Officer
Trinity Health, Inc.

Rob Lazerow
Practice Manager, Research and Insights
The Advisory Board Company

Catherine MacLean, MD, PhD
Chief Value Medical Officer, Hospital for Special Surgery

Jennifer Malin, MD, PhD
Staff Vice President, Clinical Strategy, Anthem, Inc.

Cara Osborne MSN, CNM, ScD
Chief Clinical Officer, Baby+Co.

Dale Paton Reisner, MD
Maternal Fetal Medicine Specialist
Swedish Medical Center

Carol Sakala, PhD, MSPH
Director of Childbirth Connection Programs
National Partnership for Women & Families

Richard Shonk, MD, PhD
Chief Medical Officer, the Health Collaborative

Steve Spaulding
Senior Vice President, Enterprise Networks
Arkansas BlueCross BlueShield

Barbara Wachsman
Chair, Pacific Business Group on Health

Jason Wasfy, MD
Director, Mass General Heart Center

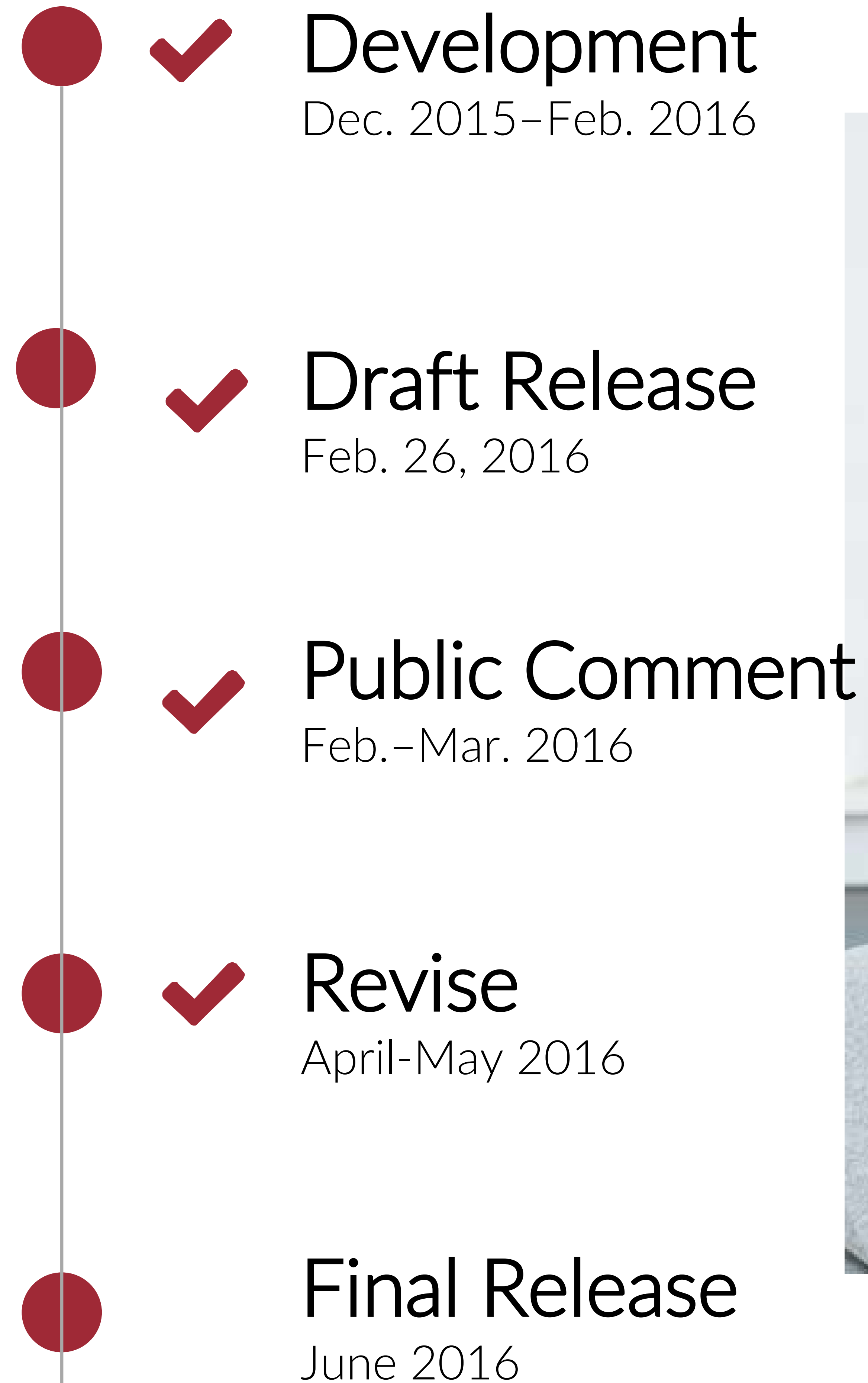
ELECTIVE JOINT REPLACEMENT

Elective hip and knee replacement for CEP models

The draft white paper titled *Accelerating and Aligning Joint Replacement Episode Payment: Considerations and Recommendations* describes bundled payment for episodes of elective hip and knee replacement. The white paper reviews previous and existing joint replacement episode payment efforts in order to develop a set of recommendations that can potentially pave the way for broad adoption of bundled payment in a way that has not yet occurred.

Key Components

- Design Elements
- Recommendations
- Operational Issues



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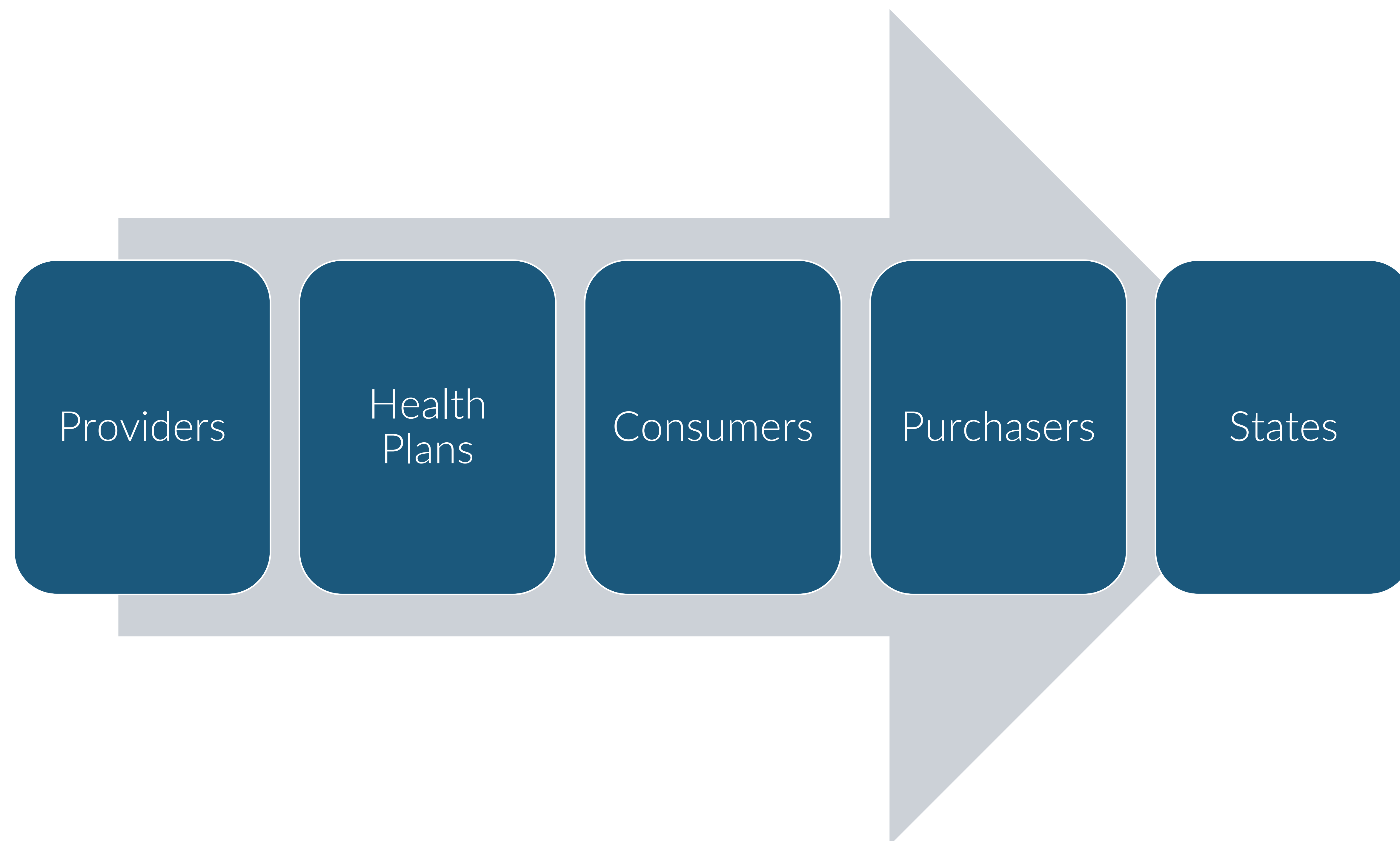
WORK GROUP CHARGE

