



Bundled Payments – Physician Engagement Issues

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Many Policy Experts are Advocating a Move to Bundled Payment

- MedPac (Hackbarth JD, Reischauer R, and Mutti A, Collective Accountability for Medical Care – Toward Bundled Payments. NEJM 359;1 July 3, 2008, pp. 3-5.)
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- de Brante F, Rosenthal MB and Painter M. Building a Bridge from Fragmentation to Accountability – The Prmethues Payment Model. www.nejm.org August 19, 2009 (10.1056/NEJMp0906121)
- Porter, ME. A Strategy for Health Care Reform – Toward a Value-Based System. NEJM 361;2, July 9, 2009, pp. 109- 12.
- Davis K. Slowing the Growth of Health Care Costs – Learning from International Experience. NEJM 359;17 October 23, 2008. pp. 1751-5.
- Corrigan J and McNeill D. Building Organizational Capacity: A Cornerstone of Health System Reform. Web Exclusive at www.healthaffairs.org. Vol. 28, no. 2 (2009): w205-w215 (Published online 27 January 2009) doi: 10.1377/hlthaff.28.2.w205
- Mechanic RE and Altman SH. Payment Reform Options: Episode Payment is a Good Place to Start. Web Exclusive at www.healthaffairs.org. Vol. 28, no. 2 (2009): w262-w271 (Published online 27 January 2009) doi: 10.1377/hlthaff.28.2.w262

Some Minnesota Experience with Bundles of Care

- Carol.com – consumer oriented “Care Packages”
- “Bundles of Care” – 2008 State of MN Health Care Reform
- “Prometheus” Pilot site for the Acute Myocardial Infarction bundle
- Retrospective analytic feedback tool based on a commercial ETG system



Carol.com Care Packages

- A care package gives you a detailed description of a treatment or service so you know exactly what to expect before you go to the doctor and exactly what you're getting for your money.
- Designed, priced and placed in the consumer directed Carol.com online market place by providers
- 2 markets active – Seattle and Minneapolis
- We are very interested in a bundled care approach that will be of direct interest to consumers – until this is a fully developed and functioning concept in the market, there probably limited cost savings potential



State of MN “Bundles of Care”

- Define 7 bundles by Jan 1, 2010 (Asthma in children, Diabetes, Acute Low Back Pain, Obstetric Care, Preventive Care in Adults, Preventive Care in Children, Total Knee Replacement)
- Develop Quality Measures for each
- Identify operational and administrative challenges
- Providers will establish a single price for all payers (with some government exceptions)
- Price and Quality information will be published by July 1, 2010.
- Opinions on the potential for cost savings vary.

