

A photograph of two men in business suits shaking hands in a modern office. The man on the left is standing and leaning forward, while the man on the right is seated at a desk with a laptop. The background shows a large window with a view of greenery outside. The image is semi-transparent, allowing text to be overlaid.

Best Practices Value-Based Bundled Programs

From Strategy through Execution

June 27, 2017



Value-based payments end-to-end impacts



The business imperative for value-based payment



Industry objectives

- Keep pace with demand for value-based care.
- Capitalize on an expanding market for both commercial and government payers.
- Refine strategies in accordance with growing body of results.
- Demonstrate value to customers.



Environmental drivers

- Government payers are expanding commitment to value-based payment:
 - Statewide innovation grants
 - Medicare joint replacement bundle (CJR)
 - MACRA
- Commercial payers and self-insured employers are pushing the industry:
 - Proliferation of ACO and bundled payment programs by commercial insurers
 - Employer's Center of Excellence Network (ECEN)
 - Provider direct-to-employer bundles
- Evaluation results are starting to show what works and what doesn't.
- Increased demand for evidence of cost and quality improvement.

Points to consider



What is the desired business outcome?



Administration difficulty



Technical requirements

- Population
- Data and analytics



Precision



Finance

Summary of value-based payment approaches

Approach	Objective	Administration difficulty			Precision	Technical	
		Contracting	Reporting	Payment		Pop	D & A
Pay for Performance (P4P)	<ul style="list-style-type: none"> Move away from FFS Quality improvement 	L	L	L	L	L	M
Bundles	<ul style="list-style-type: none"> Targeted efficiency Care coordination 	H	H	M	H	L	M
Care coordination/ PCMH	<ul style="list-style-type: none"> Care coordination Targeted population health management Patient experience 	M	M	M	M	H	M
Global budget ¹	<ul style="list-style-type: none"> Premium adequacy Care coordination Global efficiency 	M	H	M	M	H	M
Shared risk/ACO	<ul style="list-style-type: none"> Total cost management Care coordination Global efficiency 	H	H	H	M	H	H

1. Global budgets are part of shared-risk contracts, and the distinction between them is used here to indicate the relationship between the global budget and premium calculation.

