

Early Results of a Total Joint Bundled Payment Program: the BPCI Initiative

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LB Qualifying Statement: The BPCI program did not go live until October 1, 2013. Abstract we are submitting reflects cases seen in October and November 2013.

Introduction: As health care continues to shift into a new era of reform, providers and payers are looking for more innovative payment mechanisms in order to keep health care costs down while striving to improve care. Payment mechanisms have been historically based on rewarding volume instead of value. While that is still the current incentive model in health care for the majority of providers, the future payment model must be centered on value-based arrangement that rewards physicians, hospital and health systems for quality outcomes. The need for innovation can be heard also from our patients who want accessible coordinated care that is affordable. Patients want us to put care together _ to bundle it for an episode and deliver it as one product.

Today, provider and payers are beginning to experiment more with inventive payment structures, some even leading to permanent changes in reimbursement. These new models have begun to shift financial performance risk to providers. Bundled payments for episodes of care is a leading alternate payment methodology being tested today.

Methods: *Redefining the episode of care*

One of the keys to both care coordination and cost containment involves a paradigm shift that's at the heart of our innovative approach: viewing a procedure as an entire episode of care rather than just as the surgery itself. In this way of thinking, it becomes clear that what goes on before and after the surgery can have a significant impact on outcomes, patient satisfaction and cost. In fact, the greatest variation we found in the care delivered was in the discharge disposition of our patients and in the costs incurred after they left the hospital. From surgeon to surgeon, and from hospital to hospital, a patient's likelihood of going home after surgery could vary by a factor of 10. That degree of variation, coupled with the significant cost difference between discharging patients home and discharging them to a post-acute care facility, offers the potential for significant cost savings through better patient engagement and care coordination.

Identifying a Solution

After investigating the relative cost of a joint replacement among numerous surgeons within the system, we found significant variation in cost among providers without any associated difference in quality. In fact, lower-cost surgeons actually had lower complication rates and lower readmission rates for the same procedure. When we delved deeper, we found that lower-cost surgeons were achieving this cost advantage not through the use of less-expensive implants or technology but rather through better care coordination. It appeared that better care coordination was not an expensive add-on that would increase cost; to the contrary, it appeared to actually decrease cost.

BPCI Opportunity

The Affordable Care Act charged CMS to explore innovative payment models. As a result, the Innovation Center was born: Center for Medicare and Medicaid Innovation (CMMI). CMMI supports the development and testing of innovative health care payment and service delivery models, including the Bundled Payments for Care Improvement (BPCI) initiative.

BPCI called for just what we had begun to develop: a program that incentivizes providers to come together and redesign care in a more coordinated and streamlined way. This program provided an opportunity to highlight our care redesign efforts aimed at effectively delivering an episode of care that features optimum care coordination, patient-centeredness and shared decision-making while promoting high-quality, efficiently delivered healthcare.

Euclid Hospital, a Cleveland Clinic community hospital, is working closely with CMS to deliver innovative care under the BPCI initiative. Starting on October 1, Euclid Hospital entered into a bundled payment arrangement for MS-DRGs 469/470, primary total hip and knee arthroplasty. Euclid Hospital is only one of thirteen hospitals to go live for risk during this first phase (out of over 450 hospitals/post-acute providers across 44 states that originally applied to CMS).

The primary purpose of entering into this agreement with CMS was to capture the value being generated for the patients. If we provide care under our target price from CMS, we acquire that savings. Without a bundled arrangement in place, financial implications that result from care redesign efforts are never recovered by the provider. Implementing care redesign in an organized bundled payment arrangement allows both payers and providers to attain the benefit.

Results: In the first month/31 days of program implementation, Euclid Hospital provided care for 28 Medicare beneficiaries in the joint episode. Below is a table summarizing the early results:

| | Historic | Current |
|---|-----------|---------|
| Discharge disposition to Home | 22% | 68% |
| Discharge disposition to Skilled-Nursing Facility | 78% | 32% |
| SNF ALOS | 11.2 days | 7 days |

With the exception of one case, all episode payments were under our CMS issued target price. The variance between the total target amount and the total payment amount was over 20%. The chart below illustrates our early results.

Discussion: The process leading up to 10/1/13 go-live date has spanned over the last two years.

