

Successful Strategies and Lessons Learned from a Bundled Product

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Evolution of the Bundled Product at the Connecticut Joint Replacement Institute

- Connecticut Joint Replacement Institute has performed over 13,500 procedures since July, 2007
- July, 2009 – Formation of a multi-disciplinary team to explore bundled payment programs
- August, 2010 – Step Ahead Program was established
- July, 2012 – First signed commercial contract for a bundled payment in Connecticut
- May, 2013 – Letter of Intent with second commercial payer

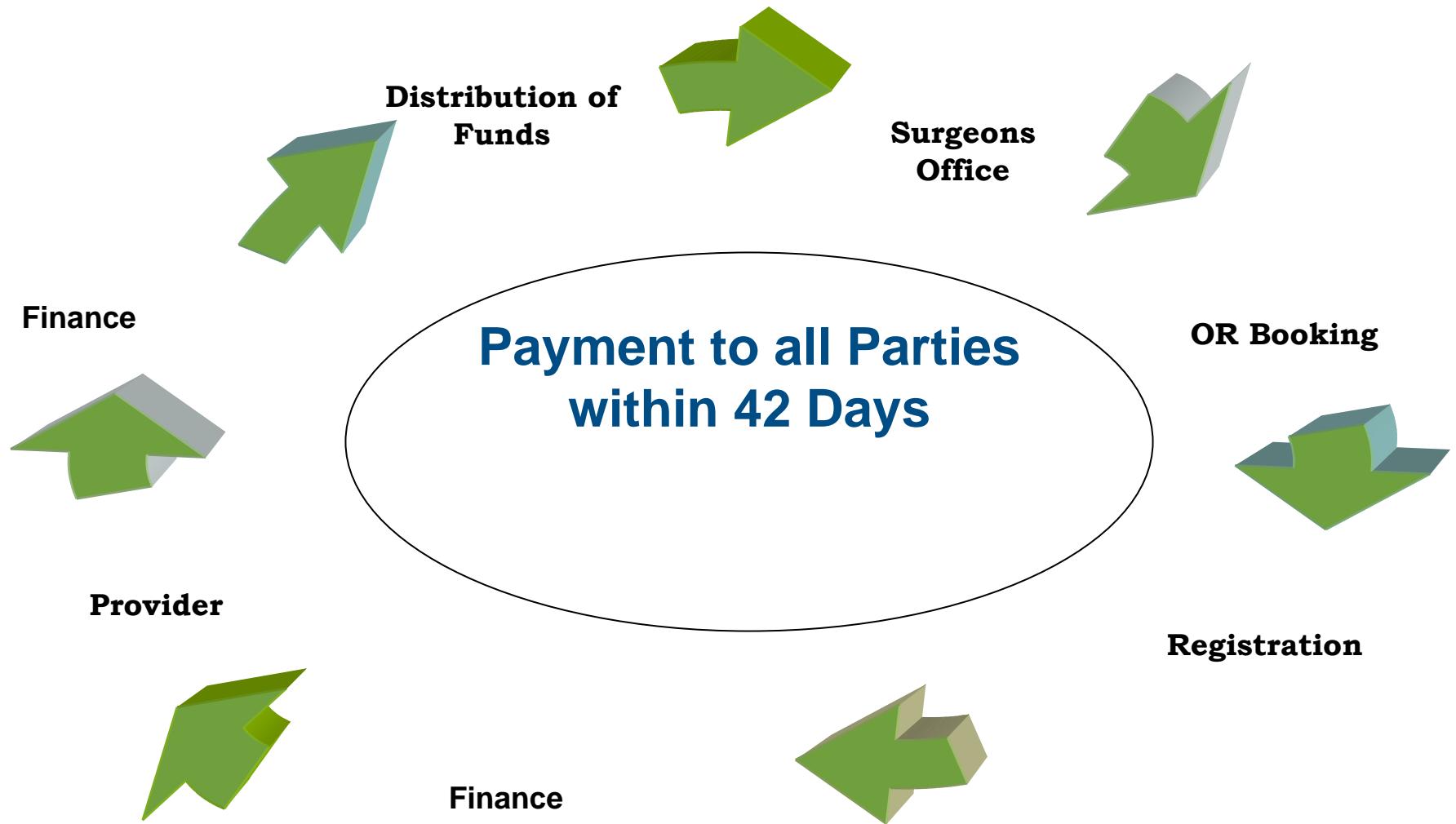
Step Ahead Program with Commercial Payer

Single package price for a comprehensive and specific set of healthcare services delivered to a patient by multiple providers over a defined period of time (episode)



Exclusions: Pre-Operative Clearance – Post Acute Care – Readmits

Bundle Payment Claim Cycle



Success with Bundles

- ✓ Develop a bundled product which will meet the various needs of your providers (a la carte menu)
- ✓ Know your data
- ✓ Price your bundle
- ✓ Identify your episode of care
- ✓ Ensure transparency and sharing of information
- ✓ Collaborate to build a successful program
- ✓ Real time communication and problem resolution
- ✓ Identify measurements of success
- ✓ Develop a Continuous Process Improvement Plan
- ✓ Standardize your business

Working Well

- ✓ Payments are being received in a timely manner
- ✓ Shift of administrative functions to the Hospital
- ✓ Hospital collects the co-pays
- ✓ Better collaboration regarding patient care

Work in Progress

- Reverting to manual processes = time and errors
- Systems are not built for bundled payments methodology
- Retro eligibility – Hospital assumes loss
- Calculating administrative cost for bundled product
- Dual submissions to provider
- Change in status of patient
- Inability to incentivize patients to bundled programs

Metrics and Measurement

- Length of stay decreased 17.5%
- HCAHPS scores soared to 98 – 99th percentile
- Readmission rate decreased from 7% down to 2-3%
- The average implant costs decreased 15%, and an average direct cost per case for primary total joint replacement decreased 7.5%

Current Initiatives

- Identify opportunities to streamline and automate
- Expand bundled product offerings to include post acute care
- Develop marketing strategies regarding bundled offerings for the plan participants
- Partner with Harvard Business School to conduct a Time-Driven Activity-Based Costing (TDABC) for hip/knee arthroplasty : end-to-end

What is Time-Driven Activity - Based Costing (TDABC)

$$\text{Value} = \frac{\text{Health Outcome}}{\text{Cost of Delivering the Outcome}}$$

- A bottoms-up approach to costing patient care based on the actual clinical and administrative processes, and resources used to treat patients
- Combines process mapping from industrial engineering with the most modern approach for accurate and transparent patient-level costing