Value-based payment must-haves

Strategy

How to use value-based payment to achieve desired business results

- Choosing payment methods
- Targeting providers and services

Accuracy

Payments must occur exactly as documented

- Ensures realization of value to payers
- Promotes confidence in providers

Flexibility

Must accommodate a wide array of services

- Responsiveness to state mandates
- Consistency with MCO strategy

Scalability

Must accommodate growth in scope

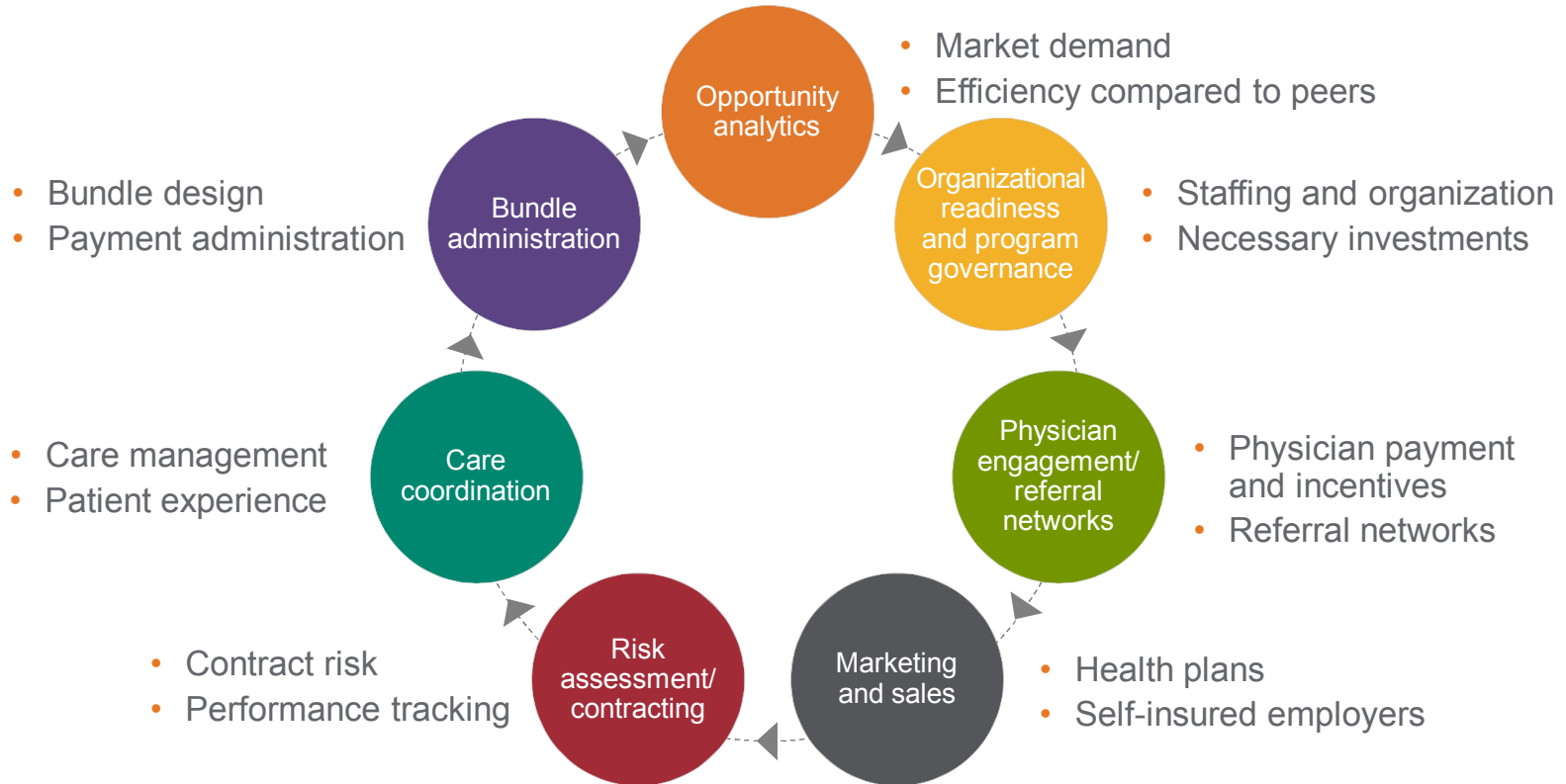
- Keep pace with ambitious CMS and state objectives
- Support MCO cost-of-health-care management strategies

Transparency

Must provide insight that promotes action

- Clear and relevant reporting
- Guidance to promote change

Developing a successful value-based payment strategy



Building an effective payment approach

- Pre-analysis to determine the payment method that best fits strategy
- Payment method development: align incentives to strategic objectives
- Risk adjustment: pay fairly
- Engage payers and providers
- Borrow from best practices seen in successful VBP programs
- Provider network planning and support
- Technical support for members and providers

