University of Wisconsin
Knee Replacement Bundled Payment Pilot

Facilitated by:
Partnership for Healthcare Payment Reform [PHPR]

Presented at:
The National Bundled Payment Summit [June 10th, 2013]

UW Health Project Manager:
Sean Jindrich MBA, Sr. Business Operations Specialist

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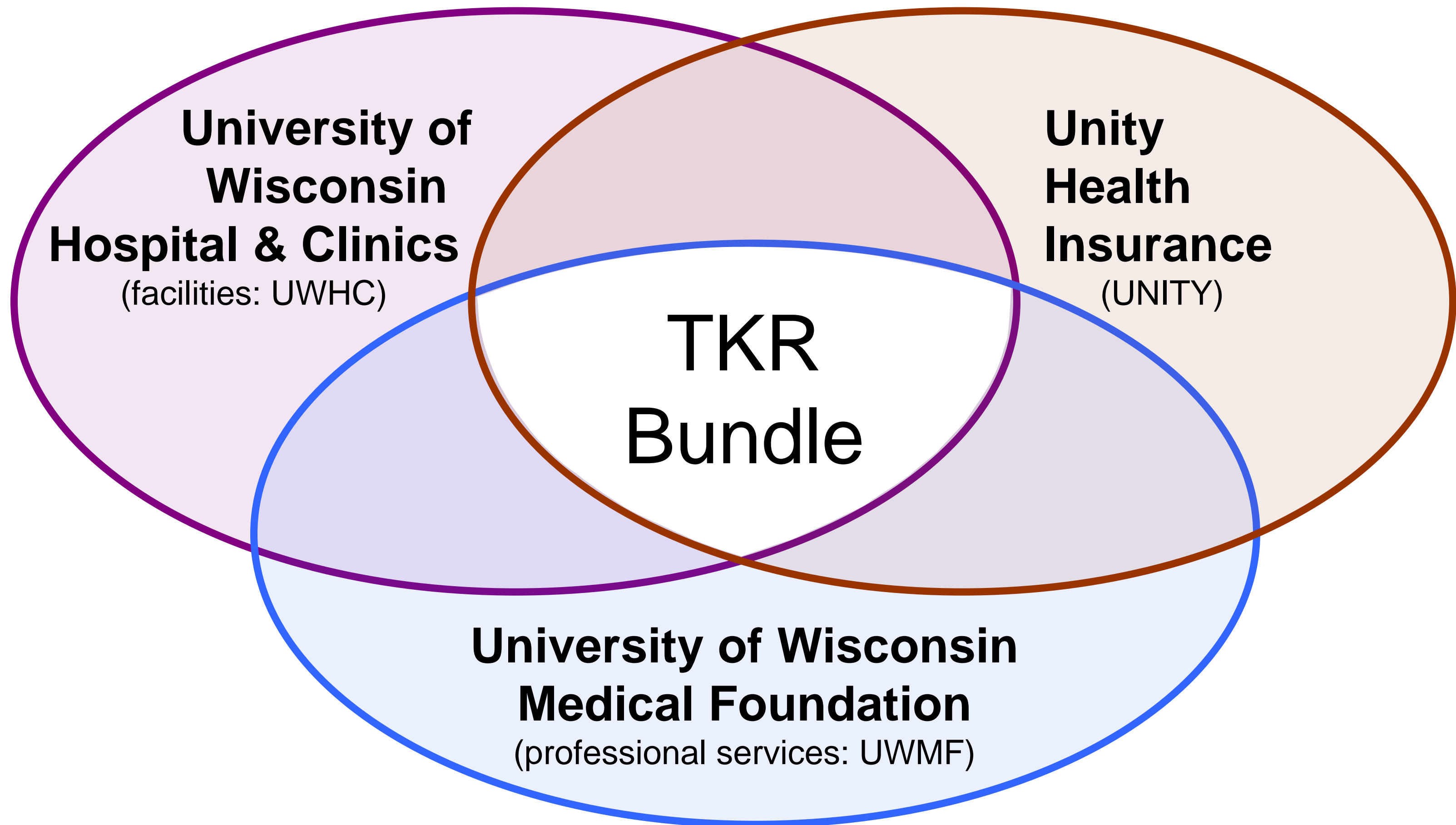
UW Health Organizational Relationship