Provide a Directional Roadmap to:



Promote Alignment:

- Design Approach
- Alignment Approach

Find a Balance Between:

- Alignment/consistency and flexibility/innovation
- Short-term realism and long-term aspiration

PURPOSE OF EPISODE PAYMENT

Episode Payment Can:

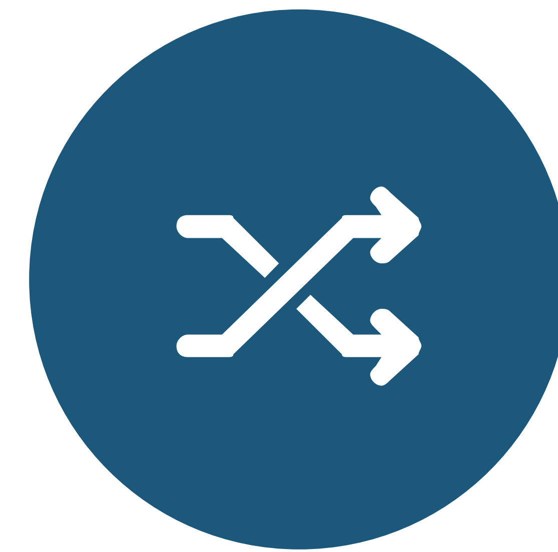
- Create incentives to break down existing siloes of care
- Promote communication and coordination among care providers
- Improve care transitions
- Respond to data and feedback on the entire course of illness or treatment

Episode Payments Reflect How Patients Experience Care:

- A person develops symptoms or has health concerns
- He or she seeks medical care
- Providers treat the condition
- The patient receives care for his or her illness or condition

Goal: The treatments the patients receive along the way reflect their wishes and cultural values.

EPISODE SELECTION CRITERIA



Empowering Consumers

Conditions & procedures with opportunities to engage patients and family caregivers' through the use of decision aids support for shared decision-making; goal setting and support for identifying high-value providers.

High Volume, High Cost

Conditions & procedures for which high cost is due to non-clinical factors such as inappropriate service utilization and poor care coordination that correlate with avoidable complications, hospital readmissions and poor patient outcomes.

Unexplained Variation

Conditions & procedures for which there is high variation in the care that patients receive, despite the existence evidenced based "best" practices.

