Managing episodes of care to drive accurate bundled payments: three success cases

The transition to a dual reimbursement model—fee-for-service and one or more of the value-based reimbursement mechanisms—is on. The clear catalyst is the announcement by Health and Human Services setting clear goals for shifting 30 to 50 percent of Medicare reimbursements from volume to value for the 2016–2018 time frame.

A critical success factor in this transition is the ability to manage and model all payer contracts. This includes traditional fee-for-service (FFS) contracts and risk-based models where the definition of episodes of care and management of bundled payments is key. Without these expanded contract modeling and management abilities, health systems will fall short of ensuring proper reimbursements for mandated programs such as the Comprehensive Care for Joint Replacement (CCJR) model from the Centers for Medicare and Medicaid Services (CMS).

Selecting the best episodes for your organization, whether DRG based commercial bundles or episodes within a CMS led program, can be an overwhelming task without proper data modeling, analysis and management tools.

Learn how three health systems approached specific contract modeling and management challenges in their transition to FFS and risk-based reimbursements, including:

- Managing the risks and reimbursements associated with multiple providers participating in an episode as part of a clinical integration initiative
- Defining and managing episodes of care to support organizational changes during rapid expansion of bundled payment initiatives
- Identifying high-performing physicians to align high quality and lower costs for chronic care and self-employed population for avoidable complications and readmissions

A non-profit health system moving from payment on a fee-for-service basis to payment for patient outcomes identified $18 million in potential savings

This health care system is in the midst of a clinical integration initiative designed to reduce costs and improve health populations. A key component of this initiative is the transition to a dual reimbursement model that includes several risk-based payment plans from multiple payers.

Challenge

The health care system administrators lacked the data and tools to effectively evaluate and model the opportunities and risks associated with transitioning to episode-based reimbursement, including:

- The inability to evaluate business lines, clinics and physicians consistently as they modeled the impact of specific episodes of care for quality, cost and reimbursement
- The inability to accurately quantify and model provider performance and risk associated with multiple providers participating in an episode

Results

The health care system utilized the combined capabilities of nThrive's* Contract Management, Episode Analytics, Consulting and Retrospective Episode Manager to align the new reimbursement model across their business lines and identify $18 million in potential savings. In doing so, they:

$18 million
Potential savings identified

- Successfully evaluated Medicare data for their participation in the Bundled Payment Care Improvement (BPCI) program
- Provided data and analytics to support informed decision-making during the strategic transition to episode-based payments across all business lines, using nThrive's Proprietary 35 Acute Episodes, which are designed to mitigate risk for the provider
- Assisted the clinical teams to define and create custom perinatal episodes to support organizational change
- Assisted in the implementation and automation of episode-based reimbursement

A non-profit integrated delivery network (IDN) automated bundled payments to improve reimbursement accuracy

As the industry shifts from fee for service to value-based care, this integrated delivery network was on the road to adopting alternative payment models. It has a proven care program in place, including seven bundled payment initiatives and plans to add up to four more in 2015.

Challenge

With the rapid expansion of bundled payments— 30 percent of traditional Medicare payments to quality or value through alternative payment models by the end of 2016 and 50 percent in 2018, it needed to better position the organization for future types of value-based contracts.

The IDN was tracking claims and payments via manual reports and spreadsheets, creating inefficiencies and being susceptible to human errors that lead to penalties and reduced reimbursement.

It also needed to view the full picture of expected payment from both fee-for-service and fee-for-value contracts. With these ongoing initiatives, the administrators needed to view how claims were bundled and paid to gain a clear understanding of the reimbursement picture across a patient's entire continuum of care.

Results

Working with nThrive, the IDN automated the bundled payment claims management and pricing with Prospective Episode manager, which can also model and manage future types of value-based contracts as the health care organization expands.

Improved accuracy
of pricing claims

It achieved improved accuracy of pricing claims with nThrive's episode definition modeling. Additionally, this automation program created a single source of reimbursement accuracy and expected payments across all payers, contracts and reimbursement models by integrating bundled payment claims and pricing into daily updates in the Contract Management system.

A for-profit five-hospital system with over 80 clinics – understanding the dynamics of their physician network in a bundled payment environment

The health care system was challenged to fully understand the relationships between their physician network, the balance between cost of care and delivery of quality of care in a bundled payment environment.

Challenge

The administrators needed an improved mechanism for modeling episodes of care as the foundation for understanding the key relationships between physician performance, costs and their chronic care patients, including:

- A way to identify high-performing physicians in order to better align care delivery for high quality coupled with lower cost of care
- An innovative and comprehensive approach to managing their chronic care patients that rewarded lower cost of care

Results

The health care system used nThrive's Episode Analytics, Retrospective Episode Manager and Proprietary Chronic Care Episode to understand the dynamics of this episode environment. In doing so, they were able better align and reward physicians based on care quality, identify and manage variability in costs, and model reimbursements more accurately.

Key successes included:

- Improved data and decision-making for their Innovative Physician Compensation Program
- The ability to evaluate Medicare Data for the 48 episodes defined in the BPCI program linking payments for multiple services beneficiaries receive during an episode of care
- Evaluated their self-employed population for preventable complications, avoidable readmissions, utilization of health services across the care continuum

nThrive's Contract and Episode Management Solutions

help health systems to bridge the gap between traditional fee-for-service and fee-for-value reimbursement. You gain the ability to automate the modeling of traditional and bundled payment contracts, streamline the claims pricing process and facilitate reconciliation between fee-for-service and bundled claims.

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