Tennessee Health Care Innovation Initiative

The Fifth National Bundled Payment Summit
June 4, 2015

## Tennessee’s Three Strategies

<table>
<thead>
<tr>
<th>Source of value</th>
<th>Strategy elements</th>
<th>Examples</th>
</tr>
</thead>
</table>
| ▪ Maintaining a person’s health overtime  
▪ Coordinating care by specialists  
▪ Avoiding episode events when appropriate  
▪ Achieving a specific patient objective, including associated upstream and downstream cost and quality  
▪ Provide long-term services and supports (LTSS) that are high quality in the areas that matter most to recipients | ▪ Patient Centered Medical Homes  
▪ Health homes for people with serious and persistent mental illness  
▪ Care coordination tool with Hospital and ED admission provider alerts  
▪ Retrospective Episodes of Care  
▪ Quality and acuity adjusted payments for LTSS services  
▪ Value-based purchasing for enhanced respiratory care  
▪ Workforce development | ▪ Encouraging primary prevention for healthy consumers and coordinated care for the chronically ill  
▪ Coordinating primary and behavioral health for people with SPMI  
▪ Wave 1: Perinatal, joint replacement, asthma exacerbation  
▪ Wave 2: COPD, colonoscopy, cholecystectomy, PCI  
▪ 75 episodes by 2019  
▪ Aligning payment with value and quality for nursing facilities (NFs) and home and community based care (HCBS)  
▪ Training for providers |
Governor Haslam launched Tennessee's Health Care Innovation Initiative.

TN awarded a SIM Testing Grant.

Procurement requires each MCO to implement the episode of care model & commit participation across their commercial and Medicare Advantage populations.

State employees health plan requires episodes for their population and each bidder’s broader commercial population.

75 episodes of care will be designed.
### Tennessee insurance marketplace

<table>
<thead>
<tr>
<th></th>
<th>BCBS</th>
<th>United</th>
<th>Amerigroup/Wellpoint</th>
<th>Cigna</th>
<th>Aetna</th>
<th>Other Payers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>TennCare</td>
<td>518 (8%)</td>
<td>565 (9%)</td>
<td>213 (3%)</td>
<td></td>
<td></td>
<td></td>
<td>1,296 (20%)</td>
</tr>
<tr>
<td>State Employee Plan</td>
<td>144 (2%)</td>
<td></td>
<td></td>
<td>133 (2%)</td>
<td></td>
<td></td>
<td>277 (4%)</td>
</tr>
<tr>
<td>Commercial Self Insured (other)</td>
<td>805 (12%)</td>
<td>230 (4%)</td>
<td>190 (3%)</td>
<td>707 (11%)</td>
<td>136 (2%)</td>
<td>259 (4%)</td>
<td>2,327 (36%)</td>
</tr>
<tr>
<td>Commercial Fully Insured</td>
<td>742 (11%)</td>
<td>142 (2%)</td>
<td>10 (0%)</td>
<td>21 (0%)</td>
<td>39 (0%)</td>
<td>118 (2%)</td>
<td>1,072 (16%)</td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>34 (1%)</td>
<td>70 (1%)</td>
<td>5 (0%)</td>
<td>90 (1%)</td>
<td>1 (0%)</td>
<td>127 (2%)</td>
<td>327 (5%)</td>
</tr>
<tr>
<td>Total</td>
<td>2,243 (35%)</td>
<td>1,007 (15%)</td>
<td>418 (6%)</td>
<td>951 (14%)</td>
<td>176 (3%)</td>
<td>504 (8%)</td>
<td>5,299 (81%)</td>
</tr>
</tbody>
</table>

**Medicare FFS**
- 817 (13%)

**Uninsured**
- 384 (6%)

**Sources:**
Medicare, Aetna, Other payers: 2012 Health Leaders / InterStudy; State Group Insurance Program 2011 Annual Report
Payer Coalition members: Enrollment as of July 2014
Uninsured: Kaiser Health Facts, 2012