Leveraging access to information: Tracking outcomes and costs requires a robust infrastructure. Fortunately, the Cleveland Clinic health system has invested in market-leading electronic health records, clinical information systems, data warehouse capabilities and metrics capabilities (outcomes tracking, reporting and monitoring) that will enable successful tracking of our redesign efforts. A notable differentiated capability is the Orthopaedic & Rheumatologic Institute's OrthoMiDaS data warehouse and patient registry database, which allows us to collect patient-reported functional outcomes for our surgical patients. Collecting these patient-reported measures enables us to understand and research the impact of our interventions on patient function and quality of life. In order to monitor our ongoing performance, we have developed an episode clinical value scorecard comprised of both process and outcomes measures across four domains: clinical outcomes, patient safety, patient experience and efficiency.

BPCI Mandates Care Improvement and Redesign Plans: Our Rapid Recovery Program (RRP) for Orthopaedics has emerged from our health systems ongoing commitment to clinical redesign and identification of best practices that lead to improved outcomes. The RRP for Orthopaedics is designed to help total joint replacement patients progress to full mobility and home-based postoperative care as efficiently as possible. The RRP directly involves the patient in making decisions about his or her own preoperative, acute and postoperative care. It involves collaboration, coordination and cooperation among the orthopaedic surgery practice, the acute care facility and post-acute medical providers (including inpatient physical and occupational therapy), case management, home care and outpatient therapeutics.

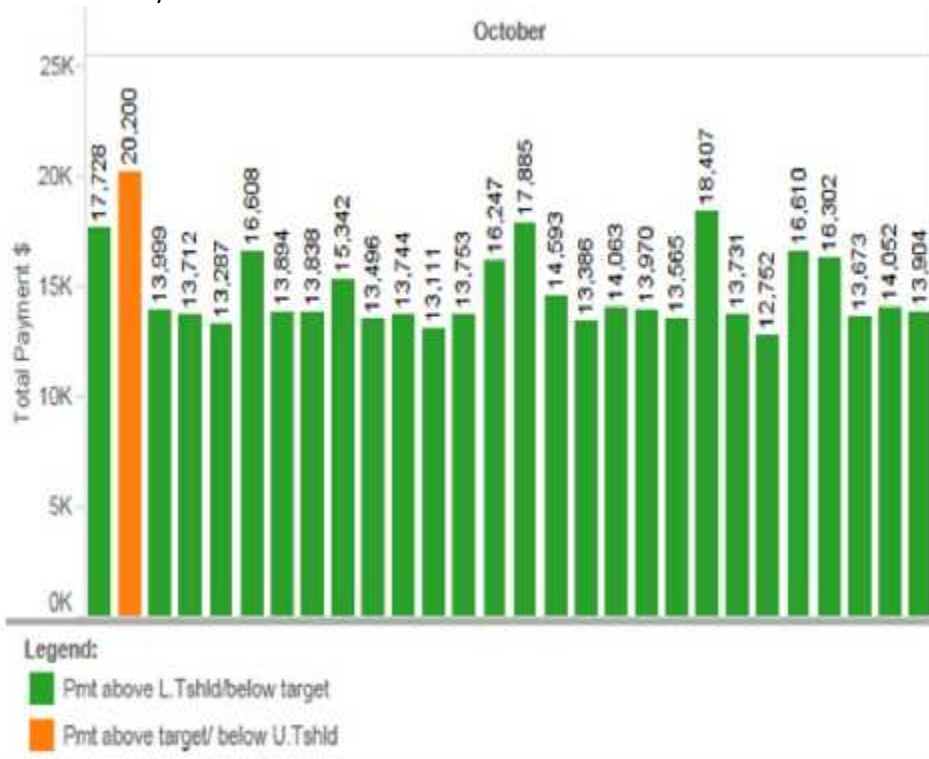
Significance: Cleveland Clinic views bundled payments as integral components to value-based care. Based on 2009 Medicare fee-for-service volumes and reimbursements as provided in the claims data received relative to this project, we estimate a significant savings potential over the three-year pilot period. We expect our care delivery redesign to result in:

- Better-prepared, actively engaged patients and families, with resulting increases in satisfaction
- Elevated quality of care through best-practice modification
- Lower total cost of care as resource use is aligned more appropriately to patient- and episode-specific needs

CMS invited engaged awardees who have successfully implemented the BPCI program to expand to additional episodes and/or episode initiators. We are working to identify the biggest opportunities across CMS's 48 standard bundles, our Care Paths and 8 hospital locations. Additional data will be available at the time of the meeting on the update of our progress with this innovative payment reform program.

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