

The Spread of Bundled Payments: Q1 2015



Bundled Payment Mini Summit
IHA P4P Conference
March 3rd 2015

Public Sector Overview

- Three states are using a combination of Medicaid and the public employee plan to implement Bundled Payments – Arkansas, Ohio, Tennessee.
 - AR and TN are also engaging the commercial payers and employers
- Other states have partial initiatives – NY, Washington
- CMS has launched the Bundled Payment for Care Improvement (primarily hospital inpatient based) and recently initiated a call for Cancer Care bundles

Private Sector

- Many Blue plans have initiated their own programs or are actively participating in State initiatives
- CIGNA is one of the few national plans to actively work to scale BP programs, but most struggle to engage ASO customers
- Employers continue their march to enable BP carve outs, especially for elective procedures

Some Important Lessons Learned

1. Very few providers, if any, are ready to accept prospectively paid episodes, and 95% of the BP programs today are using the retrospective model
2. The deal has to be clear cut and stable. Don't forget that BP arrangements have asymmetric risk
3. Ultimately, you need to match member benefits with BP contracts

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