1 Includes Cover Tennessee programs, including CoverKids, Tennessee's SCHIP program
75 episodes in 5 years

Note: (multiple) indication identifies episodes in which more than one episode may be designed
Source: TennCare and State Commercial Plans claims data, episode diagnostic model, team analysis
Episodes of Care: Definition

Example patient journey for hip & knee replacement

3 to 90 days before surgery → Procedure → 90 days after surgery

Self-referral
- Initial assessment by surgeon
  - Necessity of procedure
  - Physical exam
  - Diagnostic imaging

Referral by PCP
- Preadmission work
  - Pre-work (e.g., blood, electro-cardiogram)
  - Consultation as necessary

Referral by other orthopod
- Surgery (inpatient)
  - Procedure
  - Implant
  - Post-op stay

- Surgery (outpatient)
  - Procedure
  - Implant

IP recovery/rehab
- Skilled nursing facility / inpatient rehab

No IP rehab
- Physical therapy
- Home health

Readmission/avoidable complication
- Deep vein thrombosis / pulmonary embolisms
- Revisions
- Infections
- Hemorrhages

Episodes include services from multiple providers
Clinical input is driving our episode definitions

4 examples: Cholecystectomy, PCI, Colonoscopy, and Upper Respiratory Infection

- **Cholecystectomy** episode split:
  - Acute inpatient
  - Outpatient and non-acute inpatient

- **Colonoscopy** episode narrowed:
  - Screening and surveillance only
  - Diagnostic

- **Definition of “acute” PCI episode**:
  - Site of service
  - Diagnosis code

- **Respiratory episode expanded**:
  - URI
  - All respiratory infections
Process

Unchanged Billing Process

1. Patients seek care and select providers as they do today

2. Providers submit claims as they do today

3. Payers reimburse for all services as they do today

New Information

‘Quarterbacks’ are provided detailed information for each episode which includes actionable data
Incentives

Risk-adjusted costs for one type of episode in a year for a single example provider

Example provider’s individual episode costs

Average

Risk-adjusted average episode cost for the example provider

Example provider’s average episode cost

Annual performance across all providers

Provider quarterbacks, from highest to lowest average cost

If average cost higher than acceptable, share excess costs above acceptable line

Acceptable

This example provider would see no change.

If average cost between commendable and acceptable, no change

Commendable

If average cost lower than commendable and quality benchmarks met, share cost savings below commendable line

Gain sharing limit

If average cost lower than gain sharing limit, share cost savings but only above gain sharing limit

Low cost

High cost

Average cost per episode for each provider
Quality Metrics

- Some quality metrics will be linked to gain sharing, while others will be reported for information only
  - Quality metrics linked to gain sharing incentivize cost improvements without compromising on quality
  - Quality metrics for information only emphasize and highlight some known challenges to the State
- Each provider report will include provider performance on key quality metrics specific to that episode

Example of quality metrics from episodes in prior waves

**ASTHMA EXACERBATION**
- **Linked to gain-sharing:**
  - Follow-up visit rate (42%)
  - Percent of patients on an appropriate medication (82%)
- **Informational only:**
  - Repeat asthma exacerbation rate
  - Inpatient admission rate
  - Percent of episodes with chest x-ray
  - Rate of patient self-management education
  - Percent of episodes with smoking cessation counseling offered

**PERINATAL**
- **Linked to gain-sharing:**
  - HIV screening rate (85%)
  - Group B streptococcus screening rate (85%)
  - Overall C-section rate (41%)
- **Informational only:**
  - Gestational diabetes screening rate
  - Asymptomatic bacteriuria screening rate
  - Hepatitis B screening rate
  - Tdap vaccination rate

**SCREENING AND SURVEILLANCE COLONOSCOPY**
- **Linked to gain-sharing:**
  - Participating in a Qualified Clinical Data Registry (e.g., GIQuIC)
- **Informational only:**
  - Perforation of colon rate
  - Post-polypectomy/biopsy bleed rate
  - Prior colonoscopy rate
  - Repeat colonoscopy rate

