

Innovative Models of Care

Episodes of Care

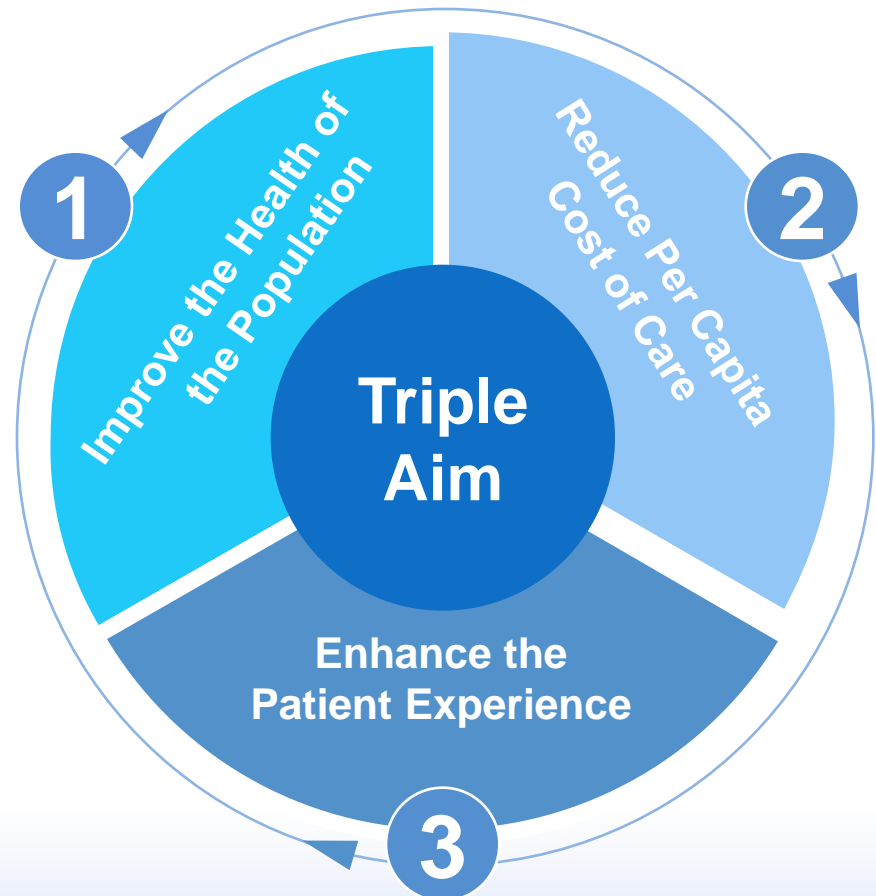
Migrating from Fee-for-Service to
Fee-for-Quality/Value

