edifecs

Pathways to Partnerships

Bridging Connections For Value

Operational Readiness and Gaps for Scaling Episode of Care Payments

A 2015 Industry Scorecard

Grading Key

Grade	Description
A	Vendor and homegrown capabilities are fully mature and best of breed approaches are known
B	Moderate adoption of vendor-based solutions. Interoperability and industry standards start to emerge. Homegrown capability can scale.
C	Multiple vendors have entered the market, but adoption of vendor-based capability is still low. Homegrown automated capabilities exist but are inefficient and disjointed
D	Initial vendors entering market. Requirements still unclear for homegrown automation, which is not scalable
F	No automated capability exists; homegrown manual efforts only

Disclaimer:
Author's current and past employers developing some of these capabilities

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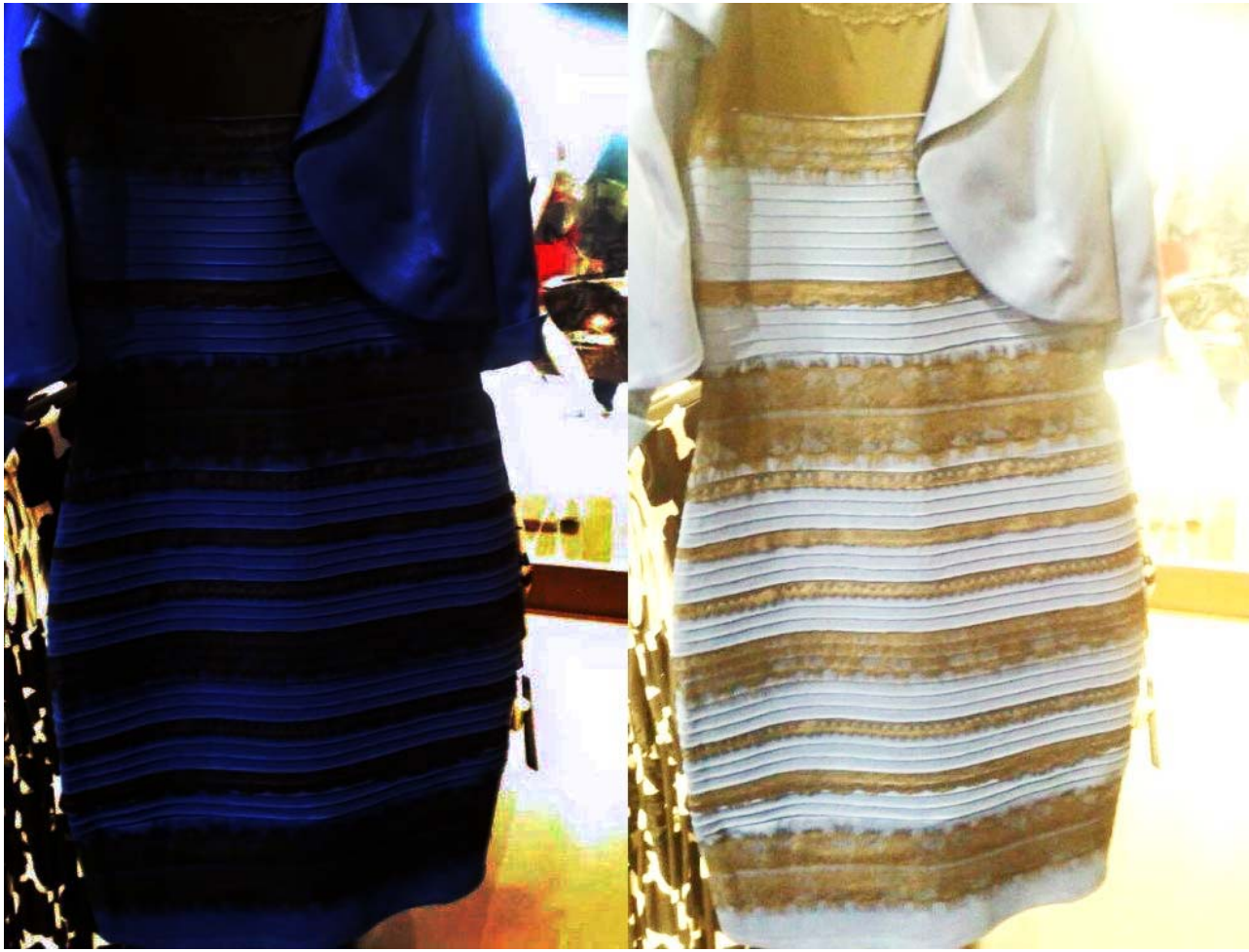
*** Due to subjective nature of following material, speaker will not be held accountable for subsequent twitter wars