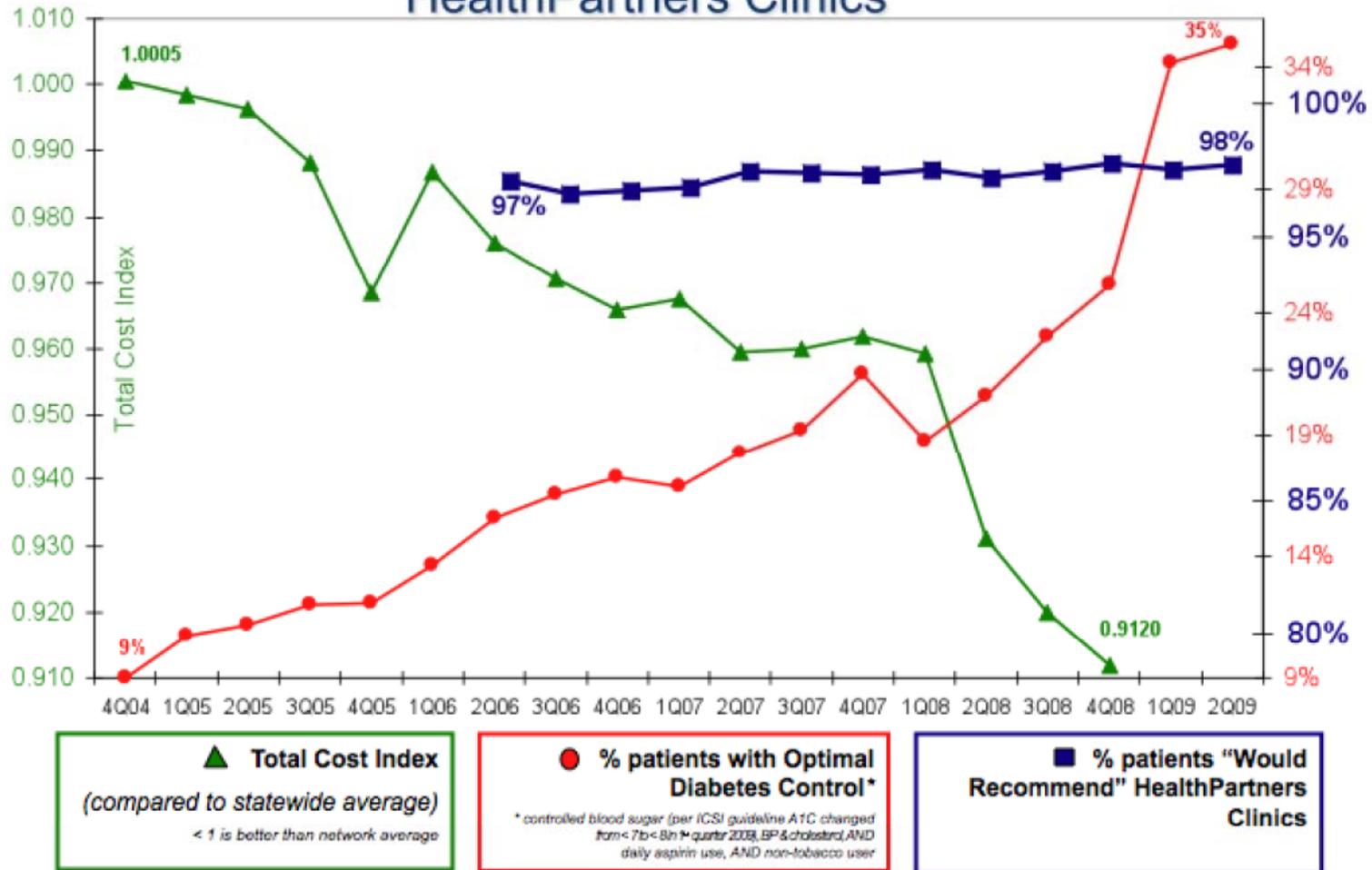


“Prometheus” Pilot – Acute Myocardial Infarction (AMI) with HP Commercial Population

- We have small numbers with AMI in our commercial population.)
- Minnesota market has high adherence to best care clinical guidelines for CV disease and has had excellent clinical preventive care and health promotion interventions for more than a decade.
- Therefore for AMI, in Minnesota, there may be limited opportunity to reduce cost (minimal potentially avoidable care)
- Therefore, Savings opportunity may not support the investment required for implementing this approach for AMI in commercial populations in Minnesota. (preliminary impression, the pilot continues)
- In Minnesota, we understand that for chronic diseases bundles there are significantly better opportunities for cost savings relative to the cost of implementation.
- Medicare or markets with more chaotic and fragmented delivery systems may be better opportunities for cost savings for AMI.

Episodes as an Analytic Tool

TRIPLE AIM: Health-Experience-Affordability HealthPartners Clinics



Commonly Cited Policy Objectives*

- Increased efficiency (lower cost of care)
- Coordinated care
- Improved quality of care (when combined with P4P)

*Hackbarth JD, Reischauer R, Mutti A, Collective Accountability for Medical Care – Towards Bundled Medicare Payments. NEJM July 3, 2008, 359;1 p. 3-5.

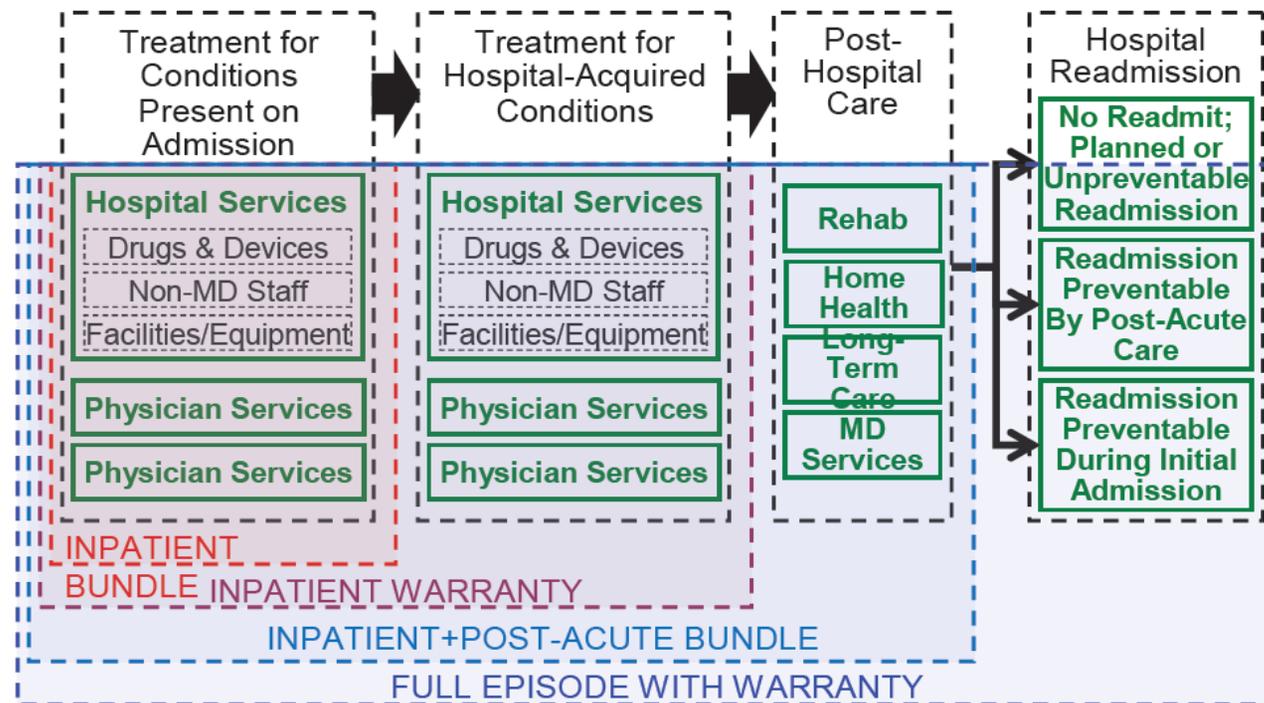
- Not all bundled payment initiatives share the same policy objectives.