Case examples



Identifying bundle candidates with a high probability of success



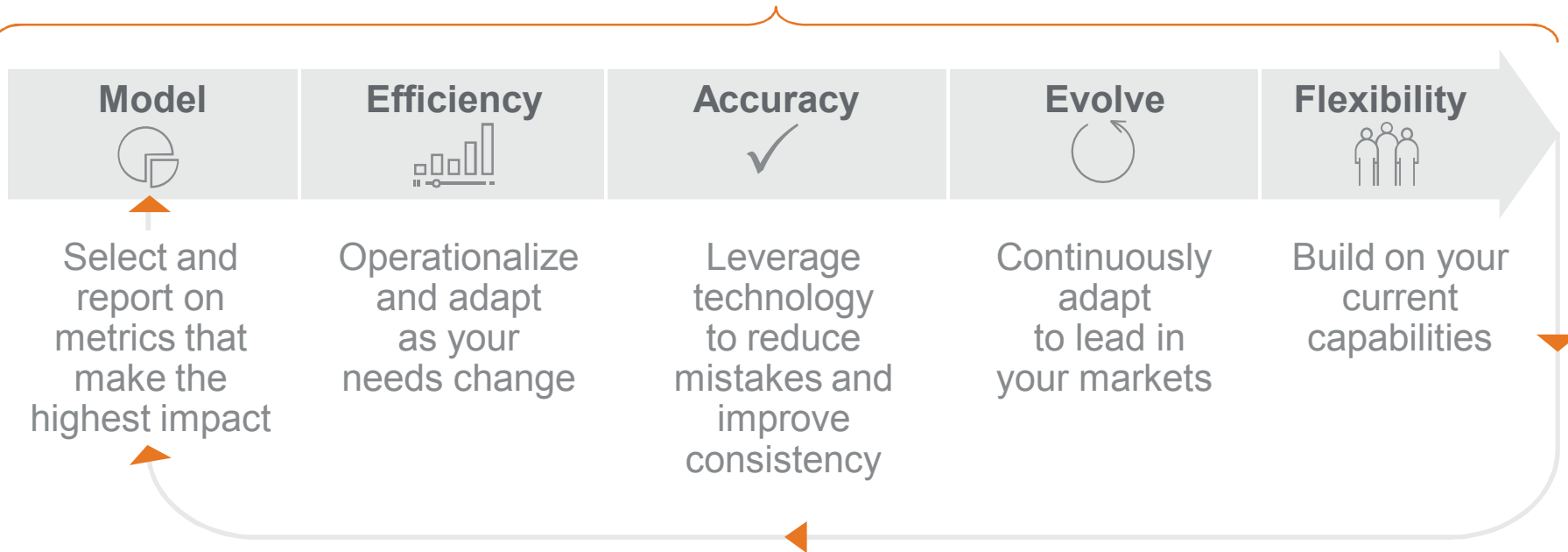
Bundle	Demand	Volume and efficiency	Readiness	Rationale
Cardiac surgery				
Coronary artery bypass graft	★★★☆☆	★★★☆☆	★★★★	<ul style="list-style-type: none"> • Demand significant • Modest volume, average efficiency; low average charge per case* • Cultural alignment, strong quality outcomes — across cardiac surgery
Surgical valve repair	★★★☆☆	★★★☆☆	★★★★	<ul style="list-style-type: none"> • Demand significant • Low volume, but highly efficient
Interventional cardiology				
Diagnostic coronary artery catheterization	★★★☆☆	★★★☆☆	★★★☆☆	<ul style="list-style-type: none"> • Demand significant • Modest volume, less efficient; low average charge per case* • Limited cultural alignment with interventional cardiologists
Coronary artery cath w/stent	★★★☆☆	★★★☆☆	★★★☆☆	<ul style="list-style-type: none"> • Demand significant • Limited volume, average efficiency; low average charge per case* • Limited cultural alignment with interventional cardiologists
Orthopedic surgery				
Knee replacement	★★★★	★★★☆☆	★★★☆☆	<ul style="list-style-type: none"> • Demand highest • Modest historical volume and average efficiency • Need to hire new leadership across orthopedic
Hip replacement	★★★★	★★★☆☆	★★★☆☆	<ul style="list-style-type: none"> • Demand highest • Modest historical volume and average efficiency
Orthopedic/Neuro surgery				
Cervical spine fusion	★★★☆☆	★★☆☆☆	★★★★	<ul style="list-style-type: none"> • Demand significant • High overall volume, but limited Commercial; unknown efficiency • Cultural alignment, strong quality outcomes — across neurology
Decompression, lumbar spine	★★★☆☆	★★★☆☆	★★★★	
Other procedures				
Colonoscopy	★★★☆☆	★★★☆☆	★★★★	<ul style="list-style-type: none"> • Demand significant • Significant volume, relatively efficient
Tonsillectomy	★★☆☆☆	★★★★	★★★★	<ul style="list-style-type: none"> • Lower dollar volume • Commercial market leader