Care Trajectory

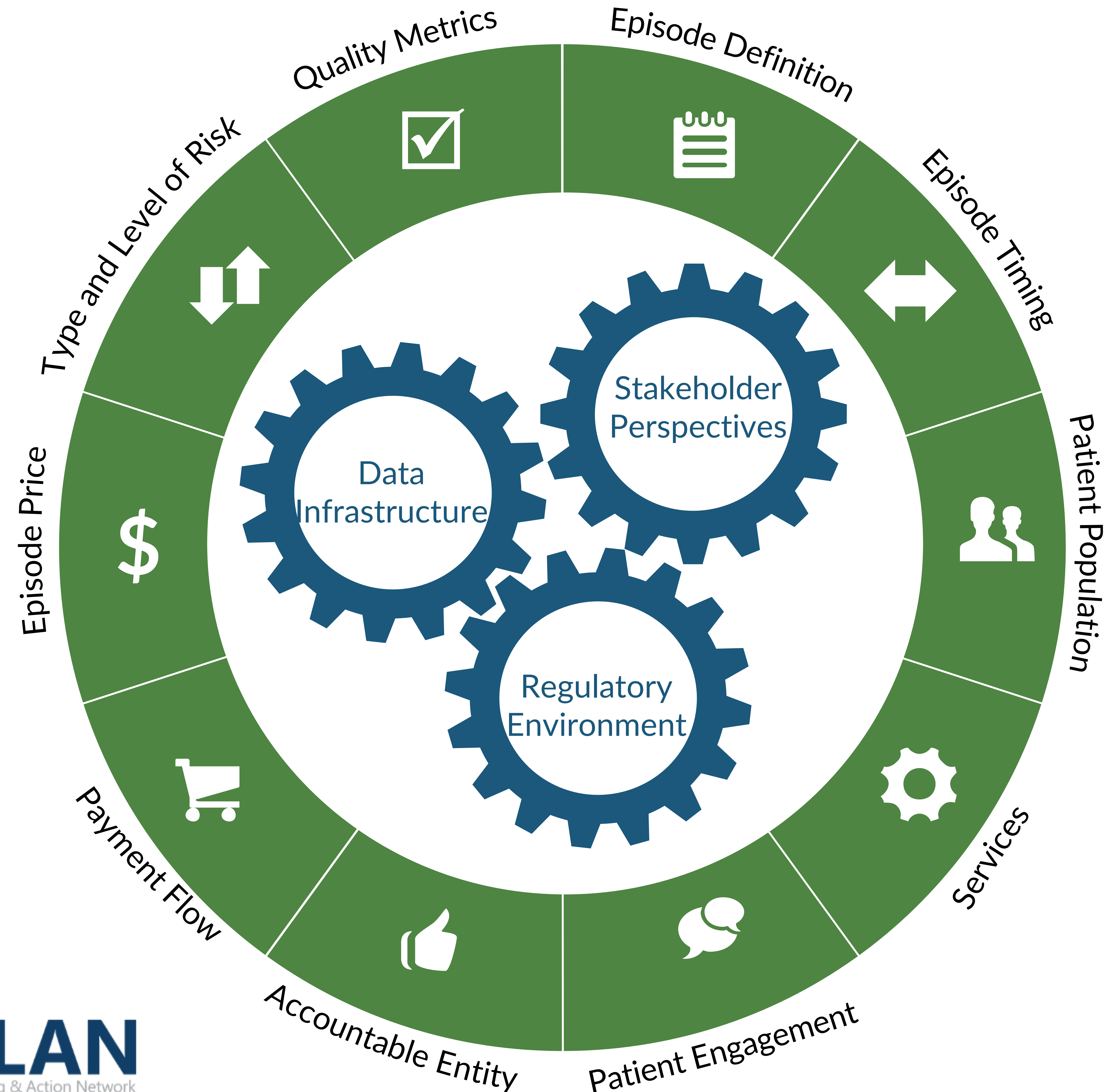
Conditions & procedures for which there is a well-established care trajectory, which would facilitate defining the episode start, length and bundle of services to be included.

Availability of Quality Measures

Conditions & procedures with availability of performance measures that providers must meet in order to share savings which will eliminate the potential to incentivize reductions in appropriate levels of care.

