CHRISTUS SANTA ROSA Health System

Orthopedics Bundled Payments Initiative (BPI)

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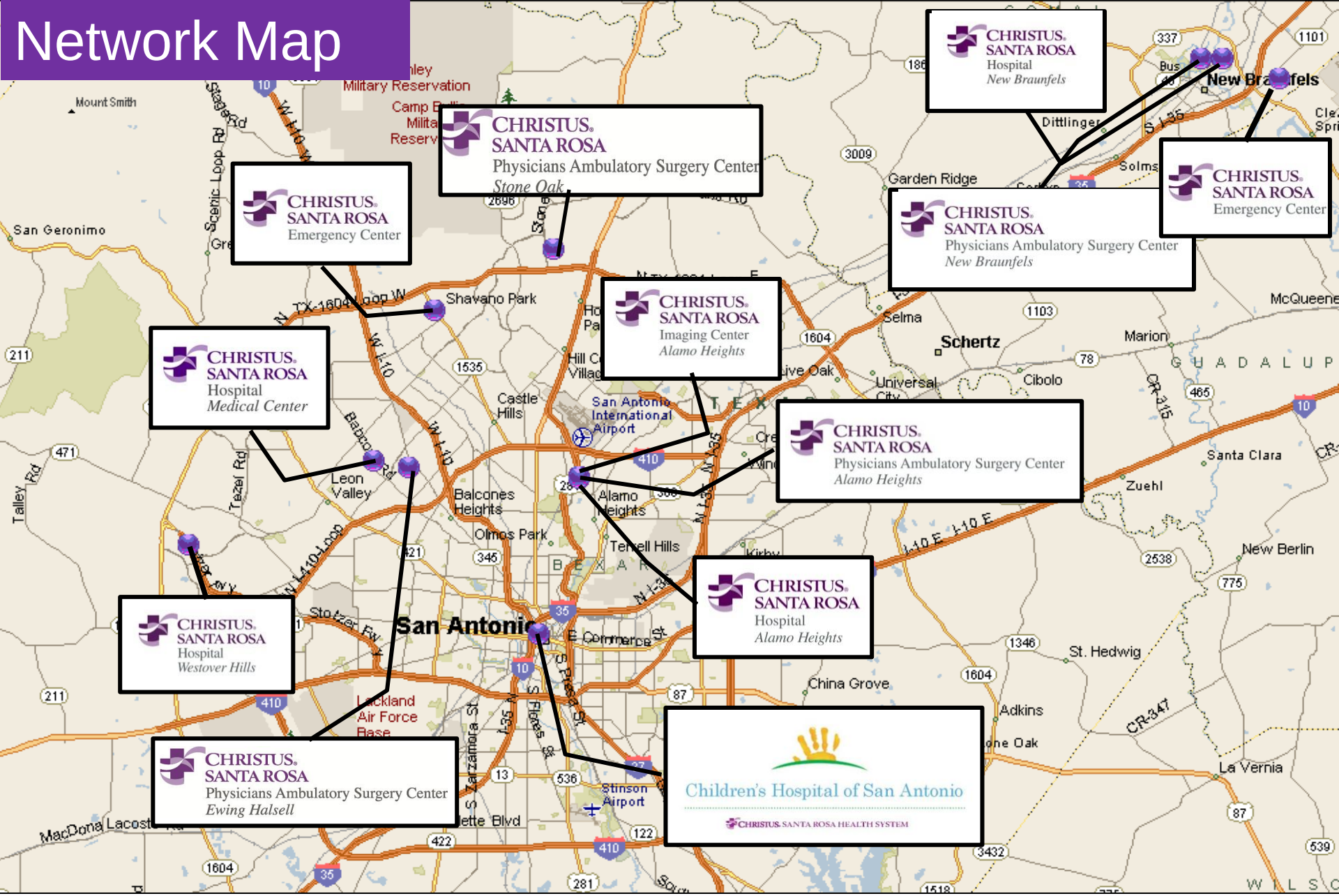
Forces Driving New Payment Models

- **Basics of health care reform**
  - **Quality**
  - **Cost**
  - **Accessibility**
- **Unsustainable cost of health care**
  - **Percentage of GDP**
  - **Variation from economic inflation rate**
  - **US debt load**
- **Perception of poor quality and care fragmentation**
  - **50% non-compliance with guidelines**
  - **$Billions in unnecessary care**

San Antonio Market Dynamics

- High growth market with large low income, Medicaid and uninsured population
- Market dominated by 2 large for-profit health systems
- For-profit systems aggressively pursuing practice acquisition, employment, clinical integration, ACO development
- Independent physicians dominate market
  - Distrust of health systems
  - Marked practice variability
  - Confusion over healthcare reform impact
  - Concerned about future practice viability
  - Limited interest in information sharing, practice coordination
  - Limited or no infrastructure for data sharing or performance improvement

Network Map



Only faith-based, non-profit health care system in San Antonio and New Braunfels serving community for over 140 years

Current CSRHS Care Delivery Innovation Initiatives

- Whole hospital and specialty-specific co-management
- Medical Home Network
- Clinical Integration
- Bundled Payment – Hip and knee surgery

How Does Bundled Payment Respond?