Technology integration, interoperability and reporting



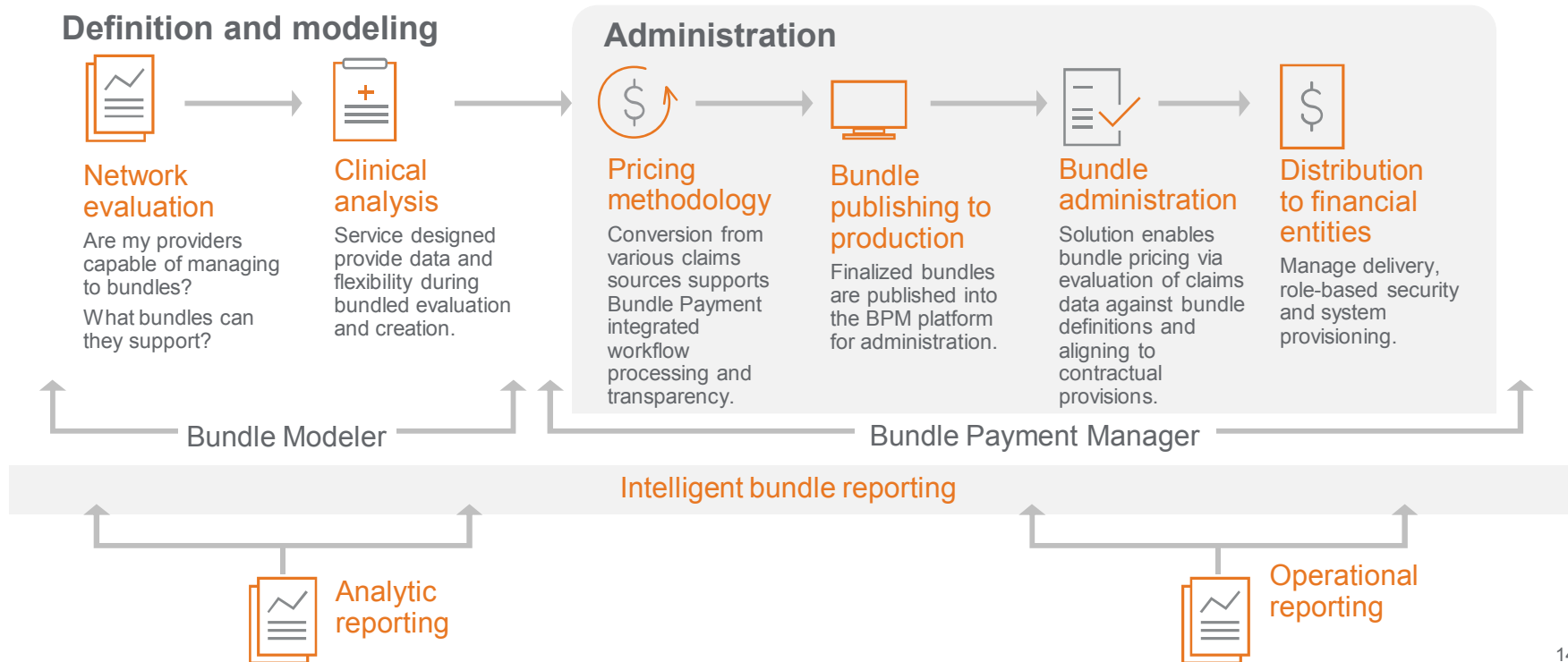
Strategy and reporting drives results

End-to-end innovative payment approach



Bundle payment cycle of administration

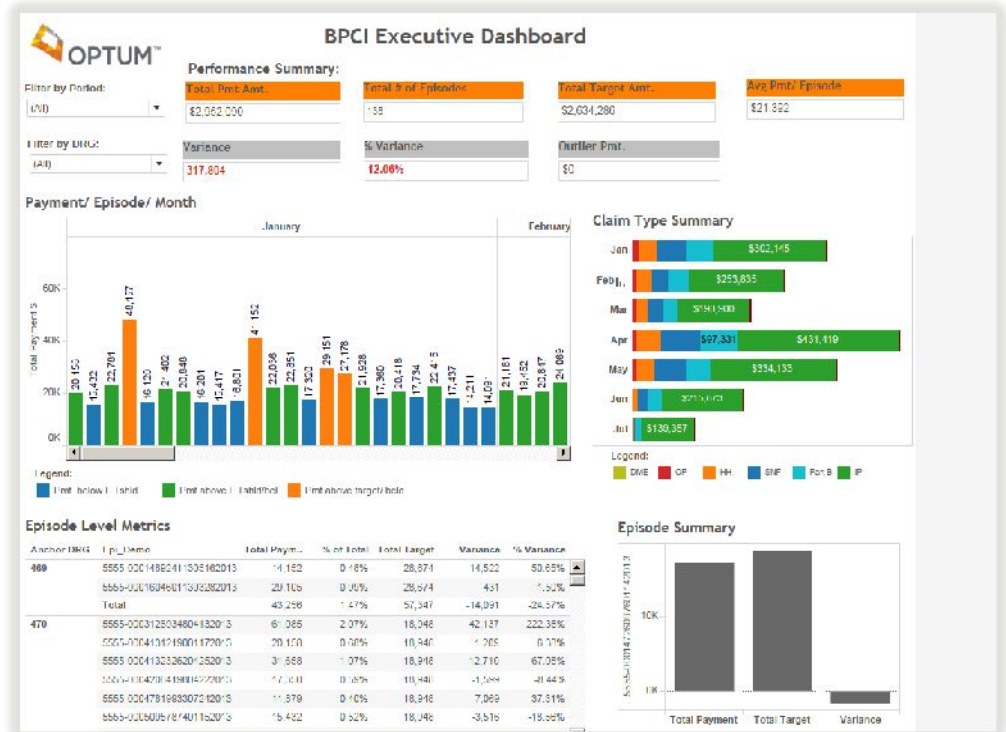
Bundled Payment Administrative Services and Solution: Provides access to all components of bundle administration through services and solutions.