**Bundled Payment Summit
June 2014**

**Lili Brillstein, MPH
Director, Episodes of Care
Horizon Healthcare Services, Inc.**

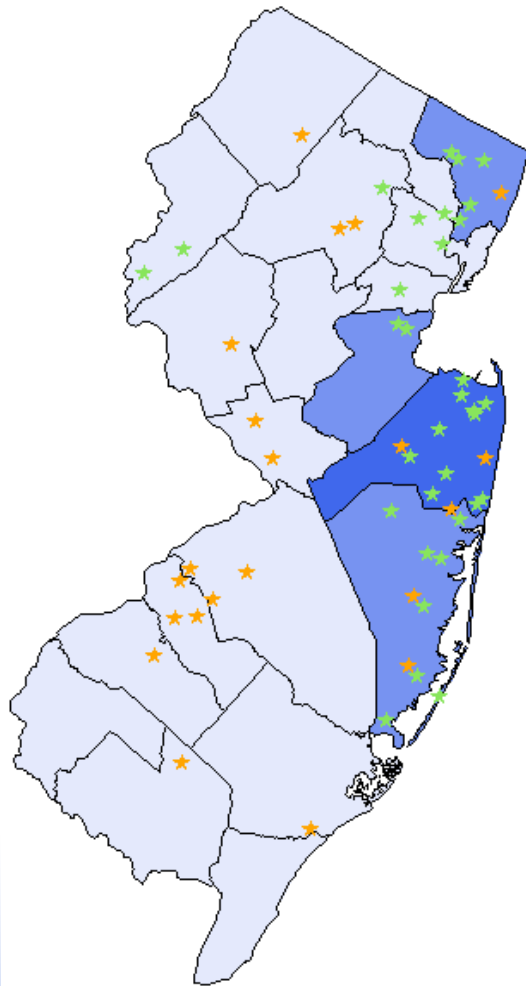
The Triple Aim

- Through **collaboration**, we are helping to create an **effective, efficient and affordable** health care system
- We are achieving better health and better care at lower costs
- **Patient-Centered Programs:**
 - Patient-Centered Medical Homes (PCMH)
 - Pediatric Patient-Centered Program
 - Accountable Care Organizations (ACO)
 - Episodes of Care (EOC)