EPISODE PARAMETERS

Episode Design and Operational Considerations



- **Stakeholder Perspectives:**
  Ensure that the voices of all stakeholders – consumers, patients, providers, payers, states and purchasers – are heard in the design and operation of episode payments
- **Data Infrastructure:**
  Understand and develop the systems that are needed to successfully operationalize episode payments
- **Regulatory Environment:**
  Recognize and understand relevant state and/or federal regulations, and understand how they support or potentially impede episode payment implementation

EPISODE DESIGN RECOMMENDATIONS

1. Episode Definition	2. Episode Timing	3. Patient Population	4. Services	5. Patient Engagement
Elective & appropriate total hip and total knee replacement due to osteoarthritis	30 d. pre-procedure to 90 d. post-discharge & meet requirements	Broadest-possible pool of patients with risk/severity adjusted	All services need for joint replacement	Tools assess function & care path with transparent cost & care info

6. Accountable Entity	7. Payment Flow	8. Episode Price	9. Type and Level of Risk	10. Quality Metrics
Physician-level clinician preferred with caveats	Retrospective reconciliation with upfront FFS	2 years historical cost Balance regional/provider data	Upside/ Downside Risk	PROMs and quality scorecards

JOINT REPLACEMENT COMMENTS SUMMARY

Received Comments from the Following Organizations:

- Advanced Medical Technology Association
- Ambulatory Surgery Center Association
- American Association of Hip and Knee Surgeons
- American Association of Nurse Anesthetists (AANA)
- American Occupational Therapy Association
- American Telemedicine Association
- The American Medical Group (AMGA)
- The American Medical Rehabilitation Providers Association
- The Alliance
- Arizona Connected Care
- Families USA
- Geisinger Health System
- Health Care Transformation Task Force
- Henry Ford Health System (HFHS)
- IU Health
- MPA Healthcare Solutions
- National Bone Health Alliance (NBHA)
- National Partnership for Women & Families
- Naturally Re-Emerge Virtual Assistant
- Next Wave
- Pacific Business Group on Health
- Progressive Rehabilitation Associates, LLC
- Physical Therapy Provider Network (PTPN)
- QUA INC
- Suncoast RHIO
- Walmart Store, Inc.

JOINT REPLACEMENT COMMENTS

- Overall the comments were positive and supportive of many of the recommendations, including the episode definition, use of appropriateness "gates" to determine use of elective joint replacement; episode starting point and length; accountable entity; type and level of risk; and quality measurement framework.

- Specific comments included (but were not limited to) the following:
  - Include Ambulatory Surgical Centers and Occupational Therapists in references to providers and provider settings.
  - Clarify the definition of appropriateness, and address to a greater extent the opportunities inherent in episode payment to drive appropriate use of elective joint replacement
  - Add state- and national-level price data – in addition to regional price benchmarks – to the episode price development recommendation
  - Revise the payment flow recommendation to advocate for prospective payment, rather than FFS with retrospective reconciliation
  - Address the link between payment reform and benefit design
  - Provide specific guidance on how to achieve improved care coordination

CMS Testing Two Episode Models for Joint Replacement

CMS is currently testing two episode-based payment models in Medicare fee-for-service that include lower-extremity joint replacement:

- The Comprehensive Care for Joint Replacement (CJR) Model
- The Bundled Payment for Care Improvements (BPCI) Model

