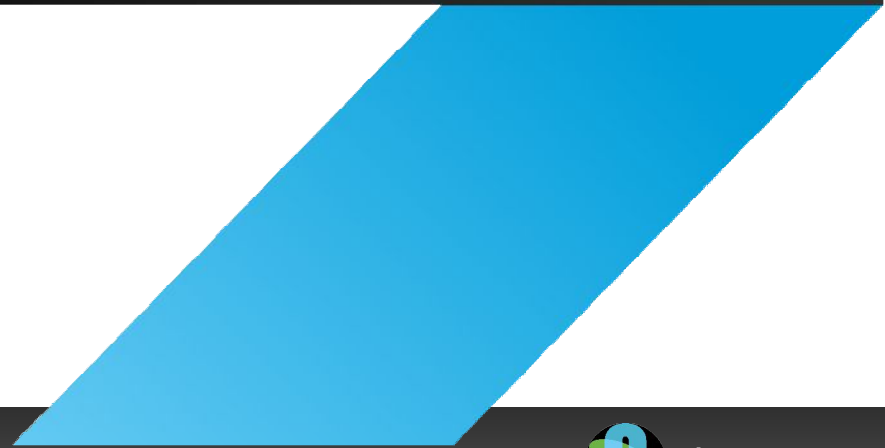


# **The Challenge of Integrating Bundles Across Payor Types: Medicare, Medicaid and Commercial**



# Panel Members



Devon Zoller, MD  
Chief Medical Officer, Transitional Care, Sound Physicians,  
Tacoma, WA



Brittany Cunningham, MSN, RN, CSSBB  
Director, Episodes of Care, Vanderbilt University Medical  
Center, Nashville, TN



Chip Howard  
Vice President and Payment Innovations Leader, Humana Inc.



Cheri Zielinski  
Senior Director, Health Care Analytics Advisory Services,  
Optum, Chicago, IL

---

# Understanding Payer Types

- Traditional Medicare
- State-Driven Medicaid
- Commercial Payer
  - Group
  - Individual
  - Managed Medicare
  - Managed Medicaid
- Direct to Employer
- Non-Traditional Purchasers

---

## Why Add Multiple Payer Types?

- Increase the value of the initial investment to deliver episode-based payments

## Do Most Providers Add Additional Payer Types?

- Not yet
- Very few providers delivering episode-based payments support multiple payer types at a large scale – unless mandated