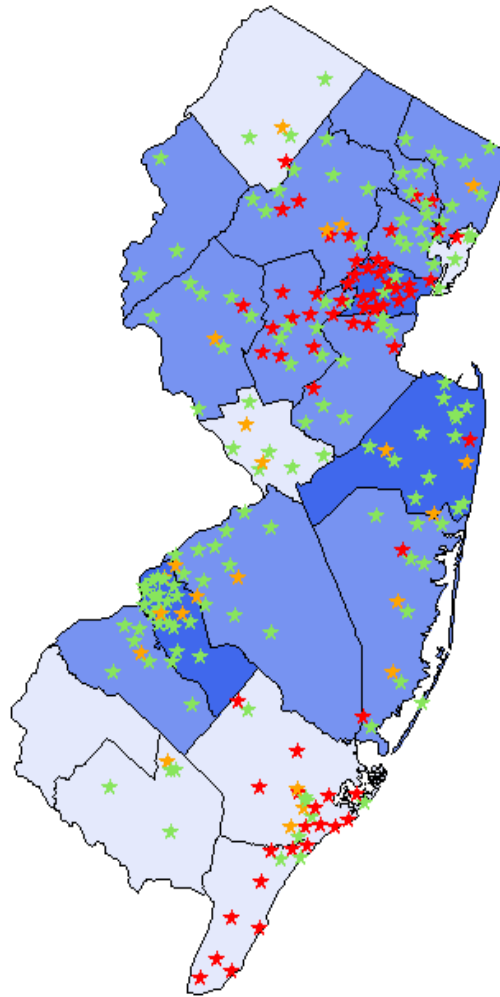


Growth of Horizon's Patient-Centered Programs

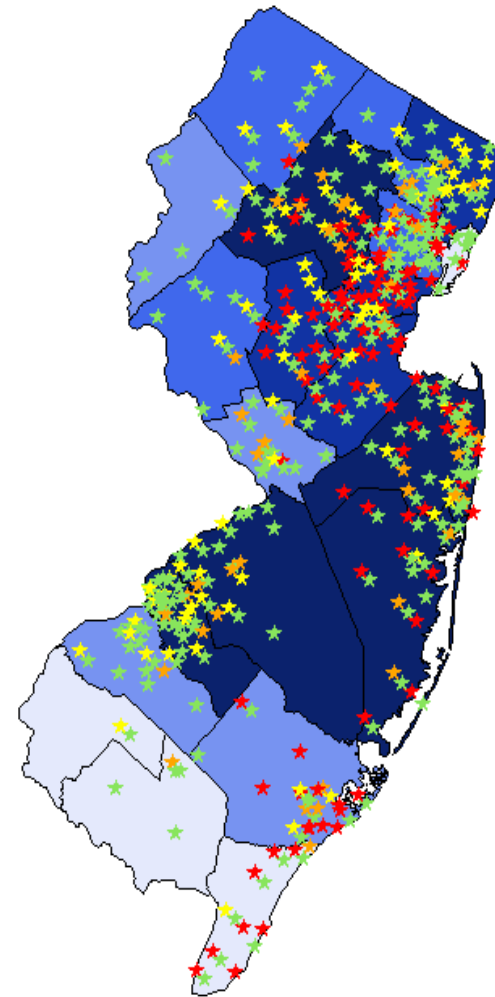
January 2012



January 2013



January 2014

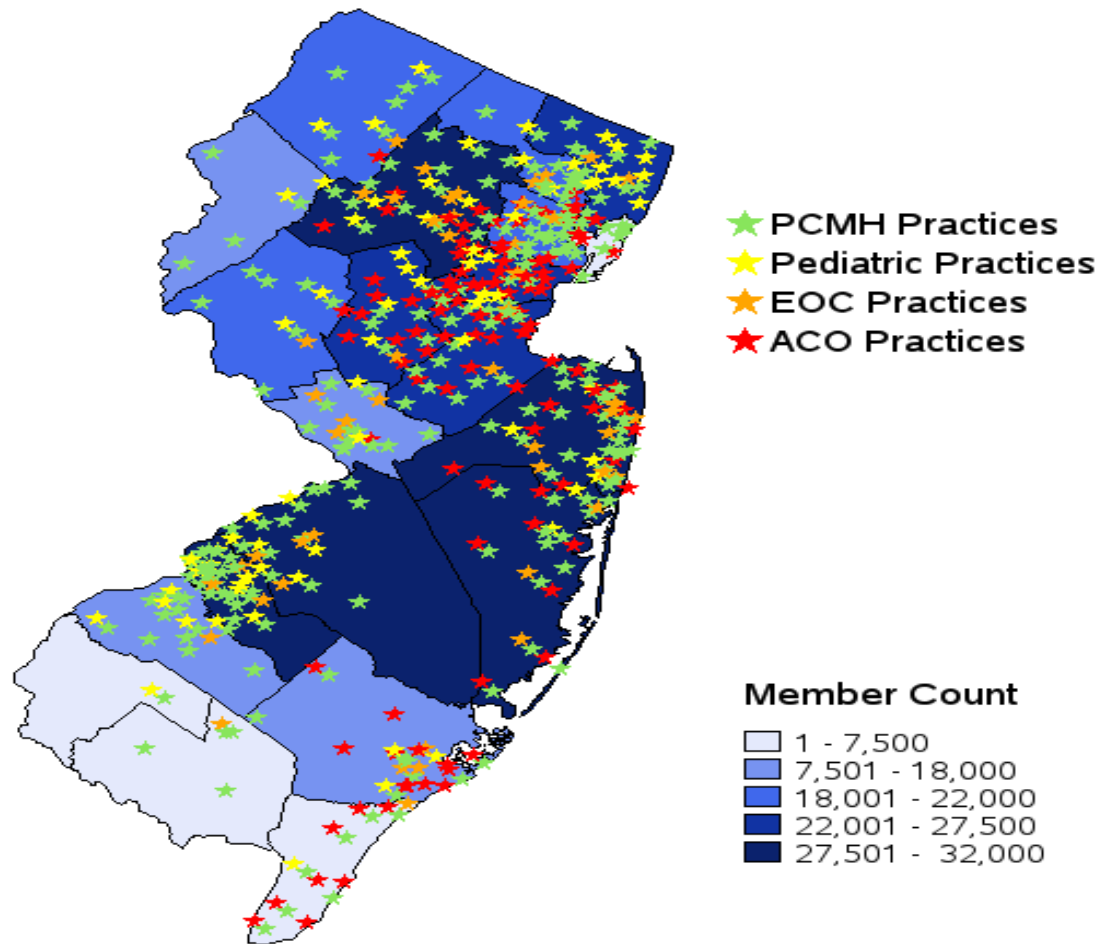


- ★ PCMH Practices
- ★ Pediatric Practices
- ★ EOC Practices
- ★ ACO Practices

Member Count

- 1 - 7,500
- 7,501 - 18,000
- 18,001 - 22,000
- 22,001 - 27,500
- 27,501 - 32,000

Over 500,000 Horizon members and 2,800 doctors

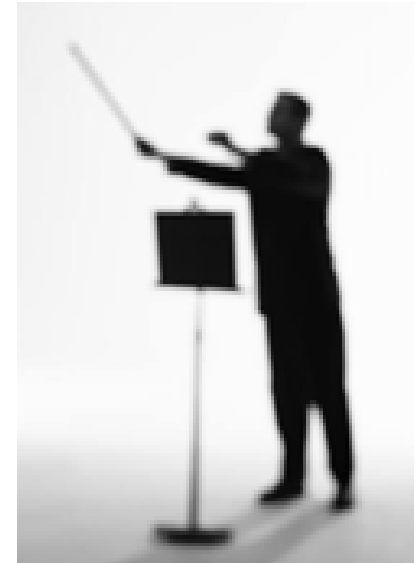


Over 500,000 Horizon BCBSNJ members are benefiting from these patient-centered programs.