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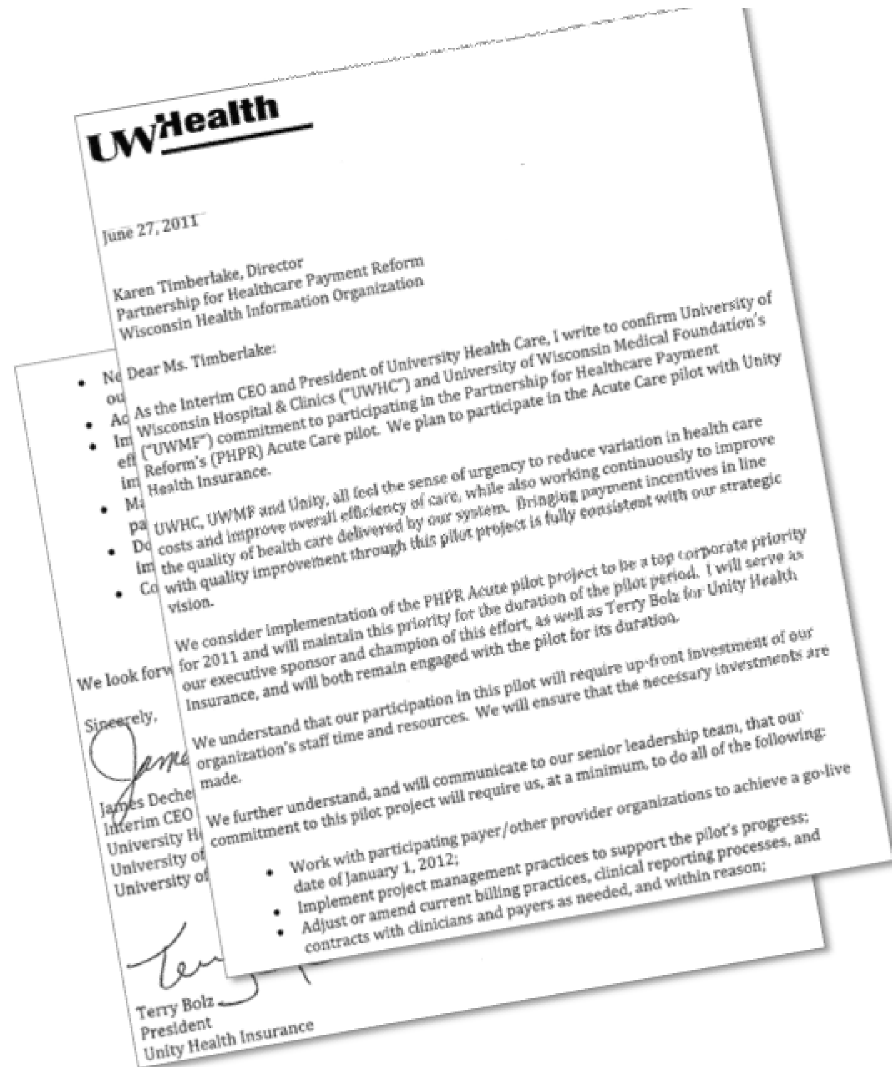
CEOs' Expectations

UW Health was able to quickly implement the pilot due to shared expectation and communication from each organization's CEO.

Stakeholders quickly moved past the 'why' and into the 'how'.

The organizations implemented the bundled payment pilot not expecting a 'home run' but to get experience.



UW Health

June 27, 2011

Karen Timberlake, Director
Partnership for Healthcare Payment Reform
Wisconsin Health Information Organization

Dear Ms. Timberlake:

As the Interim CEO and President of University Health Care, I write to confirm University of Wisconsin Hospital & Clinics ("UWHC") and University of Wisconsin Medical Foundation's ("UWMF") commitment to participating in the Partnership for Healthcare Payment Reform's (PHPR) Acute Care pilot. We plan to participate in the Acute Care pilot with Unity Health Insurance.

UWHC, UWMF and Unity, all feel the sense of urgency to reduce variation in health care costs and improve overall efficiency of care, while also working continuously to improve the quality of health care delivered by our system. Bringing payment incentives in line with quality improvement through this pilot project is fully consistent with our strategic vision.

We consider implementation of the PHPR Acute pilot project to be a top corporate priority for 2011 and will maintain this priority for the duration of the pilot period. I will serve as our executive sponsor and champion of this effort, as well as Terry Bolz for Unity Health Insurance, and will both remain engaged with the pilot for its duration.

We understand that our participation in this pilot will require up-front investment of our organization's staff time and resources. We will ensure that the necessary investments are made.