Designing Bundled Payment is Complex



Value-Based Payment Structures for Inpatient Episodes



Payment and Organization of Care Are Interdependent

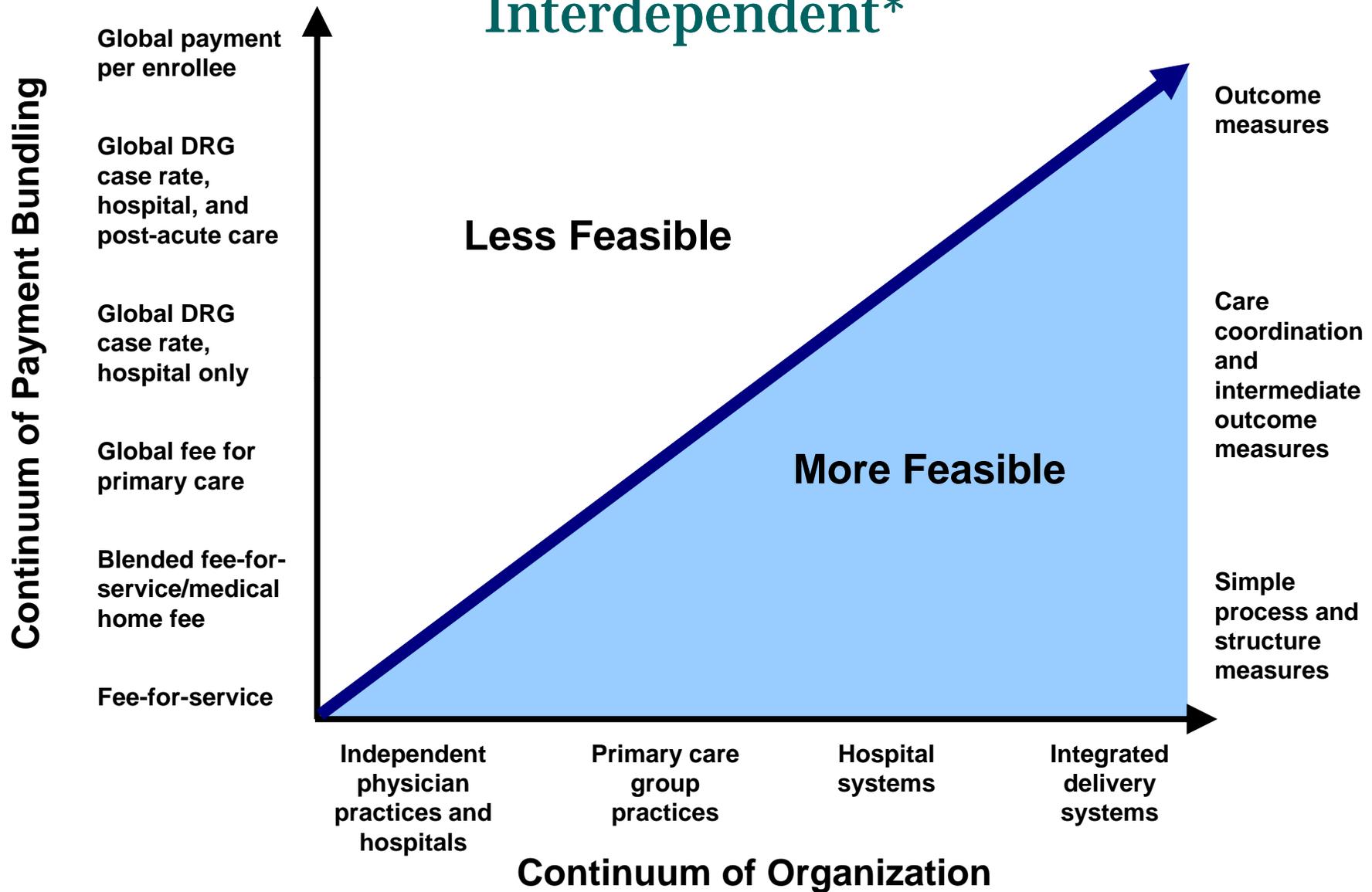
“Clinically integrated systems of care are better positioned to design safe, effective, and efficient longitudinal care processes for patients with chronic conditions. With clinical integration, performance measurement and improvement can extend across each entire patient-focused episode and can help inform and redesign the whole care process.”

