BPCI Advanced and Bundled Payment Overview

Ann Conrath, Director of Business Development
SIGNATURE MEDICAL GROUP

- Multi-specialty physician group with more than 160 physicians and 500,000 patient visits annually
- Awardee Convener CMS Bundled Payments for Care Improvement (BPCI)
- Convener for the Largest Orthopedic Bundled Payment Initiative
- CareMOSAIC is the winner of the DecisionHealth Platinum Award for IT Systems that Support Care Transitions
Signature Medical Group, Inc.

- Physician Practice Specialties and Operations
  - Orthopedics
  - Obstetrics/Gynecology
  - Primary Care
  - Podiatry
  - Allergy & Immunology
  - General Surgery
  - Sports Medicine
  - Rheumatology
  - Nutrition and Diet
  - Colon & Rectal Surgery

- Signature Care Management
  - Maternity and Orthopedic Management
    - Account Managers
    - Regional Case Managers
    - Telephonic Case Managers
    - Software Developers
    - Social Workers
    - Financial Analysts
    - Legal
    - Quality
    - Compliance
    - Government Advocacy
    - Software and Data
• 27 States
• 51 Cities
• 55 practice groups
• 45,000 annual episodes
• 1,200+ surgeons
• 385 hospitals
• $1 billion annual spend
Pulmonary Embolism during Index Surgical site infections DVT during Index UTI during acute stay Acute MI within 7 days Readmissions within 30 days

BPCI Adverse Outcomes Reductions

20% 40% 60% 80%

Post-Acute Care (PAC) costs for 90-day episodes

Signature Convener Results

38%

National reduction in PAC medical cost ratio

readmissions reduced 28%
Bundled Payment for Care Improvement Advanced (BPCI Advanced) is a new voluntary episode payment model aiming to “support healthcare providers who invest in practice innovation and care redesign, to better coordinate care, improve quality of care, and reduce expenditures.”

Key Stakeholders

A Convener Participant = Participant that brings together multiple downstream entities, referred to as “Episode Initiators (EIs).” A Convener Participant facilitates coordination among its EIs and bears and apportions financial risk under the Model.

A Non-Convener Participant = Participant that is itself an EI and bears financial risk only for itself and does not bear risk on behalf of multiple downstream EIs.
What are Bundled Payments?

Multiple payments to a variety of health care providers are linked into one payment

Predetermined grouping of related health care costs – Diagnostic Related Grouping (DRG) or Healthcare Common Procedure Coding System (HCPCS)

The “Bundle” includes financial and performance accountability for the entire episode of care - all medical costs included, DME, Part B drugs, hospice
Bundled Payment Logistics

MS-DRG and HCPCS based

Duration

90 Days: Post-Discharge

1-3 Days: Acute Stay

Inclusion

All Medicare part A & B

NO Medicare Advantage or VA as primary insurer

Secondary/ supplements do not impact bundle

Parts of a Bundle

Anchoring Events
Physician NPI

Signature Care Management
Why Participate in BPCI Advanced?

• Provider Incentive
  • Program allows physicians to receive an incentive payment of up to 50% of their FFS rate billed

• Episode Initiator (Physician Group or ACH)
  • Incentive Payment made to organization (remaining difference)

• Hospital Gainshare (ICS) Program
  • Program permits awardees to enter into a legal gainsharing arrangement with hospitals
### BPCI Payment Distribution: Example

<table>
<thead>
<tr>
<th>Physician</th>
<th>Cases</th>
<th>Part B CMS Claims</th>
<th>50% FFS</th>
<th>Physician Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>25</td>
<td>$37,500</td>
<td>$18,750</td>
<td>$18,750</td>
</tr>
<tr>
<td>B</td>
<td>20</td>
<td>$30,000</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>C</td>
<td>15</td>
<td>$22,500</td>
<td>$11,250</td>
<td>$11,250</td>
</tr>
<tr>
<td>D</td>
<td>10</td>
<td>$15,000</td>
<td>$7,500</td>
<td>$7,500</td>
</tr>
<tr>
<td>E</td>
<td>5</td>
<td>$7,500</td>
<td>$3,750</td>
<td>$3,750</td>
</tr>
</tbody>
</table>
Bundle Payment Logistics
- Retrospective bundled payment model extending 90 days following surgical discharge