More than 2,800 doctors and 900 practice locations are participating in these programs.

Episode of Care – What is It?

- A single practice or physician acts as the **conductor who orchestrates the full-spectrum of care** for a service or procedure.
- The care spectrum/time line is defined. Includes all services related to a particular procedure and/or diagnosis within a defined time period.
- **Program goals:**
 - Greater collaboration between provider and payer.
 - Improve care coordination.
 - Improve clinical outcomes.
 - Increase patient satisfaction.
 - Reduce the total cost of care.



From Pilot to Scalable Program

As of January, 2013, only total hip and total knee replacement episodes, our original pilot episodes, were implemented.

At year-end, there were four new episodes launched: Knee Arthroscopy, Pregnancy, Colonoscopy, Adjuvant Breast Cancer.

# Participating Providers			
Episode of Care	2013 Start		2014 Start
Total Hip Replacement	*37		59
Total Knee Replacement	*37		59
Knee Arthroscopy	0		33
OB	0		190
Colonoscopy	0		34
Breast Cancer	0		17

* Includes new conductor specialty - Anesthesia

How Did We Do It?

- Speed to market
- Reduction of administrative burden
- Established quality measures
- Established member satisfaction metrics
- Established financial targets

Speed to Market & Reduction of Admin.

- **Significant Standardization**
 - **Standardized Addendum**
 - FFS rate stabilization
 - 3 year arrangements
 - Minimum 30 episodes/2 years
 - Standard definitions/algorithms
 - **Instituted Practice Level Budgets**
 - Case mix adjusted by practice
 - Measured against practice history/mean
 - **Standardized program to include all cases for shared savings**
 - **Standardized Recruitment Process**
 - Including some mass mail introductions/invitations

Speed to Market & Reduction of Admin - Continued

- **Standardized Quality Metrics**
 - Eliminated data entry of 200+ quality metrics and associated administrative costs
 - Identified key quality indicators to assess program at high level
 - 3 generic metrics across all episodes
 - Readmission Rate, Patient Education, Care Coordination
 - 1-4 episode-specific metrics
- **New EOC launch time reduced from >1 year to between 12 & 26 weeks**

Quality Measures are Established

Quality Advisory Committee

- Reviews and approves measures, thresholds and performance
- Recommends Corrective Action Plans, as required

Each Episode Contains (3) Standard Quality Measures:

- Pre and Post Procedure/Surgery(Trigger) Patient Education
- Care Coordination and Shared Decision Making
- All Cause Re-admission

Episode Specific Quality Measures:

- All Episodes will have one-to-four episode-specific measures

Member Satisfaction Metrics are Established

Patient Advocacy Council

- Reviews and approves measures, thresholds and performance
- Recommends Corrective Action Plans, as required

All members surveyed by 3rd party vendor

➤ **Standard Key Measures**

- Overall patient satisfaction
- Likelihood to recommend

➤ **Episode-specific questions**

- 1-4 related key indicators

Financial Targets are Established

Informatics & Clinical Innovations

- Reviews and approves measures
- Reviews and approves thresholds
- Reviews and approves performance
- Recommends Corrective Action Plans, as required

Practice level vs Patient Level Budgets

- Pilot Phase - Patient Level – Risk Adjusted
- Scaled Program - Practice Level – Case Mix Adjusted
- Next – Regional?

Budget Calculation Methodology

- Episode simulation of two years of practice history, using historical claims
- Low 5 percentile and high 5 percentile of episode costs excluded
- Mean established and reviewed for practice level budget establishment
- Medical cost trend applied

Outlier protection

How It Works

Retrospective Program

- All providers of care within the continuum of the episode are paid at their contracted fee for service rates
- Episode assessment is made, post episode, and after a three month claims run out period
 - Quality targets reviewed
 - Member satisfaction thresholds reviewed
 - Financial review to determine if aggregate of the episode actual costs were below the established targets

How It Works - Continued...