Bundled revenue reporting

Financial performance summary of all episodes through continuum of care

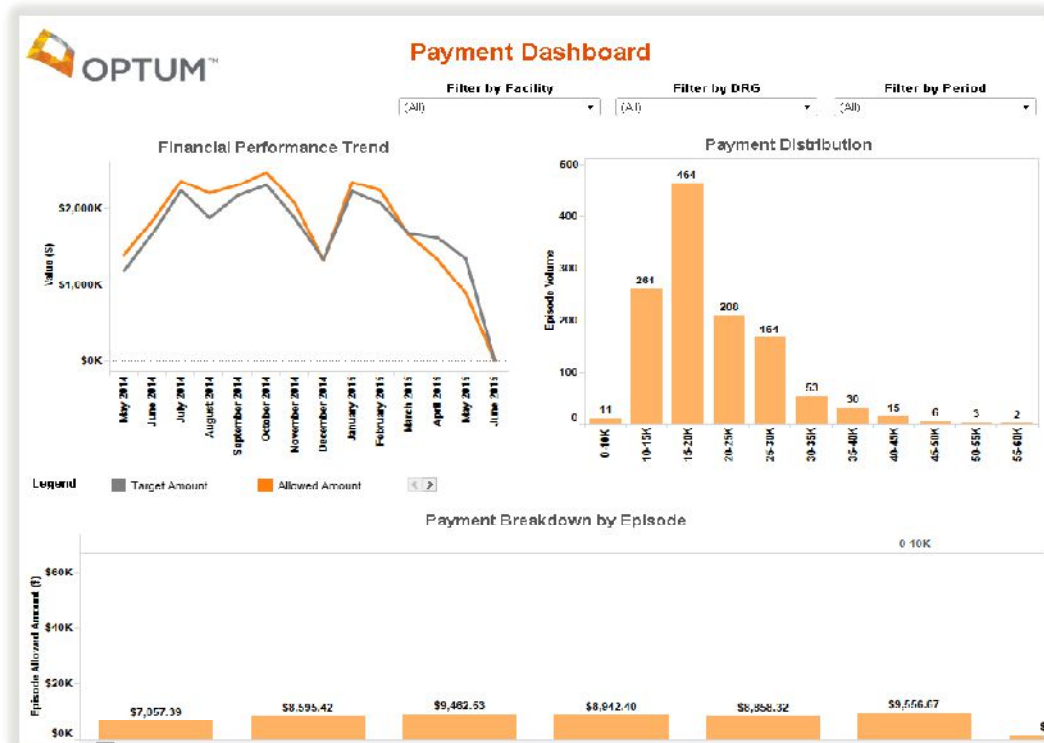
- Visualization helps quickly identify overall program health.
- Displaying critical categories, quickly identifies where additional drill downs are needed:
 - Total cost
 - Variances
 - Month-over-month trending



