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# Payer Maturation of Payment Bundle Programs

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# MEDICARE PAYMENT MODELS: BUNDLED PAYMENTS ACHIEVE HIGHEST SAVINGS TO MEDICARE

② 22 Jan 👨 No Comment

By Steve Wiggins, Founder and Executive Chairman

#### SUMMARY:

Medicare's Bundled Payment for Care Improvement (BPCI) initiative is showing powerful evidence to support widespread expansion of bundled payments in the Medicare fee for service program. Analysis of results from approximately 1,000 Participating health care organizations demonstrates savings to Medicare of \$200 million from these early entrants. Savings to Medicare from this group of Participants in the BPCI initiative are currently running at \$20 million per quarter.



## Beyond Risk Transfer

- Initial programs only seek to transfer risk from payer to provider
  - Hand-off approach from payers
  - Viewed as new form of case rate
- Newer programs focus on care transformation
  - Enabling quarterback with data and tools
  - Require changes in care coordination or care delivery
  - Measure changes in care pathways and utilization from a non-cost perspective







#### **Better Performance Measures**

### Beyond cost, measuring quality that matters



No longer measuring what is easy to measure

Focus on outcomes, especially functional outcomes and process changes

Hard to do



## Better Program Monitoring

- Gaming analysis
  - Manipulating cases in and out of program
  - Pushing costs out of the episode window
- Leakage
  - What services are uncoordinated
- Audits
  - Validate provider-supplied data
- Measure performance throughout episode



#### Plans for the Future



Adding more providers and more episode types to scale program and operational investment



Struggling to move from retrospective to prospective



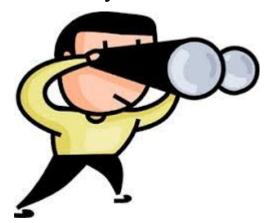
Aligning benefits, network design, clinical edits, utilization management, and payer care management



Over the last two years, a large number of commercial and government healthplans are starting pilot episode programs

- Without any government or employer mandate
- Target implementation dates in 2018
- Initial populations are tiny, 100-500 patients in the first year

What We See in the Market Today





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