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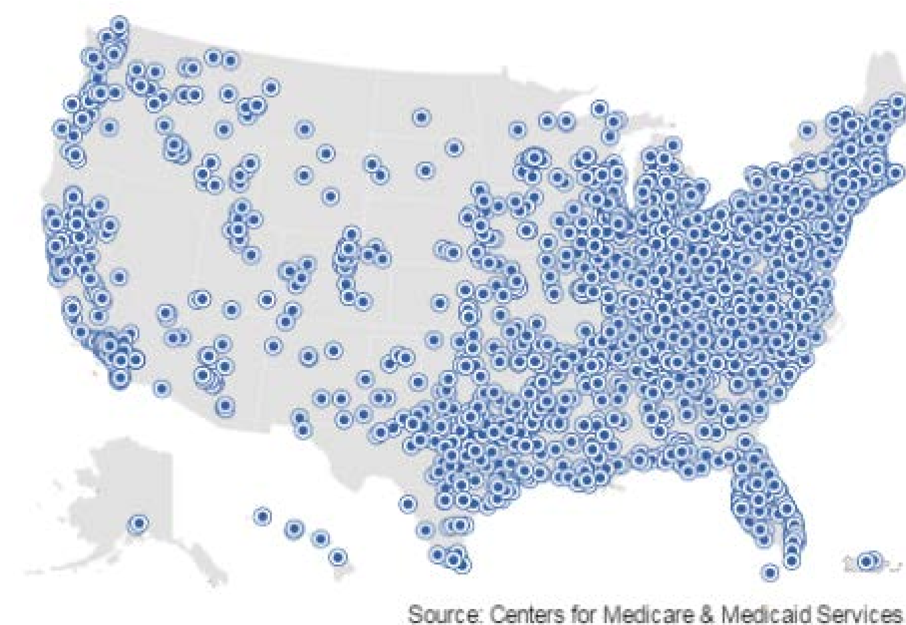
Bundled Payments for Care Improvement

The bundled payment model targets 48 conditions with a single payment for an episode of care

- Lower extremity joint replacement is the most common episode
  - Incentivizes providers to take **accountability for both cost and quality** of care
  - **Four Models**
    - Model 1: Retrospective acute care hospital stay only
    - Model 2: Retrospective acute care hospital stay plus post-acute care
    - Model 3: Retrospective post-acute care only
    - Model 4: Prospective acute care hospital stay only
- 337 Awardees and 1237 Episode Initiators as of January 2016



Source: Centers for Medicare & Medicaid Services

- Duration of model is scheduled for 3 years:
  - Model 1: Awardees began Period of Performance in April 2013
  - Models 2, 3, 4: Awardees began Period of Performance in October 2013

The Case for Bundled Payments

- Large opportunity to reduce costs from waste and variation
- Gainsharing incentives align hospitals, physicians and post-acute care providers in the redesign of care that achieves savings and improves quality
- Improvements “spillover” to private payers
- Strategies learned in bundled payments lay the foundation for success in a value driven market
- Adoption of bundled payments is accelerating across both private and public payers
- Valuable synergies with ACOs, Medicare’s Shared Savings Program and other payment reform initiatives

Rationale for BPCI Episode Parameters

- Broad bundles to strongly incentivize care coordination and care for the whole beneficiary, despite the specific clinical episode
- Allow flexibility for providers to select clinical conditions, risk tracks, and episode lengths with greatest opportunity for improvement
- Enable episodes that have a sufficient number of beneficiaries to demonstrate meaningful results
- Assure enough simplicity to allow rapid analysis and implementation of episode definitions
- Achieve episodes with the appropriate balance of financial risk and opportunity
- Build on lessons from prior initiatives and CMS demonstrations

Comprehensive Care for Joint Replacement: Key Parameters

- CJR Model began **April 1, 2016, runs through December 31, 2020**
- Model is mandatory in 67 metropolitan statistical areas (MSAs) and **will include almost 800 acute care hospitals**
- CJR is an episode-based payment model for lower extremity joint replacement (LEJR) triggered by a hospitalization assigned **MS-DRG 469 or 470 and includes services 90 days post-discharge**, with limited exceptions
- Participant **hospitals receive prospective episode target prices** that reflect expected spending for a LEJR episode. Providers and suppliers continue to be paid via Medicare FFS and actual spending will be compared to target price after a performance year
- No downside risk in Year 1, **two-sided risk years 2-5**
- **Payment tied to quality** using quality composite score

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PANEL SPEAKERS

Carol Sakala

Director of Childbirth Connection Programs, *National Partnership for Women & Families*