Participants
- Episode Initiator can be an Acute Care Hospital or Physician Group Practice

Target Price
- Historical baseline anticipated to be 2013-2016 data
- Patient Case Mix
- CMS 3% discount
- Rebased annually beginning in Model Year 3

Reconciliation
- Semi-annual reconciliation
- Two true-ups per reconciliation
BPCI Advanced: Clinical Episodes

29 Inpatient Clinical Episodes

- Back & neck except spinal fusion
- Cervical spinal fusion
- Combined anterior posterior spinal fusion
- Fractures of the femur and hip or pelvis
- Hip & femur procedures except major joint
- Lower extremity/humerus procedure except hip, foot, femur
- Major joint replacement of the lower extremity
- Major joint replacement of the upper extremity
- Spinal fusion (non-cervical)

Disorders of the liver excluding malignancy, cirrhosis, alcoholic hepatitis *(New episode added to BPCI Advanced)
- Acute myocardial infarction
- Cardiac arrhythmia
- Cardiac defibrillator
- Cardiac valve
- Cellulitis
- COPD, bronchitis, asthma
- Congestive heart failure
- Coronary artery bypass graft
- Double joint of the lower extremity replacement
- Gastrointestinal hemorrhage
- Gastrointestinal obstruction
- Major bowel procedure

3 Outpatient Clinical Episodes

- Pacemaker
- Percutaneous coronary intervention
- Renal failure
- Sepsis
- Simple pneumonia and respiratory infections
- Stroke
- Urinary tract infection

- Percutaneous Coronary Intervention (PCI)
- Cardiac Defibrillator
- Back & Neck except Spinal Fusion
Precedence Rules within BPCI Advanced:
• Physician Group Practices (PGPs)
• Acute Care Hospitals (ACHs)

Clinical Episode Case Attribution Hierarchy:
• Attending PGP
• Operating PGP
• ACH

Clinical episodes in BPCI Advanced excluded for Beneficiaries aligned to:
• Comprehensive Care for Joint Replacement (CJR)
• Next Generation Accountable Care Organizations (ACOs)
• Track 3 Medicare Shared Savings Programs ACOs
• Comprehensive End Stage Renal Disease Care (CEC) Seamless Care Organizations
BPCI Advanced: Benchmark Target Price

**Acute Care Hospitals:**

1) Standardized baseline spending 2013-2016
   - Historical efficiency

2) Adjusted due to patient case mix
   - Includes “various demographic data”
   - Patient’s comorbidity using Hierarchical Condition Categories (HCCs)
   - Severity based upon the MS-DRGs for inpatient episodes and the ambulatory payment classifications (APCs) for outpatient episodes

3) Adjusted due to hospitals peer group characteristics
   - Peer adjusted trends (PAT) factor
     - 1 of 9 US census regions
     - Hospital size
     - Rural v. urban
     - Academic Medical Centers
   - Patterns of spending relative to ACH’s peer group over time
# BPCI Advanced: Benchmark Target Price

<table>
<thead>
<tr>
<th>Standardized Baseline Spending (SBS)</th>
<th>Patient Case Mix Adjustment (PCMA)</th>
<th>Peer Adjusted Trend (PAT) Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardizes ACH h’s spending across the baseline period to account for historical efficiency</td>
<td>Adjusts the HBP for the expenditure riskiness of ACH h’s patients</td>
<td>Adjusts for persistent differences across ACH peer groups and is trended to the Model Year based on trends in Clinical Episode spending during the baseline period within each ACH’s peer group</td>
</tr>
</tbody>
</table>
BPCI Advanced: Benchmark Target Price

Physician Group Practices:
• Historical baseline data 2013-2016
• Hospital specific target price calculations
  1) Begins with hospital benchmark price
  2) PGP’s historical spending relative to hospital’s historical spending
  3) PGP specific spending/patient case mix at each hospital
## BPCI Advanced: Benchmark Target Price

<table>
<thead>
<tr>
<th>HBP</th>
<th>PGP Offset</th>
<th>Relative Case Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides the baseline dollar value of PGP $p$’s Benchmark Price for Clinical Episodes initiated at ACH $h$</td>
<td>Measures PGP $p$’s historical efficiency relative to ACH $h$ in the baseline period</td>
<td>Measures whether the overall case mix of PGP $p$’s Clinical Episodes at ACH $h$ is more or less costly than the overall case mix of all Clinical Episodes at ACH $h$</td>
</tr>
</tbody>
</table>
**Target Price cont’d:**
- NO national trend factor
- Replaced with PAT factor
  - Adjusts target price forward from baseline to performance period
- One target price for each DRG
- CMS 3% Discount