Corrigan J and McNeill D. Building Organizational Capacity: A Cornerstone of Health System Reform. *Health Affairs*, March/April 2009; 28(2): w205-w215.

“To maximize the chances of success and minimize the possibility of unintended consequences (of payment reform), the appropriate culture and structure of health care institutions first must be in place.”

Kahn C. Payment Reform Alone Will Not Transform Health Care Delivery. *Health Affairs*, March/April 2009; 28(2): w216-w218

Payment and The Organization of Care Are Interdependent*



*Source: Commonwealth Fund, *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, February 2009.

Some Lessons Learned

- The objectives of these efforts vary and cost savings potential of some of these models is controversial.
- Potentially avoidable care and efficiency of care may vary by region of the country presenting differential regional opportunities for cost savings by condition and procedure
- Bundles themselves do not address inappropriate indications for services and the potential for bundled procedures to be gamed to increase inappropriate hospitalizations and procedures exists.

More Lessons Learned

- Design and development is important and resource intensive- from the level of legislation to expert development of the tools to the testing of feasibility and practicality by practitioners and payers in real markets.
- Bundles arrive in a very complex and fragmented clinical, payment and administrative environment (even in Minnesota) creating challenges for implementation
- Implementing pilots is resource intensive, requires sophistication, is complex, is not automated, and layers on an existing FFS payment system



... and more Lessons Learned

- Provider scale (organization) and sophistication may be required to successfully implement and manage bundled payment.
- It's easier to do this inside integrated health care organizations
- Patients may not have the need for just one “Bundle” and managing services outside of that bundle may be required and difficult.

... and still more Lessons learned

- Everyone is confused about how “Health Care Homes,” “Bundles of Care” and “Accountable Care Organizations” relate to one another – How many times and how many providers will be paid for coordination of care?
- Provider views vary from very enthusiastic to very hostile.



Key Issues for National Implementation

- At least in the early going, this is not for the faint of heart, for those poor in resources or skills, or the unsophisticated
- Design and implementation pilots are necessary, there is no current comprehensive, off the shelf, open architecture, prospective bundled payment system that is available for implementation today.
- Design needs to be done by experts with a clear idea of the objectives from policy makers, and input from providers and others (Prometheus is a good example of this approach)
- Plan to provide technical assistance on management and quality improvement at the local level, especially to smaller clinical practices and organizations

Key Issues for National Implementation

- The national strategy for bundled payment also needs to be the national strategy for delivery system reform. They are intimately related.
- Medicare and State Funded programs should be coordinated (“harmonized”) and set the example for the private commercial market (as Medicare does with DRGs for hospitals and RBRVS for FFS)



Key Issues for National Implementation

- Medicare and State Funded programs should be coordinated (“harmonized”) and set the lead for the private commercial market (as Medicare does with DRGs for hospitals and RBRVS for FFS)
- Regional variation is important, please do not add to the problems created by existing federal payment policies (RBRVS and Regional payment variations)
- Plan to provide technical assistance on management and quality improvement at the local level to provider and payer organizations.

Recommendations for Maximum Savings

- Design as a comprehensive payment system.
(Work out the conflicts with Medical Home, ACOs, FFS, etc)
- Address appropriateness explicitly in the design of the “Bundle” or regret that forever when you look for cost savings
- Beware of the special interest politics undermining the intent in government designed payment programs (e.g. comparative effectiveness research and its application to benefit design, etc. under ARRA)

Minimizing Political Barriers

- Engage providers and other stakeholders
- Plan to provide technical assistance on management and quality improvement at the local level to provider and payer organizations.
- Provide a way for all to win if performance against cost and quality for patients are improved – in both high and low performing regions of the country
- Beware of the special interest politics undermining the intent in government designed payment programs (e.g. comparative effectiveness under ARRA)