We further understand, and will communicate to our senior leadership team, that our commitment to this pilot project will require us, at a minimum, to do all of the following:

- Work with participating payer/other provider organizations to achieve a go-live date of January 1, 2012;
- Implement project management practices to support the pilot's progress;
- Adjust or amend current billing practices, clinical reporting processes, and contracts with clinicians and payers as needed, and within reason;

We look forw

Sincerely,

James Deche
Interim CEO
University H
University of
University of

Terry Bolz
President
Unity Health Insurance

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Operationalizing Bundled Payment

PHPR developed guidelines as a recommendation of what services to include in the TKR bundled payment pilot.

UW Health made trade-offs in following PHPR's guidelines in order to increase operational feasibility & maximize stakeholder engagement.

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PHPR Guidelines Kept

- Total knee replacement flat fee
  - Includes related UWMF medical professional fees & UWHC facility fees from admission date through 90 days post discharge.
- Re-admissions for select DRGs.
- Exclusions based on age.
- Exclusions based on CPT and/or ICD-9 diagnosis codes.
- Exclusions based on termination of insurance prior to 90 days post discharge

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PHPR Guidelines Not Used

- Non standard claim payment related criteria.
  - Example: BMI scores
- Services not performed by UW Health or at a UW Health facility.
  - Example: Readmissions to facilities outside the UW Health system.
- Outpatient services that could not be fulfilled for all patients by UW Health because of where patients live.
  - Examples: UW Health home health and outpatient therapy services not available regionally.
- Single payment from insurer for both entities
- ‘Savings’ passed back to insurer.

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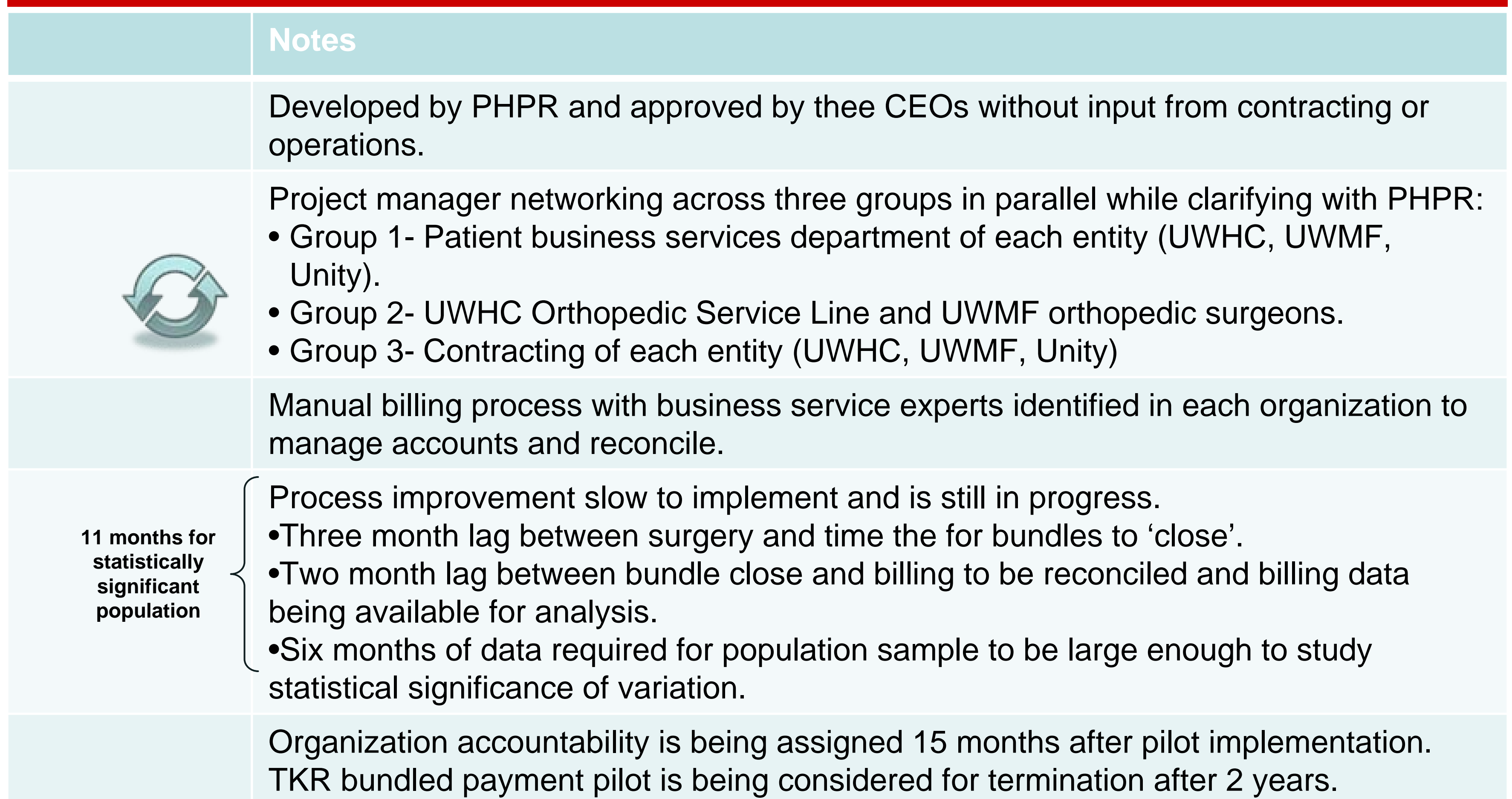