- Combines payment for physician, hospital, and other provider services into a single payment for all services furnished during an episode of care
- Supports aligning provider incentives:
  - Improving the care experience
  - Improving the health of populations
  - Reducing cost of health care
- Creates incentives for providers to deliver high quality care more efficiently through improved coordination
- Promotes joint accountability for managing resources and total costs with the opportunity to share savings

CMS Bundled Payment 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: Acute Care Hospital Stay Only

BPI PAYMENT APPROACH: Model 4

- **Definition:** Prospectively administered bundled payment for hospitals and physicians for the acute inpatient hospital stay and hospital visits within 30 days of discharge
- **Episode Anchor:** Acute care hospital admission associated with DRGs selected
- **Episode Payment:** Payment for Part A and Part B professional services furnished at the initial hospital visit and 30 days after discharge (awaiting current data)
- **Gain Sharing:** Bonus payments for improvements in quality and efficiency to participating physicians

Why We Selected Model 4

- Building block strategy supporting our other alignment initiatives
- Learning lab for MDs and health system working together in a shared savings environment
- Lower risk model to help test our systems for managing cost, improving outcomes
- Foster collaboration among otherwise independent physicians to help manage cost, improve outcomes

How We've Engaged Physicians

- **Pre-Implementation**
  - **Ongoing educational meetings with our physicians**
- **Establishment of Physician Advisory Committee**
  - **Working on process change, quality metrics, care protocols/pathways, and identifying cost savings opportunities**
- **Providing oversight and direction**
- **Coordinating with other related specialties (cardiology, anesthesia, hospitalists, etc.) who will impact patient care outcomes and cost**
- **Helping health system coordinate best practices across the entire region**

BPI Implementation Considerations

- **Data Analysis – Clearly understand current performance and opportunities for improvement**
- **Physician Engagement – Engage physicians early on to help them understand the opportunity and benefits of BPI**
- **Process Improvement – Work closely with physicians to develop clinical process changes, reduce readmissions, and reduce costs**
- **Physician Payment Process – Assure that there is an accurate, efficient process to pay physicians**
- **On-Going Outcomes Measurement – Systems must be in place to track and report outcomes**

BPI: Quality Monitoring

- CMS is currently considering 18 quality metrics for on-going monitoring
  - The 18 measures will apply to the 48 BPI clinical episodes
  - Most of these measures can be captured from claims data
- CMS is planning to implement what it calls the " B-CARE Tool"
  - Collection of clinical domains for measuring quality of care & determining services needed during an episode of care
  - Tool consists of 9 elements and 30 + questions
  - Completed at discharge
- CMS has not yet provided information on process for reporting of data

CMS Quality Metrics for Orthopedic Disorders

- Medication Reconciliation Post-x Discharge
- Timely Transmission of Transition Record
- Use of High Risk Medications in the Elderly
- Urinary catheter removal POD 0, POD 1, POD 2
- Post-OP Venous Thromboembolism Prophylaxis

Implementation Challenges

- Initial CMS dataset was a challenge to use and required outside expertise to analyze
- Initial CMS engagement strong, but recently this has changed and implementation delays are likely
- CSR facilities under a single license, but facilities in distinct medical communities make coordination more complicated
- Assuring an efficient, accurate physician payment process requires contract with outside 3rd party
- Physicians expressed concerns about DRGs included in episode definitions
- Change physician practice behaviors, including what implants and supplies are used

Bundled Payments: Benefits vs. Risks

Benefits

- Alignment with physicians
- Foundation for other clinical alignment initiatives
- Fosters collaboration with physicians to improve care
- Develops comfort level with new reimbursement modes (e.g. risk sharing, shared savings model)

Risks

- Difficulty achieving cost savings
- Administratively complex to administer
- Physicians unwilling to make clinical practice changes
- Ongoing program changes by CMS may make the program unsustainable

Next Steps

- Obtain CMS data and confirm bundled payment price
- Execute contract with CMS and physician participation agreements
- Finalize protocols and all patient communication materials
- Finalize supply and implant cost changes with physicians
- Implement physician payment and data analytics process through 3rd party
- Implement program – July 1, 2013 (likely to be delayed)