



National Bundled Payment Summit

GAINSHARING & ANALYTICS

June 11, 2013

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Premier healthcare alliance

Premier is the nation's largest healthcare alliance

Our mission: To improve the health of communities

2.5 MILLION
real-time clinical
transactions
daily

Owned by
healthcare
systems

90,000+
Alternate sites
of care

\$4.2 BILLION
savings in 2011

2,700+
member
hospitals

Database
representing
1 in every 4
U.S. discharges

Malcolm
Baldrige
National Quality
Award
winner

\$40+ BILLION
in group
purchasing
volume

Five-times
named as an
Ethisphere
most Ethical
Company



Direction and strategy to win under reform

Value-based purchasing:
HACs, quality, efficiency, cuts

Bundled payment

Capitation

Readmissions/HAC Penalties

Shared savings

FEE FOR SERVICE TO INTEGRATED CARE, NEW PAYMENT MODELS AND RISK



High-performing hospitals

- Best outcomes in quality, safety
- Waste elimination
- Most efficient supply chain
- Satisfied patients

High-value episodes

- DRG and episode targeting
- Care models and gainsharing
- Data analytics
- Cost management

Population management

- Population analytics
- Care management
- Financial modeling and management
- Legal
- Physician integration

► Medicare post acute utilization - a case vignette

► Member analysis findings

- 65 percent of Medicare hip or knee replacement cases were admitted to a Skilled Nursing Facility (SNF) post discharge
- 18 different SNFs utilized
- Only 2 SNFs saw > 6 of these patients (14 saw <3 cases)

| SNF Rank by Vol | #of SNFs | Volume | % of Tot Vol. | # Docs Sending Pts. | Ave SNF Cost | % Readmit |
|-----------------|-----------|------------|---------------|---------------------|----------------|-------------|
| 1 st | 1 | 91 | 62.8% | 7 | \$8,527 | 5.5% |
| 2 nd | 1 | 24 | 16.6% | 6 | \$7,244 | 8.3% |
| 3 rd | 2 | 12 | 8.2% | 6 | \$9,296 | 0% |
| All Others | 14 | 30 | 12.4% | 10 | \$13,401 | 3.3% |
| Total | 18 | 145 | 100% | | \$9,345 | 5.5% |

► Implications

- Coordinated care management more difficult
- Member to assess SNF options for quality, cost-efficiency and willingness to work together
- Working with a manageable number of post-acute providers should result in better post-surgical outcomes

► Opportunity

- Well managed benchmark was ~32% of cases go to SNF
- Some high volume programs are sending 94% of hip/knee cases home with low re-admission rates




Gainsharing development process- five steps

Step 1: Define organizational objectives



Step 2: Define participating providers (service providers, gainsharing program participants)



Step 3: Develop gainsharing performance measures: Quality, Citizenship, Efficiency