Bundled revenue reporting

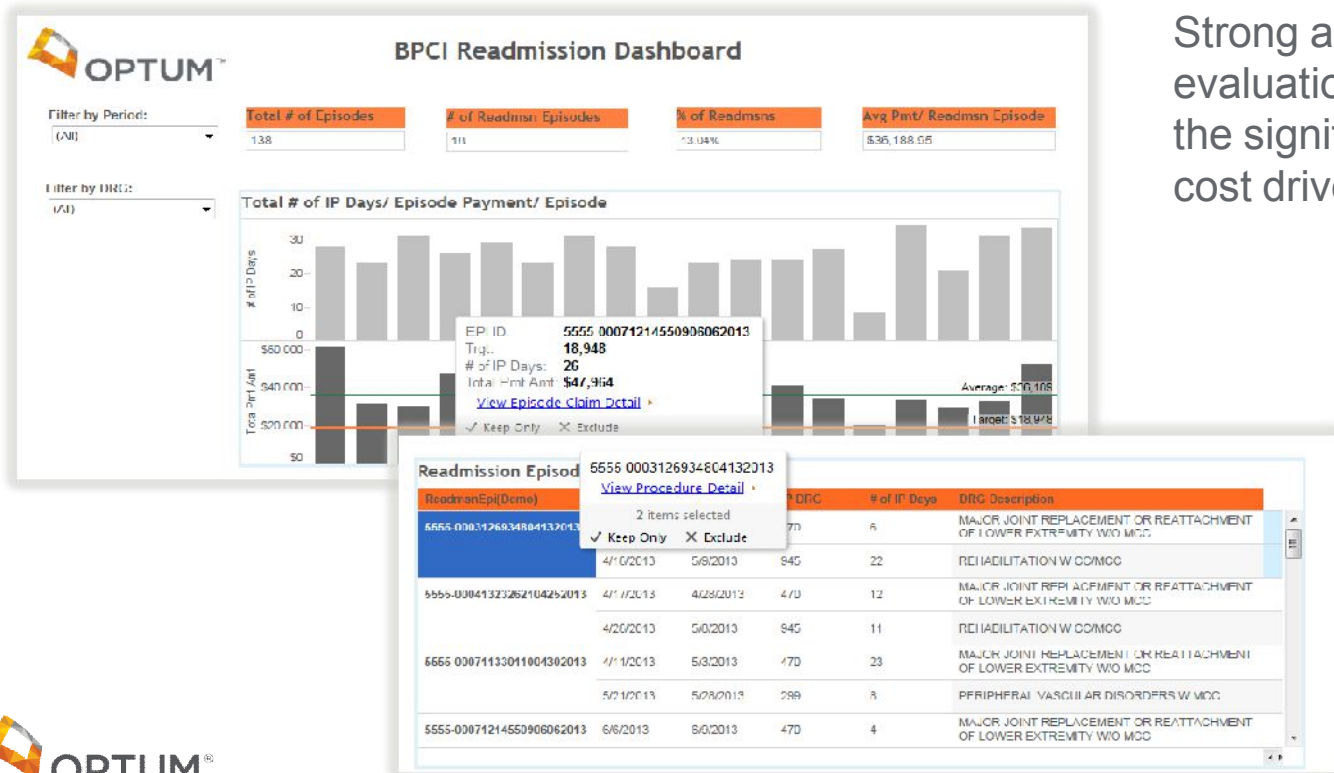
Financial performance trending over time

- Monitoring financial performance trends at the bundle level aids program refinement.
- Episode volume and related payment distribution helps spotlight areas for further evaluation.



BPCI readmission dashboard

Readmissions by count, percentage and average costs

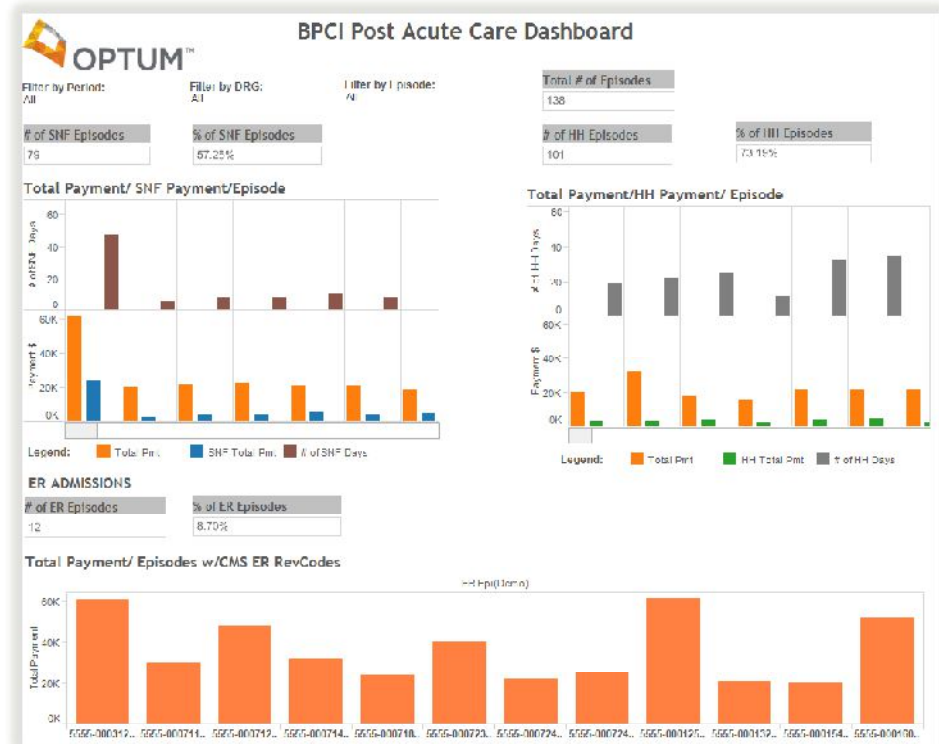


Strong analysis and evaluation helps manage the significant readmissions cost driver.