Devon Zoller, MD

Quality | Service | Teamwork | Innovation | Integrity

# Key Differentiators

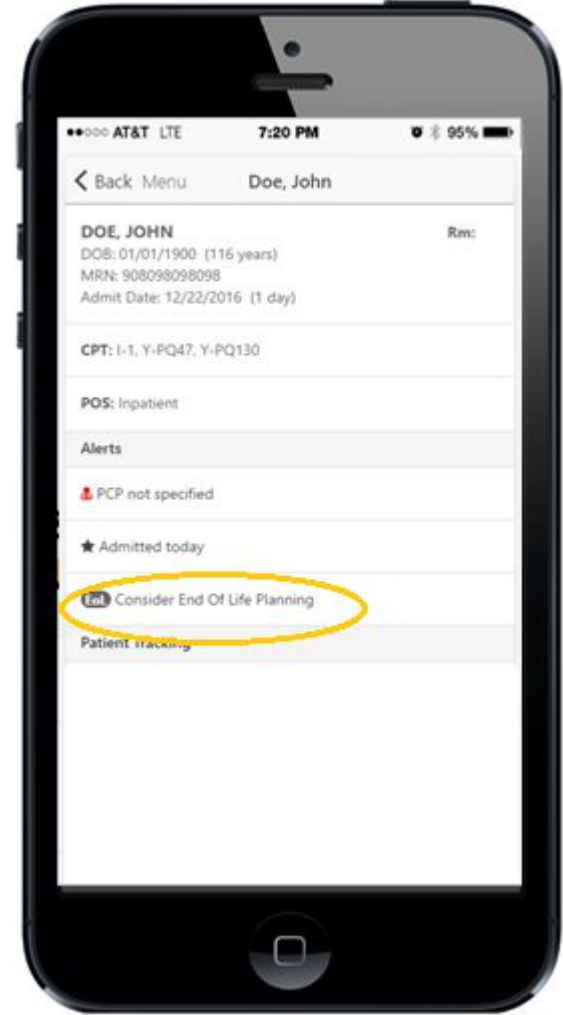
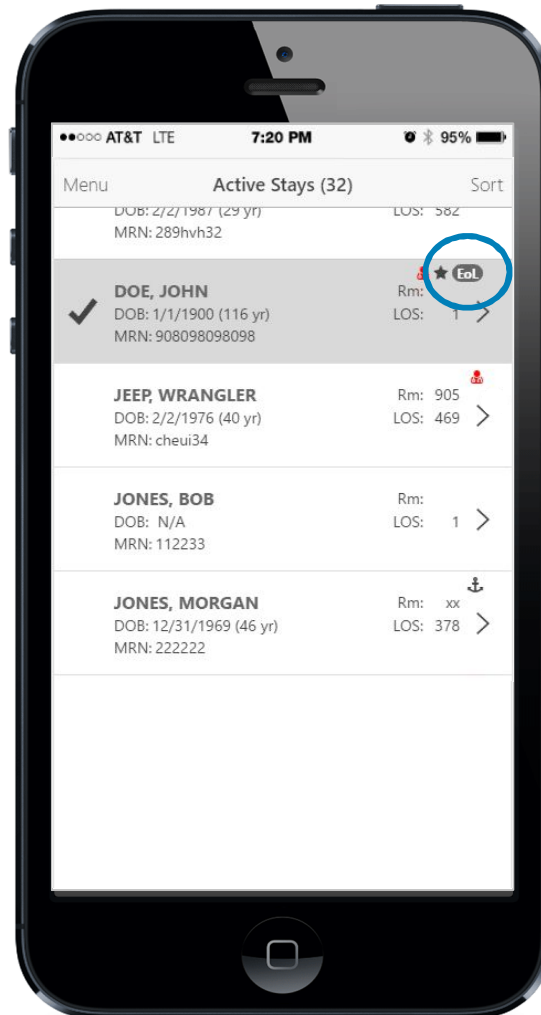
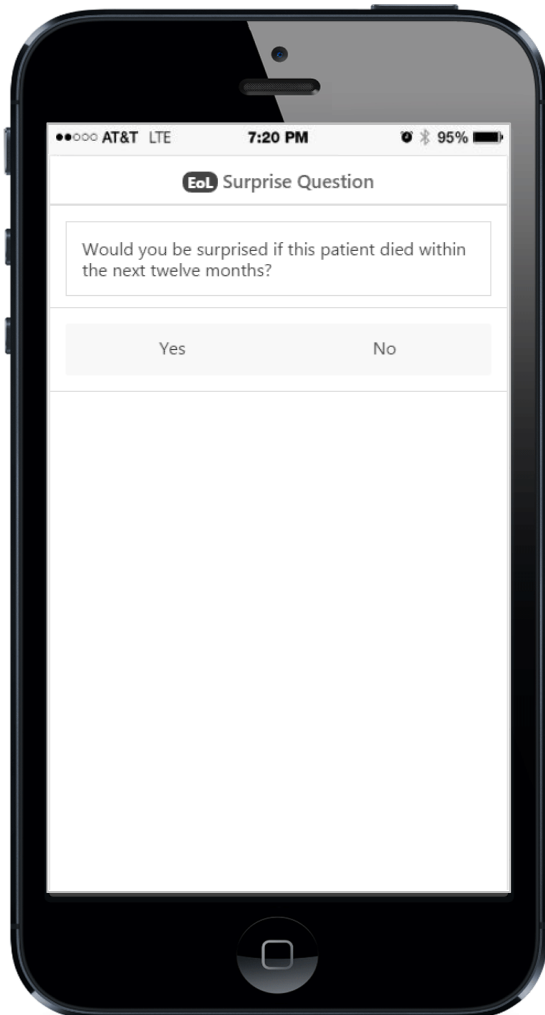
1

Engaged  
physicians

2

Process and  
Performance  
Management

# Mobile Workflows / Dashboards



# Vanderbilt University Medical Center

Brittany Cunningham, RN, MSN, CSSBB  
Director, Episodes of Care



# Vanderbilt University Medical Center overview

One of the nation's largest, fully integrated university health systems...

- Annual **operating budget: \$7.5B**
- **3,500 faculty** (MDs, PhDs) across all medical disciplines and sub-sub-sub specialties
- **3 Hospitals** (1,025 beds): Children's, Adult, Psychiatric
  - **57,421** Surgical Procedures
  - **2M ambulatory** visits
  - **123,632** ER visits
- **>20,000 faculty and staff** make it the largest state-based private employer of Tennessee citizens
- NCI-designated **Comprehensive Cancer Center** leading clinical trials center
- **National Centers of Excellence** for Heart, Trauma, Neurosurgery, Diabetes, Children's care, and many others
- **Largest Transplant center** in the Southeast
- **#1 Hospital** in TN- US News & World Report

