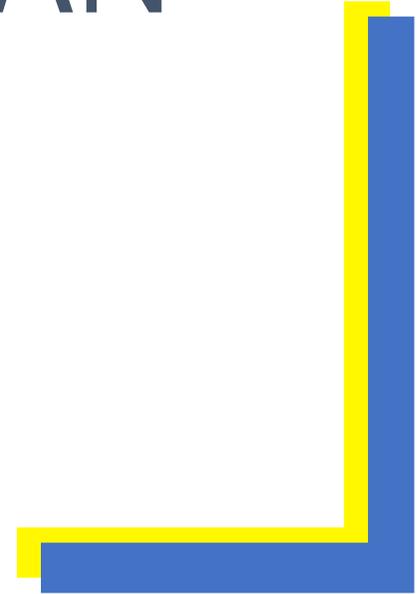




REFLECTIONS ON AN INFLECTION

François de Brantes
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What It Took To Get There

- Accepting a common goal over individual ones
- Setting aside differences – and there were many
- Setting aside Egos – and there were big ones
- Never giving up, even when it seemed the battle was lost

Another François

- Grandfather
- Lieutenant-Colonel (posthumously)
- Died for his country in a concentration camp, May 11th 1944
- Like millions of others, never got to know whether what he did made a difference



We Are At An Inflection Point

- The BPCI has new life
- Most of the APMs that have been recommended by the PTAC (or under review) are based on episode of care models
- Many Medicaid programs have focused episode of care payment programs
- Employers are increasingly creating bundled payment carve-outs
- Providers are multiplying new care models that rely on episode of care payments for sustainability
- Many health systems are understanding the power of episode payments as a vehicle for ACO optimization

We May Still Get Crushed

- CMMI has yet to implement an APM recommended by the PTAC
- Private sector payers (and Medicaid MCOs) are still not implementing EOC payment models at scale
- Large provider systems are enforcing non-steerage clauses and other market protections
- Still no standard episode definitions or accounting methods

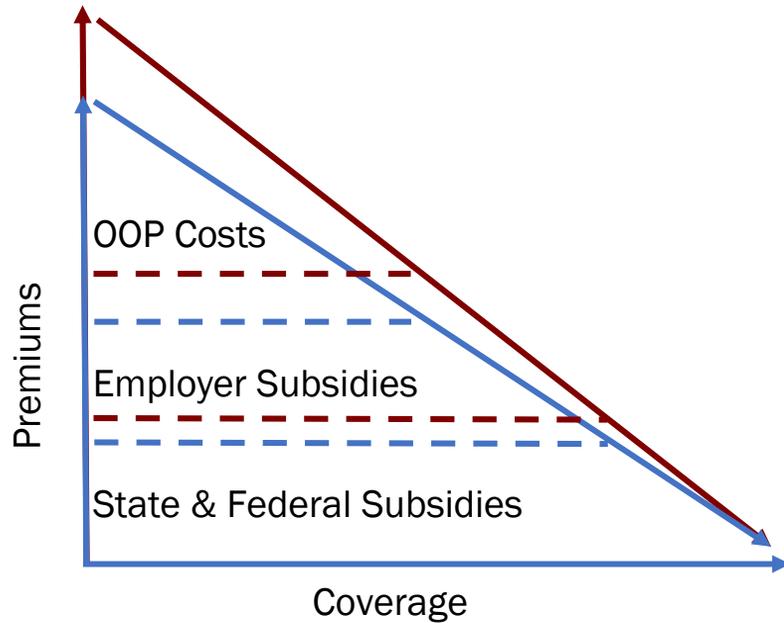


We're Allies In A Battle To Reshape US Health Care

- Excessive pricing compared to ROW accounts for half of total cost difference — that's a few points of GDP¹
- Excessive admin costs account for another solid third — another few points of GDP¹
- Over a trillion could be saved if we addressed excessive prices and administrative costs, \$3K per person, \$12K per family
- Importantly, given the relationship between premium costs and coverage, reducing total per person costs would enable us to provide coverage to all Americans

1. Papanicolas et al, Health Care Spending in the United States and Other High-income Countries, JAMA, March 2018

The Math Of Rising Premiums



- To maintain a given level of coverage there are three options:
 - Increase federal and state subsidies (i.e. taxes)
 - Increase employer portion of premiums (i.e. stagnating wages)
 - Increase member OOP costs

It's Not Only About Money

- 23 people die every hour from patient safety failures and medical harm
- Preterm births are rising and are close to 10% of all births
- More women die of childbirth (or have a near-death experience) than all other developed countries



Episodes Of Care Are An Organizing Principle

- Much as armies break down into platoons, total costs of care break down into episodes
- Episodes are logical units of pricing¹ and performance comparisons
- As expressed more than 50 years ago by Solon et al, episodes are a way to organize the delivery of care and the accounting of resources
- Substituting episodes for DRGs, CPTs and ICDs could save billions in admin costs
- Being more closely accountable for an episode (e.g. a global maternity bundle) creates line of sight on responsibility for clinical and financial outcomes

1. Khullar, Chandra, Rajkumar, Beyond Utilization: Reimagining Providers As Consumers To Promote Hospital Price Competition, Health Affairs Blog, May 2018

How Do We Consolidate The Beachhead ?

- We need an industry standard that's open source and in the public domain
- A standard set of episode definitions would provide APCDs with a consistent way of creating price transparency
- EMR vendors could use the definitions to organize clinical information in episodes of care
- The friction costs of engaging into bundled payments would decrease significantly

There Is A Path For Those Willing To Step Up

- The Patient-centered Episode System (aka the Episode Grouper for Medicare)
 - It was funded by the taxpayer
 - It's a comprehensive episode of care system
 - The episodes have been vetted by clinical working groups
 - It's supported by the American College of Surgeons and others
- It needs work and, on-going, the episode definitions will have to be updated and maintained
- Together we can make this work, and hopefully get to know that what we do will have made a real difference

Thank You