- Quality metrics measured and reviewed by Quality Advisory Committee (QAC). If any metrics fall below established thresholds, corrective action may be recommended.
- Patient satisfaction measured and reviewed by the Patient Advocacy Council (PAC). If any metrics fall below established thresholds, corrective action may be recommended.
- If the actual costs come in below the established targets, outcomes-based payments are calculated for shared savings, based on the percent of shared savings outlined in the provider's addendum.
- In the future, it is anticipated that Horizon-BCBSNJ will offer an option for prospective payments related to episodes (i.e., bundled payments).

2014 Strategy

Transformation

- Leverage expertise of PCMH Transformation Coaches

Operationalization

- Standardize reporting

Program Expansion

- Further Standardize Processes
 - Recruitment
 - Reporting
- Leverage Established Partners
 - Create cadre of Program Ambassadors to “market” program
- Outcomes data sharing with PCMHs & ACOs
 - Medical Neighborhood (encouraged use of EOC partners)
 - Integrate care across continuum

Overall cost modification/reduction

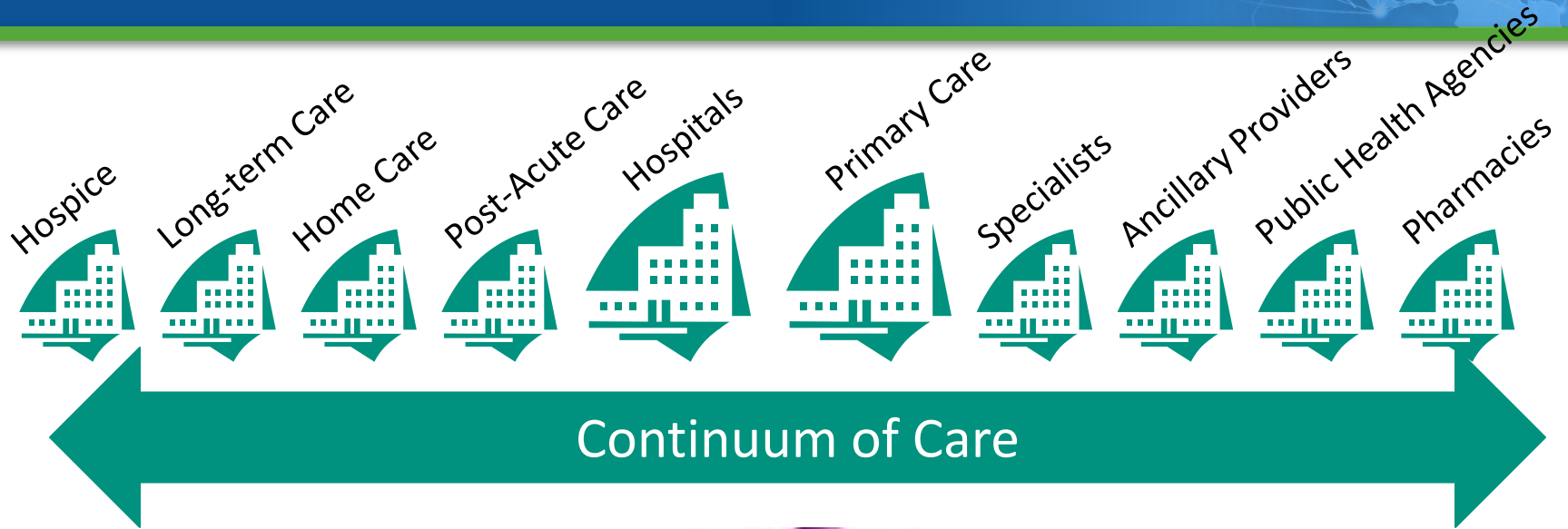
- Model Value vs. Volume Benefits

New Horizon product focused on PCMH/ACO

- No PCP selection is required. However, members receive additional cost savings when they select a PCP who is participating in our patient-centered programs.
- Physicians and other health care providers who participate in our patient-centered programs will be identified on the Horizon BCBSNJ Online Provider Directory.



Engaging everyone!



Questions?



Horizon Blue Cross Blue Shield of New Jersey