	Notes
	Developed by PHPR and approved by thee CEOs without input from contracting or operations.
	Project manager networking across three groups in parallel while clarifying with PHPR: • Group 1- Patient business services department of each entity (UWHC, UWMF, Unity). • Group 2- UWHC Orthopedic Service Line and UWMF orthopedic surgeons. • Group 3- Contracting of each entity (UWHC, UWMF, Unity)
	Manual billing process with business service experts identified in each organization to manage accounts and reconcile.
11 months for statistically significant population	Process improvement slow to implement and is still in progress. •Three month lag between surgery and time the for bundles to ‘close’. •Two month lag between bundle close and billing to be reconciled and billing data being available for analysis. •Six months of data required for population sample to be large enough to study statistical significance of variation.
	Organization accountability is being assigned 15 months after pilot implementation. TKR bundled payment pilot is being considered for termination after 2 years.

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What was gained from pilot project:

- Advance process improvement culture.
- Buy in from the joint replacement surgeons to standardize processes.
- Infrastructure developed to support future bundled payment initiatives for facility and professional services.

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What was not gained:

- Bundled payment process improvement incentive is redundant with payer capitated contract with facility and professional services group.
  - Pilot Increased financial risk to payer by carving the bundle out of a capitated contract.
- Insurer is not positioned to market bundled payment to other groups due to ties with UW Health.
- Insurer was still required to pay facility and professional services group separately. Goal was one payment that service providers had to split.
- Process improvement initiatives were slow to start and are still in progress. No additional ‘cost savings’ from improvement captured by payer.

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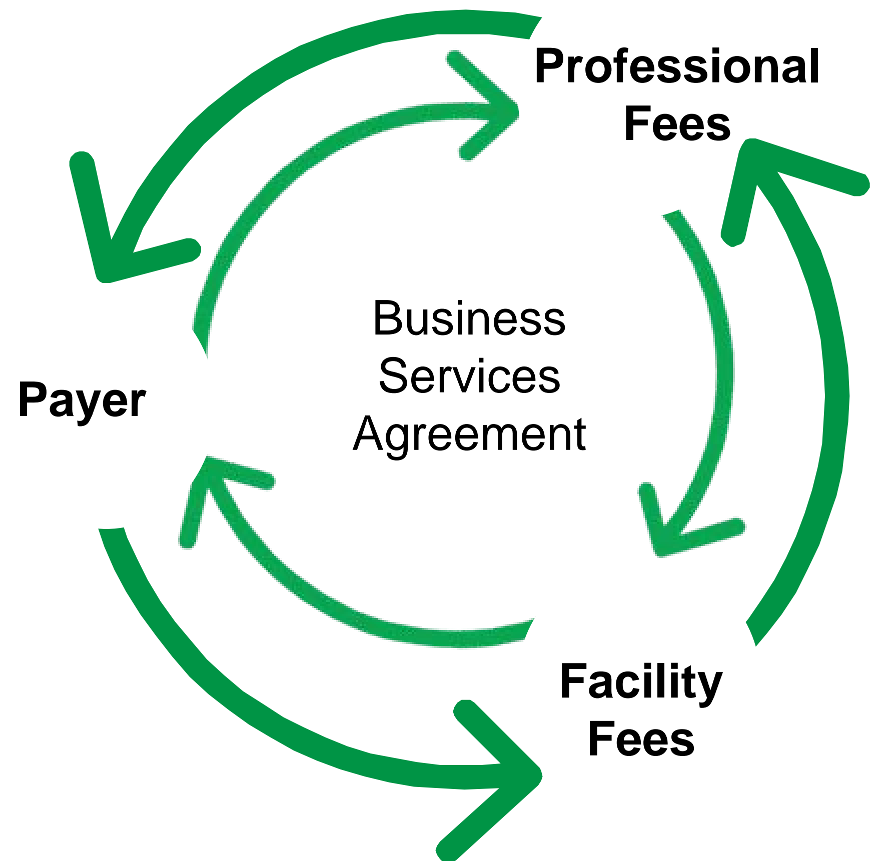
Pain point:

Bundled payment methodology is contingent on coding communicated between three organizations. Three way clarifications, corrections, and additional information is inherently more complicated and time consuming then communications between two organizations.



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What was learned:
Informed organizational model and infrastructure for bundled care

- Patient Business Services
  Ongoing discussions with Epic: how to automate bundled payment.
- Assigned an executive champion:
  UW Health Medical Director for Delivery System Innovation
- Assigned an operational champion:
  UW Health Program Manager of Bundled Care

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What was learned cont…
Infrastructure to support bundle payment model

Identified a process, venues and stakeholders for evaluating future bundled payments

Workstream		Process (Responsible)	Accountable	Other Contributors
A: Choose	1)	Select bundled service based on market focus (GSG)	UW Health CEOs	BPAD, CCKM, MCS, Clinical & Operational Leadership
	2)	Define clinical and operational leadership (GSG)		
	3)	Conduct readiness assessment (QSI)		
	4)	Review expectations and sign Summary of Agreements (QSI)		
B: Define	1)	Analyze services identified for bundle development to define procedure and timeframe (BPAD/CCKM)	Clinical & Operational Leadership	QSI, Contracting, Revenue Cycle
	2)	Group and iteratively refine bundle with respect to variation, clinical structure, payer/billing processes, and marketability. (BPAD/CCKM)		
C: Improve	1)	Create project charter and define goal, scope and timeline (QSI)	Clincal & Operational Leadership	BPAD, CCKM, Interdisciplinary Teams, IS
	2)	Review data and identify opportunities to reduce variation and cost. (QSI)		
	3)	Follow FOCUS-PDCA with front line teams to redesign processes, make improvements, and transfer skills (QSI)		
D: Price	1)	Price the bundled service (Contracting)	MCS	BPAD, GSG
	2)	Define the strategy for next steps (Contracting)		
E: Implement	1)	Market the bundled service (Contracting)	GSG	BPAD, Revenue Cycle, Marketing
	2)	Implement the revenue cycles needed (Revenue Cycle)		
F: Monitor	1)	Define metrics for ongoing monitoring (Clinical & Operational Leadership)	Clinical & Operational Leadership	QSI, Contracting
	2)	Regularly check performance and monitor bundle data (BPAD)		
	3)	Monitor external market (GSG)		

GSG	Geographic Strategy Group
QSI	Quality, Safety & Innovation
CCKM	Center for Clinical Knowledge Management
BPAD	Business Planning & Analysis Department
MCS	Managed Care Steering
IS	Information Systems

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What was learned cont…
Infrastructure to support bundle payment model

Developing a process around bundled management process improvement

Bundled Payment Process Improvement Project Team

Oversight by Physician and Operational Lead

Purpose: *Develop project charter, review high level service line metrics, define overall financial goal and monitor progress*

Physician Variation Workgroup

Purpose: *Review physician-level data to identify opportunities for reducing variation and cost*

Process:

1. Review Standard Data Packet
2. Identify opportunities to reduce variation
3. Make changes to clinical practices and operational processes

Timeframe: 1-3 months

Required Participation: 4 hours of data review with additional participation in developing and testing interventions

Process Redesign Workgroup

Purpose: *Front-line team identifies opportunities for improvement and rapidly tests change ideas*

Process:

1. Process improvement education
2. Current and future state value stream mapping
3. Identify opportunities for improvement
4. Plan-Do-Check-Act cycles

Timeframe: 3 day Rapid Improvement Event or 3 month weekly workgroup

Required Participation: 15 hours of team meetings with additional participation in testing interventions

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Questions?

UW Health

Unity
Health Insurance
Affiliated with UW Health