Bundled Payment Compliance

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“"It’s too late to read the handwriting on the wall when your back is up against it.”

Anonymous

Agenda

• What is meant by bundled payment and why it is relevant?
• The various forms of bundled payment
• Compliance parameters in the voluntary BPCI program
• Compliance lessons translated by CMS into the mandatory models
• What does this mean for compliance going forward
What is bundled payment & why now?

Episode bundling

How does payment work?

CJR Example

STEP 1: CMS Sets Target Price
- Price is calculated based on 3 years of historical hospital-specific spending and regional spending for DRGs 469 and 470
- CMS then applies a discount of approximately 3 percent which can be reduced with the achievement of a high quality score.

STEP 2: Payment as Usual
- CMS will continue to pay all Part A and Part B providers under the existing Medicare payment system for episode services provided throughout the year.

STEP 3: Annual Reconciliation of Episodes
- CMS will compare the total cost of each episode that was initiated during the performance period to the target price and calculate a reconciliation amount.
- If the reconciliation amount is positive and the minimum quality score is achieved then Medicare will pay the difference to the hospital.
- If the reconciliation amount is negative then the hospital must repay the difference to Medicare.
The rapid transition to value-based care

**October 2015 to October 2016**

- Bundled Payment for Care Improvement (voluntary)
  - January 20, 2015: Health Care Transformation Taskforce (HCTF) announces voluntary models
  - November 26, 2015: U.S. Department of Health and Human Services (HHS) announces voluntary models

**2015**

- **30% OF MEDICARE PAYMENTS** tied to alternative payment models

**2018**

- **50% OF MEDICARE PAYMENTS** tied to alternative payment models (ACOS/BP)

**January 28, 2015**

- Health Care Transformation Taskforce (group of nation’s largest health systems and insurers) announces 2020 goal of shifting 75% revenue tied to alternative payment models

**October 2013 to October 2015**

- Bundled Payment for Care Improvement (voluntary models)
  - January 1, 2014: Models 1-4
  - 48 episode families to choose from

**2016**

- **Acute Care Episode (ACE)** demonstration to test the use of a bundled payment for hospital and physician services for a select set of inpatient episodes of care for orthopedic and cardiovascular procedures

**2017** (proposed)

- **Acute Myocardial Infarction (AMI)**
- **Coronary Artery Bypass Graft (CABG)**

**Commercial bundles**

- Commercial payer
- Direct to employer

**75% adherence**: CMS setting a trend and entire market is shifting

**November 16, 2015**

- CJR Announced: Final rule posted

**2020**

- Health Care Transformation Taskforce (75% adherence): Entire market is shifting

**2009**

- Acute Care Episode (ACE) demonstration to test the use of a bundled payment for both hospital and physician services for a select set of inpatient episodes of care for orthopedic and cardiovascular procedures

**Commercial bundles**

- Commercial payer
- Direct to employer
**Mandatory bundles – What are the implications?**

Hospitals are REQUIRED to bear financial risk.

- CJR is CMS’s first proposed mandatory bundled payment program extending across multiple providers and settings.
- Unlike other payment models (i.e., Pioneer ACO & MSSP), CJR firmly establishes the hospital as the sole stakeholder accountable for costs over the entire care continuum.

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**CJR participating MSAS**

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**The rising bar of CJR**

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*The discount for repayment amount purposes is 1% lower in years 2 and 3, effectively 0.5% - 2%.*
The rising bar of CJR

Hospitals will be pressured to improve their baseline episode performance to outpace the rest of their region.

Regional markets will become increasingly competitive as bundled payment programs, including BPCI, continue to evolve and drive target prices down.

For those who can't compete, we expect to see:

- Joint programs marginalized
- Consolidation
- Unprofitability

Optimizing the orthopedic value chain

The Total Joint episode of care represents a significant opportunity to improve quality through reduced variation, resulting in decreased cost.

Addressing this segment of the episode is going to be a new focus under CJR and potentially a challenge for Hospitals to manage.

Compliance in bundled payment
BPCI compliance requirements

General Program Compliance
- Governance and EI compliance plans that include BPCI
- Governance structure for BPCI
- Quarterly document submitted to CMS outlining the BPCI program in laborious detail
- Established quality metrics for gainsharing that are approved by CMS
- Quarterly submission to CMS for gainsharing screening
- Quarterly submission of quality elements to a CMS subcontractor (The Lewin Group)
- Convener oversight of gainsharing compliance
- Annual compliance training
- Annual compliance attestation to CMS

Hospital Beneficiary Notification
- Patient notification upon index admission
  - Does not require patient signature and you do not have to produce a list of patients that have received it
  - Have to prove process in place

Lessons learned

From BPCI

CJR compliance requirements

CMS may add 25% to a repayment amount on a participant hospital’s reconciliation report if the participant hospital fails to timely comply with a correction action plan or is noncompliant with the model’s requirements.

General Program Compliance
- Hospital compliance plan that includes CJR
- Board level oversight of CJR
- Written policies for selection of collaborators with established quality criteria
- Hospital oversight of compliance with collaborators

Hospital Beneficiary Notification Compliance
- Patient CJR education upon admission
- Patient notification of PAC provider options

Collaborator Beneficiary Notification Requirements
1. CJR Physician
   Required to provide written notice of the structure of the CJR model and the existence of the sharing arrangement with the hospital at the time the decision for surgery is made

2. CJR PAC Provider/Supplier
   Required to provide written notice of the existence of the CJR sharing arrangement with the hospital at the time the beneficiary first receives services during the episode

Collaborator Compliance Plan
- Collaborators must have their own compliance plan in place related to CJR

Hospital Website Requirement
Other compliance considerations

- Document submission
- Audit trails (anticipate an audit)
- Quality measurement on a population subset
- Gainsharing regulations
- Use of waivers in bundled payment
  - 3 day SNF waiver
  - Telehealth
  - Home visit
- Beneficiary protections
- Compliance training

What is the role of Compliance in your organization?

Does the scope need to expand?

Are you prepared for 2017?

Will you be running simultaneous models?
Do you understand the compliance implications?

In BPCI for Lower Extremity Joint Replacement
- In a CJR MSA but exempt from CJR to date
- Now subject to SHFFT
- Also may be in a cardiac MSA

In BPCI for Lower Extremity Joint Replacement
- Not in a CJR MSA so exempt from CJR and SHFFT
- In a cardiac MSA

Thank You!

Questions:
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