...with a recognized national stature



- Discovery is core: one of 10 largest U.S. Centers doing **NIH-funded biomedical research at \$500M/year**
- University leader in HIT: **nation's largest Informatics faculty** (70) and over 500 staff
- Lead of **Vanderbilt Health Affiliate Network**: 62 hospitals and >5,200 providers

# VUMC Bundle Payment Episodes Landscape

## Mandated- State Medicaid

- Perinatal\*
- Asthma\*
- Total Joint
- Colonoscopy
- Non Acute PCI
- Acute PCI
- Cholecystectomy
- COPD
- EGD
- Respiratory Infection
- Pneumonia\*
- Urinary Tract Infection- Inpt & Outpt
- GI Hemorrhage
- CABG
- CHF acute exacerbation\*
- Valve Repair (Pediatric)\*
- ADHD
- ODD
- Bariatric Surgery

## Mandated- CMS

### CMS

- Total Joint (CJR)
- Coronary Artery Bypass\*
- Acute Myocardial Infarctions\*
- Surgical Hip/Femur Fracture Treatment\*

## Voluntary (at risk with payer)

- **CMS (Bundle Payment Care Initiative- BPCI)**
  - Valve Surgery\*
  - Total Joint\*
  - Stroke\*
- **Oncology Care Model\***
- **Spine Surgery\*/ Total Joint**

\*Operational in FY18

# What does it mean to be in a Total Joint Bundle?

## BPCI

## CJR

## State Medicaid (5 MCOs)

## Private Employer Program

## 1/1/2018: Commercial

Base definition

DRG; hip fractures added

DRGs w/ & w/o Hip fractures

Primary Procedure w/ inclusion and exclusion criteria

DRG based; related care at facility only

Primary Procedure w/ inclusion and exclusion criteria

Timeframe

Admission to 90 days post discharge

Admission to 90 days post discharge

45 days before to 90 days post discharge

Admission to 90 days post discharge at facility only

45 days before to 90 days post discharge

Risk/reconciliation

Two sided risk; retrospective

Two sided risk; retrospective

Two sided risk; retrospective; each MCO with unique risk methodology

One sided risk; prospective

One sided risk; retrospective

Quality

Claims driven, not linked

Submission of PROMs can help decrease discount

Claims driven, only linked to gainsharing

None

Claims driven, only linked to gainsharing

# Humana's Bundled Payment Program

The 7<sup>th</sup> National Bundled Payment Summit  
Crystal City, Virginia

Chip Howard

June 27, 2017



# About Humana

\$54 Billion – 2016 Revenues

## *Insurance Services*

- **Leading position in Medicare Advantage (MA) and Part D**
  - 3.2 million MA members
  - 5 million stand-alone Part D members
- **One of the leading service providers to the military through TRICARE contract**
  - 3.1 million members
  - Recently awarded East Region Contract expanding to over 6 million members (*effective Oct 2017*)
- **1.7 million commercial group members**

## *Healthcare Services*

- **Humana At Home** – ~1 million members served
- **Humana Pharmacy** – 4<sup>th</sup> largest PBM/mail order services
- **Primary Care Clinics** - 66 fully owned; 79 joint ventures
- **Go365** - Proprietary prevention/wellness program; 3.6 million members
- **Integrated Clinical & Consumer Analytics** platform

# Humana's Bundled Payment Program – Total Joint Replacement

## Goals of program

- **Build Humana expertise** (e.g., knowledge, infrastructure, processes) to execute and potentially scale episodes and episode-based payments
- **Lower medical spend in population while maintaining and improving quality**
  - **Reduce** medically unnecessary **practice variation**
  - **Shift volume** to high quality and cost efficient providers
- **Establish Episodes as a way to engage specialists**

## Humana TJR episode program design

- Implemented in early 2016 in Humana's Ohio and Tennessee markets, specific to the Medicare Advantage population
- Leverage **existing episodes and base definitions** from OH / TN State Innovation Models
- Utilize **retrospective model** that builds on existing FFS infrastructure
- Provide actionable information to practices with quarterly **performance reports**, including practice, individual physician, and member level identification of cost and quality improvement opportunities
- **Expanded to four additional markets** (Kentucky, Indiana, North Carolina, Virginia) in January 2017
- **Early year 1 results in OH and TN are encouraging**, with demonstrated savings vs. non-engaged providers in both markets
- Year 1 model is shared savings with upside only while providers have the opportunity to take on financial accountability in exchange for a larger share of savings in year 2
- For 2017, a quality gate was implemented where earning of shared savings is contingent on the practice meeting a minimum quality standard based on episode specific metrics

## **Optum's Role in Value Based Purchasing**



# Existing Value Based Purchase (VBP) Initiatives

---

- State Mandated in Tennessee and Ohio
- Voluntary Medicaid Pilots – Mississippi and Louisiana
- Voluntary Commercial – TN, OH, IN, KY, NC, VA