Operational Readiness and Gaps for Scaling Episode of Care Payments

Commercial Payer

Capability	Grade	Discussion
Modeling episode of care programs pre-contract	C	Lack of flexibility in current vendor solutions; homegrown too labor intensive and inaccurate
Adjudicating claims for prospective episodes of care	C	Low adoption of vendor solutions, homegrown difficult
Episode-appropriate benefit design, product design, and ability to steer patients	F	Even manual efforts often fail here. Adoption of episodes too low for new insurance products
Episode-appropriate medical policy, preauthorization, and accumulators	D-	Almost no payer even trying to address this now
Administration of retrospective episodes of care: reconcile, reporting, provider payment, ASO allocation	C+	Reconcile and reporting getting there, but human review still needed and not scalable. No progress on ASO allocation
Sharing of data with provider pre-, intra-, and post episode	D	Access and management of data can best be solved by payers, similar to ACO needs

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Government Payer

Capability	Grade	Discussion
Medicare Administrative Contractor ability to support prospective episodes of care for traditional Medicare	D-	This is generous. MAC vendors struggle to meet needs of ACE and BPCI Model 4 programs; cannot expand at all
Vendor ability to administer and support retrospective episodes of care for traditional Medicare	C-	Challenges with BPCI Models 1-3, need deeper and broader information and processes
Ability for Managed Medicaid to support episode of care payment	n/a	CMS barriers in place still Only one FI known to be
Fiscal Intermediary ability to support prospective episodes of care for Medicaid	D	developing and they are not in production yet Growing industry of vendors to
Vendor ability to administer and support retrospective episodes of care for traditional Medicaid	B-	support Medicaid. Standards only state-wide. Looks like general commercial
Ability of Managed Medicaid to support episode of care payment	C-	payer capability

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Provider

Capability	Grade	Discussion
Modeling episode of care programs pre-contract	D	Almost wholly dependent on payer software and data
Alter care delivery for patients in episode of care	C	Powerful, in-place systems not used; cannot even identify patients
Monitor costs and quality of patent during episode	F	Status quo is “good intentions”
Coordinate activity among providers in episode of care and management of seepage	D	Varies widely around US, but places with strong capability are still very manual
RCM: Accept either prospective or retrospective payer payment	F	Payment reform breaks RCM everywhere. .
RCM: Reconcile payment from provider against self-measured performance	D-	Few providers even measuring their performance in the first place
Distribution of prospective payment or savings from retrospective payment among providers	C	While TPAs have entered the market, local PM systems cannot send and receive the right transactions
Episode impact on salaried physician’s variable pay	F	Small variable portion of salary today based on volume

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Thought Leadership and Standards

Capability	Grade	Discussion
Standard Episode of Care definitions used for payment	B-	No central industry library; too many areas lack depth
Effective methods of adjustment for patient acuity	B	Numerous methods of acuity adjustment exist
Leadership, guidance, and experience for payers and providers doing payment bundles	D	Too few experts, too little experience, too much demand
Industry best practices and answers to operational challenges	C+	Considerable variation with some topics well established and others unresolved
Transactions between payers and providers support episode of care	F	Remains FFS overlay approach, but standards organizations are starting to pay attention.
Interoperability of episode definitions, episode payments, and coordination among providers	F	What is interoperability, anyway?
Fee-for-Episode utilization issues addressed	D	Episode definitions can include medical appropriateness criteria, but do not

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Perspective

- John Adams: Do you mean to say the Declaration of Independence is not finished?
  - Thomas Jefferson; No Sir! I mean to say that it is not yet started. (1776)

- Five years ago, almost all F's
- As expected, more prepared for retrospective than prospective in 2015
- CMS leadership was and is required, but barriers prevent significant expansion
- Fee-for-service not going away; models must work on top of FFS yet drive changes to status-quo methods, formats, etc
- Lack of operational readiness not a reason to stop or never start; only through experience comes maturity.

Questions?

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Seattle Business Magazine's Tech Impact Award

Puget Sound Business Journal WA Best Workplaces

Inc. 5000 Fastest-Growing Private Companies in the US

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Washington's 100 Best Places to Work For

Deloitte Technology Fast500 North America