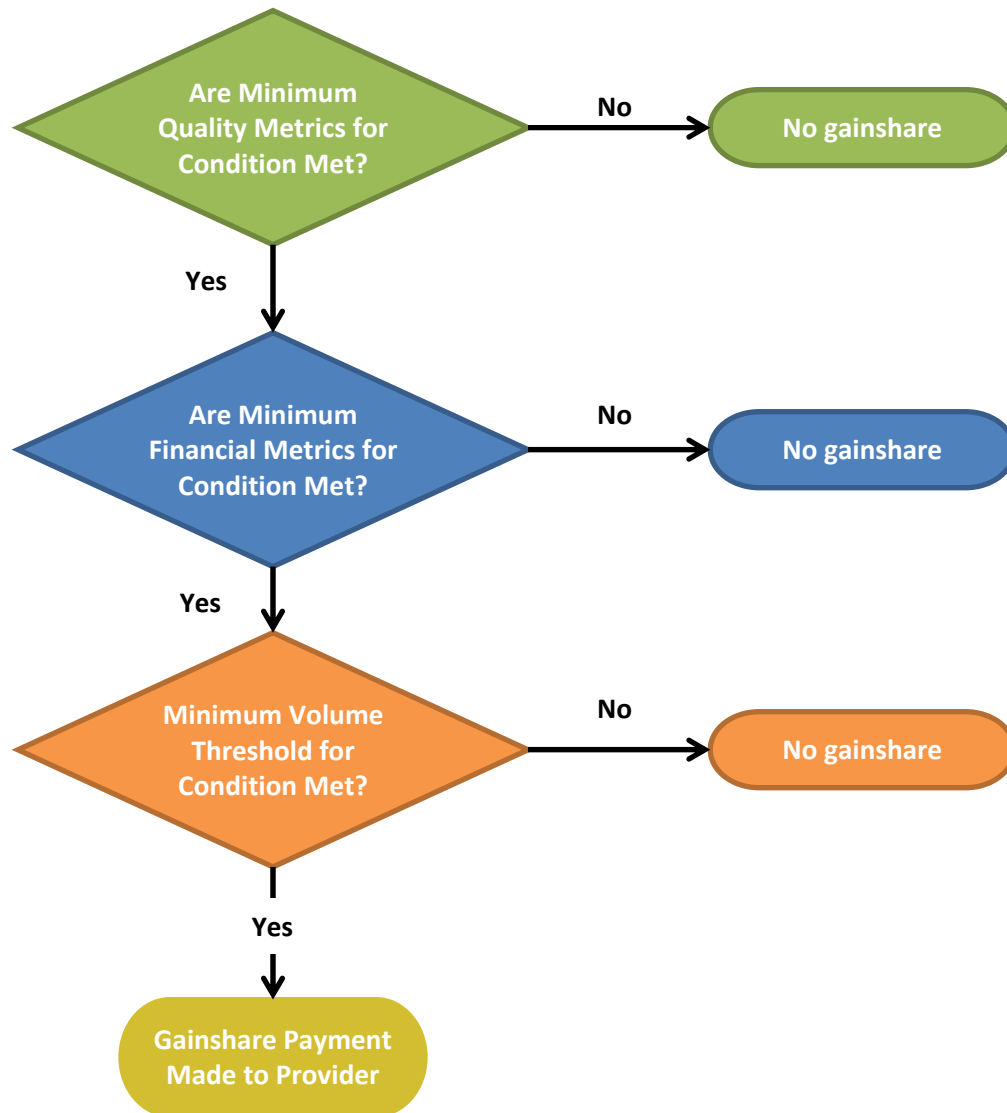
Step 4: Distribution mechanics; Source pools (Episode and Operations costs)



Step 5: Determine individual distributions



Model Filters



1. Scores not "all or none" but allow for partial credit,
2. If an individual score ends up "worse" this will not automatically disqualify a participant,
3. Targets based on achievement level





Model Overview

Savings Achieved (Payor and Operating cost pools)

▶ Two savings source pools

- Operations cost savings (e.g., implants) and
- Payor costs savings (e.g., reduced spending on post acute)

▶ Potential program costs retained by awardee:

- Discount cost – the awardee (e.g., hospital) is at risk for the discount. Retention of some / all of the discount provided to Medicare prior to gainsharing can be incorporated
- Bundled payment program operations cost can be excluded

Medical Center Bundled Payment Initiative Gainsharing Pools - Performance Year 1, MS-DRGs 469-470

| Savings Category | Episode Cost Target | Actual Costs | Savings / (Loss) | Episode Disc % Retained by Hospital | Episode Disc Value | Operations Cost | Ops Cost Coverage % | Ops Cost Coverage \$ | Net Savings Available for Gainsharing |
|---------------------|---------------------|--------------------|------------------|-------------------------------------|--------------------|------------------|---------------------|----------------------|---------------------------------------|
| Operational Savings | \$2,187,043 | \$2,049,204 | \$137,840 | n/a | \$ - | \$75,000 | 100% | \$75,000 | \$62,840 |
| Payor Savings | \$6,511,127 | \$6,268,227 | \$242,899 | 25% | \$32,596 | \$75,000 | 100% | \$75,000 | \$135,304 |
| TOTAL | \$8,698,170 | \$8,317,431 | \$380,739 | n/a | \$32,596 | \$150,000 | n/a | \$150,000 | \$198,144 |



Model Overview

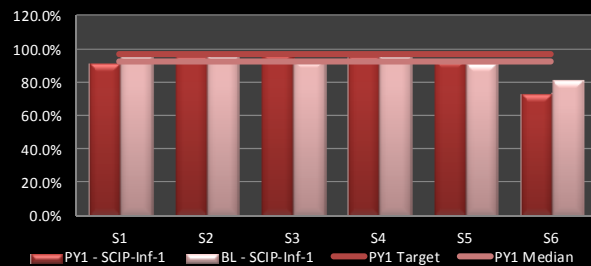
Quality Scores Composition

- Achievement by group
- Scores by measures
- Composite score by performance category