# State Mandated Episodes of Care Projects - Medicaid

---

- **TENNCARE Healthcare Innovation Initiative**

- All Medicaid providers/Commercial plans “strongly encouraged”
- Measure performance based on both quality and cost
  - Episodes and Report Templates defined by State
- Quarterly reporting effort including distribution and provider support
  - Bonus/penalty structure after 1 year of informative reporting
- 2013 Launch – Wave 1 – 3 episodes
- May 2017 – Wave 6 - 34 episodes defined by the State developed and implemented by Optum
  - 18 additional episodes before end of 2017
  - 75 total episodes by 2019
- Supporting 2 of the 3 MCOs in the State
  - 2 commercial plans

# State Mandated Episodes of Care Projects - Medicaid

---

- **Ohio State Innovation Model**

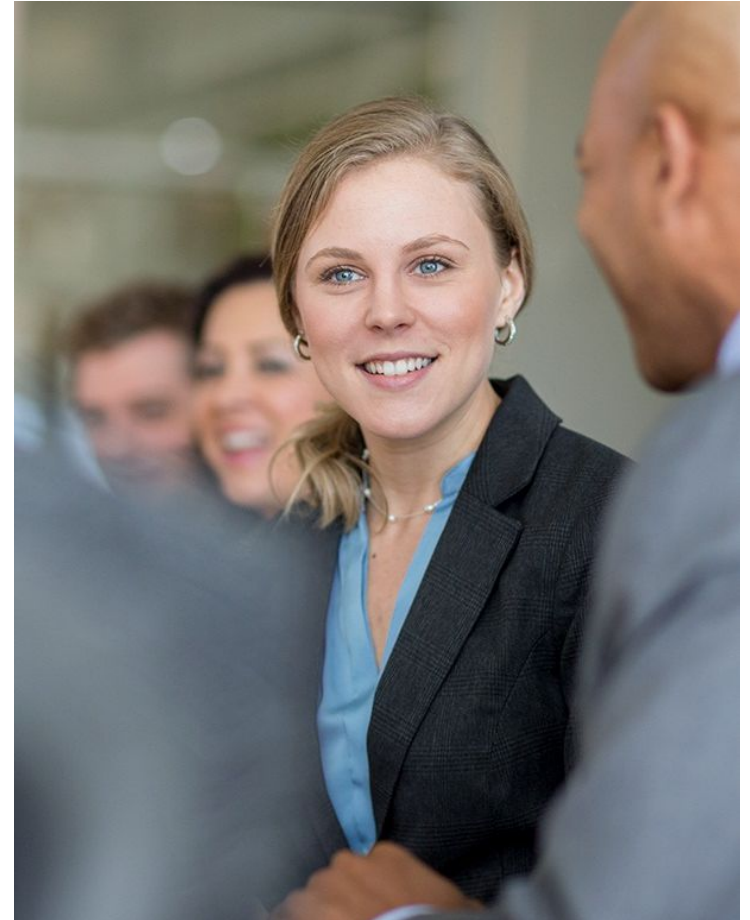
- All Medicaid providers/Commercial plans “strongly encouraged”
- Measure performance based on both quality and cost
- Quarterly reporting effort including distribution and provider support
  - Bonus/penalty structure after 1 year of informative reporting
- 2015 Launch – Wave 1 – 3 episodes
- Subsequent Waves launched and centralized by State
  - Wave 1 to be centralized by August 2017
- Supporting 2 of the 6 MCOs in the State
  - 1 commercial plan

# Voluntary Episodes of Care Projects - Medicaid

---

- **Louisiana/Mississippi – Medicaid Pilot Program**

- Quarterly reporting effort including distribution and provider support
- 3 episodes defined by TENNCARE developed and implemented by Optum
- Innovation initiative offered by United to the State of Louisiana/Mississippi
- Consultative roll-out strategy



# Voluntary Episodes of Care Projects - Commercial

---

- **Voluntary Commercial**
  - Total Joint Replacement “upside only” project
  - Quarterly reporting to providers
  - Based on TENNCARE initiative specifications
  - 6 state program

# Panel Members



Devon Zoller, MD  
Chief Medical Officer, Transitional Care, Sound Physicians,  
Tacoma, WA



Brittany Cunningham, MSN, RN, CSSBB  
Director, Episodes of Care, Vanderbilt University Medical  
Center, Nashville, TN



Chip Howard  
Vice President and Payment Innovations Leader, Humana Inc.



Cheri Zielinski  
Senior Director, Health Care Analytics Advisory Services,  
Optum, Chicago, IL