The quality metric ‘Participating in a Qualified Clinical Data Registry’ is a first attempt at using quality metrics based on other information sources than medical claims
Incorporating clinical quality metrics

Three ways to report clinical quality measures:
Direct data submission portal, Clinical Data Registries, EMR

Colonoscopy Episode Example

HCI3 report to TennCare. Feb 28 2015.
Quarterbacks will receive quarterly report from payers:

- **Performance summary**
  - Total number of episodes (included and excluded)
  - Quality thresholds achieved
  - Average non-risk adjusted and risk adjusted cost of care
  - Cost comparison to other providers and gain and risk sharing thresholds
  - Gain sharing and risk sharing eligibility and calculated amounts
  - Key utilization statistics
- **Quality detail**: Scores for each quality metric with comparison to gain share standard or provider base average
- **Cost detail**:
  - Breakdown of episode cost by care category
  - Benchmarks against provider base average
- **Episode detail**:
  - Cost detail by care category for each individual episode a provider treats
  - Reason for any episode exclusions

---

### Reporting

<table>
<thead>
<tr>
<th>Payer Name (TennCare/Commercial)</th>
<th>Provider Name</th>
<th>Provider Code</th>
<th>Report Date: July 2013</th>
</tr>
</thead>
</table>

**1. Asthma**

#### A. Episode Summary

- **Overview**
  - Total episodes: 262
  - Total episodes included: 233
  - Total episodes excluded: 29

- **Cost of care (avg. adj. episode cost) comparison**
  - **YOUR GAIN/ RISK SHARE**
    - **Your avg. cost:** $911.80
    - **Providers’ base avg. cost:** $1,242.20

- **Episode cost summary**
  - **Your average episode cost is commendable**

- **Episode quality and utilization summary**
  - You achieved selected quality metrics

#### 1. Follow-up visit w/ physician
- 61% vs. 55%

#### 2. Patient on appropriate medication
- 77% vs. 70%

---

### Quality metrics linked to gain sharing

<table>
<thead>
<tr>
<th>Parameters</th>
<th>You</th>
<th>Provider base average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total cost across episodes</td>
<td>$239,796.00</td>
<td>$317,301.09</td>
</tr>
<tr>
<td>2. Total # of included episodes</td>
<td>233</td>
<td>235</td>
</tr>
<tr>
<td>3. Avg. episode cost (non adj.)</td>
<td>$1,012.00</td>
<td>$1,350.22</td>
</tr>
<tr>
<td>4. Risk adjustment factor* (avg.)</td>
<td>0.90</td>
<td>0.92</td>
</tr>
<tr>
<td>5. Avg. episode cost (risk adj.)</td>
<td>$1,242.20</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>

**Risk adjustment factor** calculated for each provider's patient base.

Your episode cost distribution (risk adj.):

<table>
<thead>
<tr>
<th>Percentile of providers</th>
<th>Avg. adj. episode cost ($)</th>
<th># of episodes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptable</td>
<td>$1,350.22</td>
<td>22</td>
</tr>
<tr>
<td>Not acceptable</td>
<td>$2,000</td>
<td>18</td>
</tr>
<tr>
<td>Commendable</td>
<td>$1,000</td>
<td>22</td>
</tr>
<tr>
<td>Above $500</td>
<td>$1,000</td>
<td>22</td>
</tr>
<tr>
<td>Below $500</td>
<td>$1,000</td>
<td>22</td>
</tr>
</tbody>
</table>

Distribution of provider average episode cost (risk adj.):

- You: 22%
- Commendable: 22%
- Acceptable: 22%
- Not acceptable: 22%

---

*Preliminary draft of the provider report template for State of TN (for discussion only). All content/numbers included in this report are purely illustrative.*

---

12
Challenges

- Ongoing Evaluation
- Risk Adjustment
- Payer Capacity
- Data Sharing
- Reaching Providers