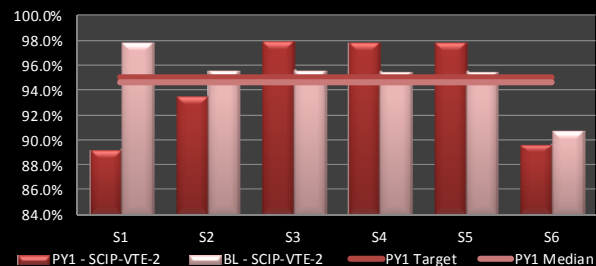
PROVIDER GROUP SPECIFIC RESULTS - PRIMARY CARE PHYSICIANS

QUALITY METRIC RESULTS:

SCIP-Inf-1 - Prophylactic Antibiotic Received Within One Hour Prior to Surgical Incision (Goal is to be ABOVE target)



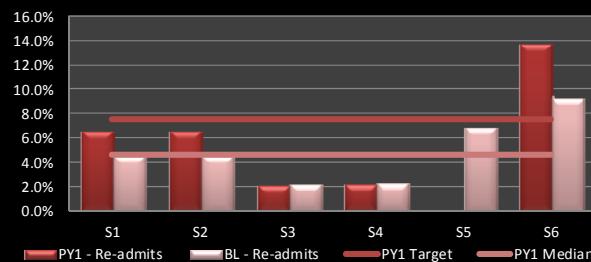
SCIP-VTE-2 - Surgery Pts Who Received Appropriate VT Prophylaxis (Goal is to be ABOVE target)



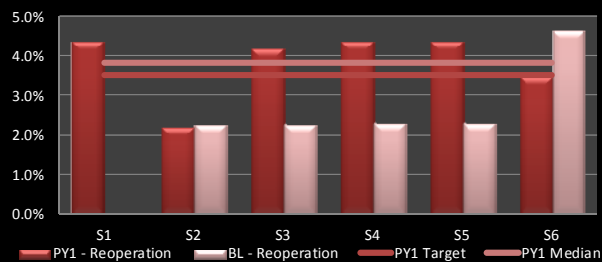
Quality Metric Achievement by Provider (Goal is to be at or above Target)

| | SCIP-Inf1 | SCIP-VTE2 | Re-admits | Re-Op | SSI | Overall |
|----|-----------|-----------|-----------|----------|----------|---------|
| S1 | Not | Not | Achieved | Not | Achieved | 40.0% |
| S2 | Not | Not | Achieved | Achieved | Achieved | 60.0% |
| S3 | Achieved | Achieved | Achieved | Not | Achieved | 80.0% |
| S4 | Not | Achieved | Achieved | Not | Achieved | 60.0% |
| S5 | Not | Achieved | Achieved | Not | Not | 40.0% |
| S6 | Not | Not | Not | Achieved | Achieved | 40.0% |

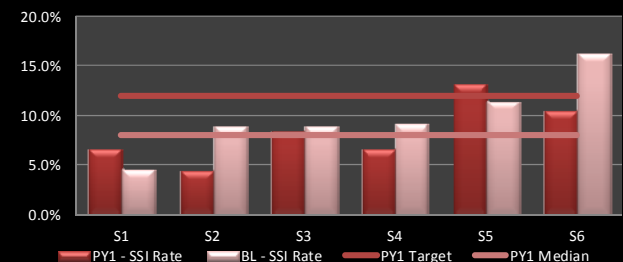
Total Related Readmissions < 31 days (Goal is to be BELOW target)



Reoperation Rate Within the 90 Day Bundle (Goal is to be BELOW target)



Surgical Site Infection Rate (Goal is to be BELOW target)



Premier Bundled payment program strategies

1. Understand Bundled Payment Requirements

Organizational Capabilities Assessment

Best Practices

Legal Framework

2. Episode Definition

Services & Duration for Episode

Risk Adjustment

Bundle Reimbursement

3. Cost Reduction Identification

Current Cost Structure

Proforma Development

Supply Cost Reduction Strategies

4. Care Redesign/Care Model Development

Gap assessment

Identify and prioritize interventions

Develop optimized workflows

5. Gainsharing Incentive Planning

Aligning with Physicians

Defining Measures

Payment Distribution Methodology

6. Measurement Development (Triple Aim)

Quality Metrics

Quality, Cost and Gainsharing Scorecards

Executive Dashboard

7. Contracting and Application Development

Strawmodel Language

Submission Support

Payer Negotiating Strategies





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