Post acute care dashboard

Post discharge metrics to skilled nursing and home health

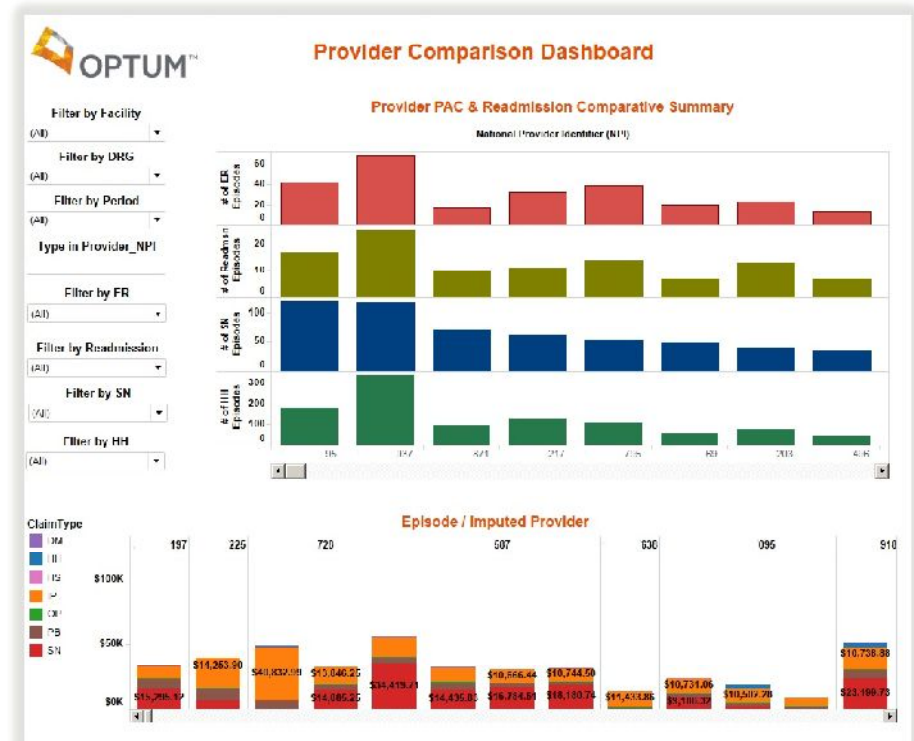
- Collaboration for post acute care across payers and multiple providers is increasing.
- Advanced reporting is needed to aligning post acute care impact to bundles.
- Performance metrics help identify payment percentages tied to the transition of care and highlight areas to improve.



Provider comparison dashboard

Episode counts for post acute and readmissions by provider

Understanding services performed by providers and side-by-side peer comparisons help identify bundle refinement and provider education opportunities.



Major challenges and opportunities

Challenge 1

Providers are not assessing contractual risk and monitoring performance against goals. Payers are not fully engaging providers.

Opportunity

- Payers and providers share population health information.
- Providers maximize reimbursement under value-based contracts.
- Payers demonstrate concrete value to purchasers.

Solution

- Clearly identify the features of value-based contracts, and identify the operational actions required to succeed. Implement reporting that tracks against contractual goals.

Challenge 2

Providers are not formulating effective sub-provider network strategies. Payers are not providing effective network guidance.

Opportunity

- Use effective sub-provider partnerships to improve quality and reduce the cost of health care services.

Solution

- Analyze available data and information to compare the performance of potential sub-provider partners, using the results to choose selectively.

Challenge 3

Providers and Payers underestimate the operational complexity of implementing value-based payment.

Opportunity

- Improve payer and provider collaboration to pay fairly and accurately, and to reduce implementation overhead costs.

Solution

- Choose VBP models that are workable. Reduce implementation friction with employers and payers. Use technology to facilitate payment integration.

Thank you.

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