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The Bundled Payment Title Wave: Recap and Insights from the Fourth National Bundled Payment Summit

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Editor's note: Last year, the Centers for Medicare & Medicaid Services' Innovation Center caused a renewed interest in bundled payments with its Bundled Payments for Care Improvement (BPCI) initiative. The June 2014 Bundled Payment Summit, held annually and organized by Global Health Care, LLC, featured keynote addresses from policy makers and national hospital and physician leaders with real-life implementation experience.

Deirdre Baggot, PhD (c), MBA, RN presented at this Summit and we asked her to summarize her organization's sessions as well as sessions from other presenters.

Being Early Beats Being Better with Bundled Payments

Get out of the gate early; first movers will flip markets. Healthcare transformation is not only about creating efficiencies, it is also about creating innovations in how we pay for healthcare in the U.S. The orthodoxies governing healthcare finance are so entrenched that we need innovations such as bundled payments to focus transformation efforts. Bundling a clinical episode represents just one approach to payment innovation, along with other vehicles such as accountable care organizations, patient-centered medical homes, and other programs that measure total cost of care, improve care coordination, and encourage physician leadership and engagement.

A New Frontier for Physicians

Most striking this year was a seemingly new level of clarity among physicians with respect to their place in driving the movement to bundled payments. Dr. Mark Froimson, President, Euclid Hospital; Member, Board of Governors and Board of Trustees; Former Vice Chair, Orthopaedic and Rheumatologic Institute, Cleveland Clinic, shared that "Bundled payments can be the vehicle through which physicians take back their future."

The Post-Acute Imperative

No healthcare provider or setting is an island. The kind of thinking that connects cross-setting care delivery will change the world of healthcare in the United States. Profound workforce and infrastructure challenges that pervade post-acute care are shaping leadership's thinking around bundled payments in a way that catalyzes progress. We are asking better questions when it comes to post-acute bundles that enable us to manage the reality of

ineffective IT infrastructure and a largely underprepared workforce that are today's reality.

The Hard Work of Payment Innovation

Throughout the Summit, constituents from every sector of the market shared their insights on stumbling blocks, successes, and their vision for where bundles are headed. Summit attendees included current champions of Medicare's Bundled Payments for Care Improvement ("BPCI") initiative, commercial bundled payment programs, Medicaid program participants, and large self-funded employers who are interested in pursuing bundles. According to CMS, to date, Phase 1 (encompassing Models 2, 3, and 4) has 2,515 episode-initiating providers, with 112,422 total episodes, and Phase 2 currently has 244 episode-initiating providers, with 2,439 total episodes.

In one of our sessions, Kimberly Hartsfield, MPA, a senior manager with The Camden Group, shared her experience within her home state of Arkansas, the site of the largest statewide, multi-payer bundled payment initiative currently in the country. The Arkansas initiative was implemented at the direction of Arkansas Governor, Mr. Mike Beebe, as a public-private partnership between Arkansas Medicaid, Arkansas Blue Cross Blue Shield, and QualChoice Arkansas. Several states are currently pursuing a similar model, including Ohio and Tennessee. Faced with growing healthcare expenditures in their Medicaid programs, governors across the country are looking at bundles as a way to cut costs from their budgets while ensuring that high quality care is provided to the residents of their states.

The Arkansas model includes a common methodology for clinical episode definitions and quality metrics among all participants, a consistent reporting format and delivery method, as well as a common portal for quality data that must be submitted by the principal accountable provider or "PAP." Despite planning efforts to generate a single combined payer report, program administrators were unable to establish that level of integration and functionality at the time of the program's launch. The intent of standardized reporting was to alleviate as much of the burden as possible on the provider community.

BPCI participants recapped their successes in using bundles to engage physicians and as a lever for continuing care redesign work. With program initiation beginning in either October 2013 or January 2014, participants are reporting early wins which can be attributed to significant decreases in readmissions and length-of-stay and reduced utilization of post-acute care facilities and services. Data transparency at the physician level – including cost, quality of care, and outcomes – is credited for participants' reductions in practice pattern variation and direct supply costs. Transparency acts as a powerful tool to incentivize behavior change among providers, which is a necessary component of bundles and cultural transformation.

As many large self-funded employers are looking to cut costs from their health plans, bundled payment initiatives are increasingly becoming a part of their strategy, connecting employers with high-performing facilities. Companies such as Walmart, Lowe's, McKesson, and the Pacific Business Group on Health are contracting directly with healthcare facilities to put in place the "Employers Centers of Excellence Network." These travel programs employ a bundled payment methodology (starting with selected hip and knee procedures) along with rigorous evaluation criteria, including employer requirements, quality of care, and patient experience, with a focus on a concierge model for their members.

While bundled payment programs initially focused on procedural episodes, there is significant work underway to develop episodes in cancer, chronic conditions, behavioral health, and post-acute care, among public and private payers alike. We are currently in version 1.0 without a nationally accepted bundled payment methodology yet defined, but continued experimentation is expected to lead to refinement and increased adoption among payers and providers from all specialties.

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