**Risk Track:**
- The risk cap is applied to Clinical Episodes at the 1st and 99th percentile of spending in both the Performance Period and the Baseline Period

**Stop-loss/stop-gain limits:**
- Reconciliation payments capped at +/- 20% at the EI level
BPCI Advanced: Exclusions and Waivers

**Waivers:**
- 3-Day SNF Rule
- Telehealth services
- Post-Discharge Home Visits services
- “requesting additional waivers” tbd

**Beneficiary Exclusions:**
- United Mine Workers or managed care plans
- End-stage Renal Disease (ESRD)
- Medicare is not the primary payer
- Die during the Anchor Stay or Anchor Procedure

**Beneficiary Medicare Services Exclusions:**
- Full MS-DRG exclusion list on CMMI BPCI Advanced Website
- Blood clotting factors to control bleeding for hemophilia patients
- New technology add-on payments
- Outpatient Prospective Payment System (OPPS) pass through devices
**BPCI Advanced: Quality Measures**

**First two Model Years (2018-2019) Required for all Clinical Episodes:**
- All-cause Hospital Readmission Measure (NQF #1789)
- Advanced Care Plan (NQF #0326)

**Required for Specific Clinical Episodes:**
- Perioperative Care: Selection of Prophylactic Antibiotic: First or Second-Generation Cephalosporin (NQF #0268)
- Hospital-Level Risk-Standardized Complication Rate (RSCR) Following Elective Primary Total Hip Arthroplasty (THA) and/or Total Knee Arthroplasty (TKA) (NQF #1550)
- Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate (RSMR) Following Coronary Artery Bypass Graft Surgery (NQF #2558)
- Excess Days in Acute Care after Hospitalization for Acute Myocardial Infarction (NQF #2881)
- AHRQ Patient Safety Indicators (PSI 90)

All Quality Scores are weighted based on clinical episode volume and summed to calculate Composite Quality Score (CQS)
- Adjustments capped at 10%
What do I get with my CMS claims data?
• Must provide data consent form
• 2014-2016 Medicare claims data including Medicare Part B claims for all applicable clinical episodes
• Preliminary target prices for applicable clinical episodes
• Monthly data throughout the program
  • Raw claims or summary format
• No cost
In 2015, Congress passed the Medicare Access and Chip Reauthorization Act or MACRA

• MACRA requires CMS to implement a program called the Quality Payment Program (QPP), which changes the way physicians are paid in Medicare

Quality Payment Program creates two tracks for physician payment

• Merit-Based Incentive Payment System (MIPS) track
• Advanced APM track

MIPS

• Providers must report a range of performance metrics and then have their payment amount adjusted based on their performance

BPCI Advanced

• Providers take on financial risk to earn the Advanced APM incentive payment
  • 5% lump sum bonus payment based on Part B Medicare activities during a performance year
  • 2019 Quality Provider (QP) thresholds:
    • 50% of payments or 35% of patients
March 12, 2018 – deadline for applications to participate in BPCI Advanced
  • Must provide Data Request Agreement
May 2018 – Prospective target price
August 2018 – final participation agreement and clinical episodes selections
October 1, 2018 – BPCI Advanced initiative begins
January 1, 2020 – subsequent start date
December 31, 2023 – BPCI Advanced performance period ends
• No clinical episodes or episode initiators can be added or removed between October 1, 2018 and January 1, 2020
Lessons Learned: Key Success Factors

• Physician Engagement
• Hospital/Physician Partnership
• Case Manager
• BPCI Committee
• PAC Network
• Data Analytics
• Advocacy
BPCI Advanced: Resources

• BPCI Advanced Innovation Website
  • https://innovation.cms.gov/initiatives/bpci-advanced

• Signature Care Management
  • https://www.signaturecaremanagement.com/resources/blog/
  • BPCI Advanced Convener Checklist
  • Bundled Payment Implementation Information

• AAOE BPCI Advanced Convener Round Table
  • February 21st
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