Mark Froimson, MD

Executive Vice President and Chief Clinical Officer, *Trinity Health*

PANEL SPEAKER

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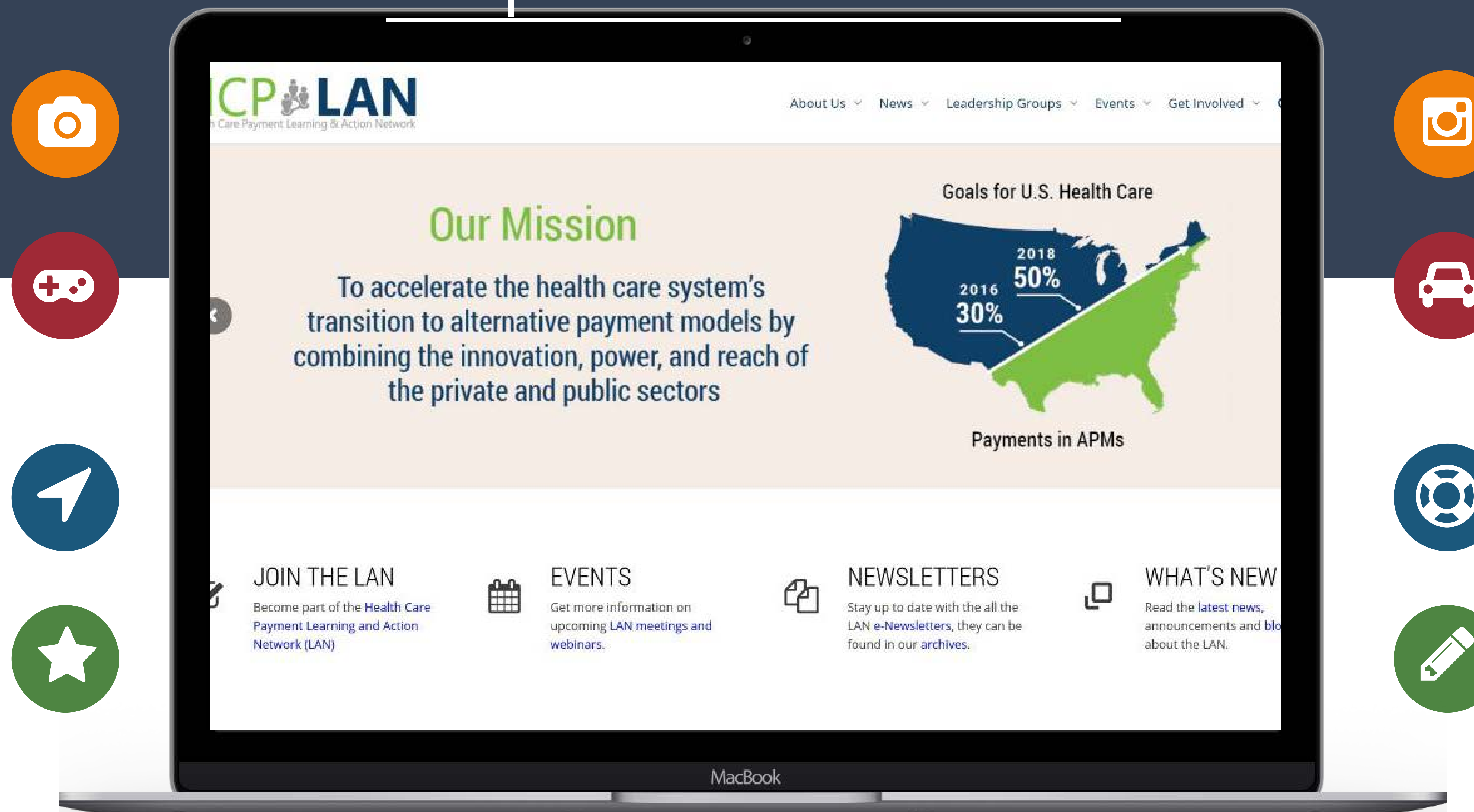
Access the white paper:

https://hcp-lan.org/groups/cep/elective-joint-replacement/



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