



Incorporating and Scaling Prospective Bundled Payments Contracts

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PROVIDERS

70+ Health Systems and 300,000+ Care Providers

Supported through over 400 PM/EHR Partners



URAC Certified – Health Utilization Management, Workers Compensation



NCQA DM Systems Certification for 7 programs supported by CareAdvance Enterprise™

PAYERS

400+ Payer Organizations, incl. Over 20 of top 25 Plans and 8 out of top 10 Blue Plans



Healthcare Informatics: Rank 3



Support systems that host and process over **190M+** members/patients across North America



Serving **1/4** of provider population in North America



Strong team of **35,000+** professionals
- 1500+ Doctors, PhD's, Nurses, Pharmacists

Understanding Prospective vs Retrospective

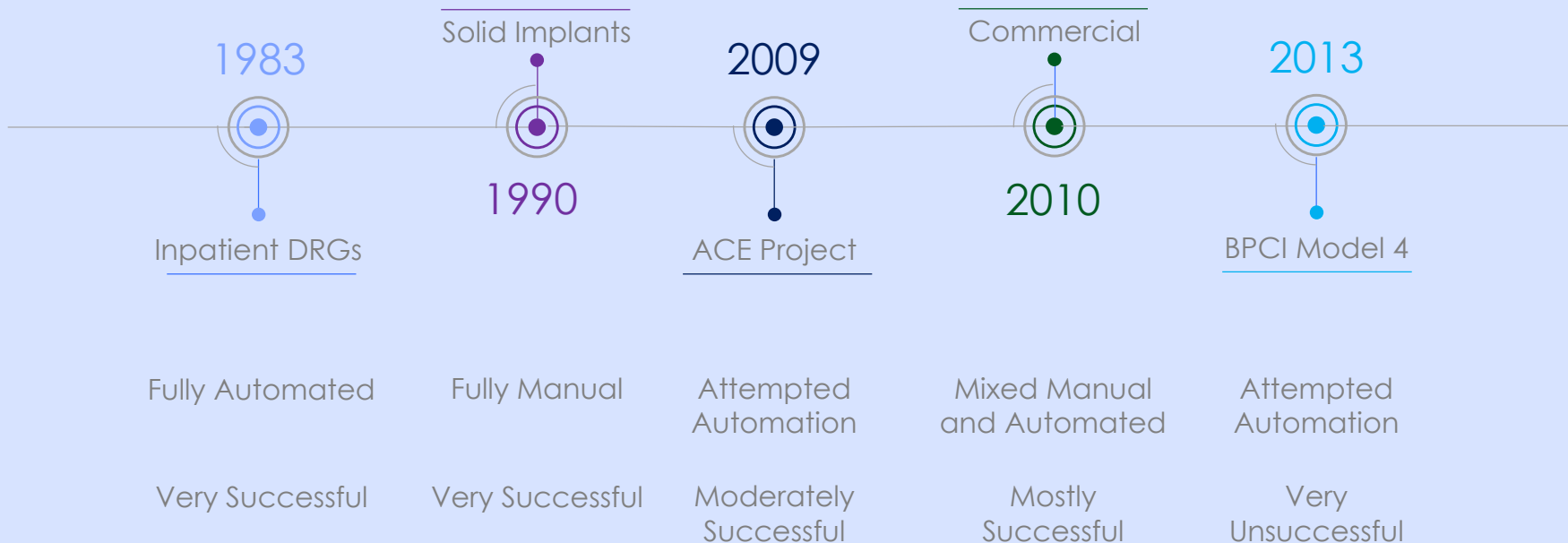
“Multi-Provider Global Case Rate”

- A single payment is made to a “conductor” (typically the provider organizing the care) to cover all services from all relevant providers over all dates.
- The conductor pays the other providers directly







“Shared Savings over a Budget”

- All providers continue to bill traditional fee-for-service.
- After the episode ends, a “reconciliation” occurs, comparing the cost of all the services against the budget.
- Savings (sometimes losses) are received by the “conductor”

Timeline of Prospective Episode Payment



Topics for Prospective Payment Bundles

	Pros	Cons	
	More Effective in Changing Provider Behavior	Requires Technology Enhancements to Scale	
	Payers Get “Savings” at Time of Contract	Conductor Must Pay Other Providers	
	Providers Keep 100% of Additional Savings	Revenue Cycle Management Impact	
	Improves Reference Pricing	Immediate, Limited Downside Risk	
	Improves Gainsharing	Regulatory Issues in Some States	

Wait, Did You Say Downside Risk?

HEALTHPAYER
INTELLIGENCE
xelligent HEALTHCARE MEDIA

75% of Providers Drop Out of CMS Bundled Payments Model

Only 25 percent of those that showed interest and volunteered in the bundled payments program have actually moved forward once downside risk was introduced.



healthcare
innovation
PEOPLE. PROCESS. TECHNOLOGY TRANSFORMATION.

Are Federal Health Officials Fed Up With Providers' Unwillingness to Take on Downside Risk?

A series of tough public statements by senior federal healthcare officials point to an underlying problem: the federal experiment with accountable care isn't moving the needle fast enough to really bend the overall healthcare cost curve

BY MARK HAGLAND — MAY 15, 2018



Something quite curious has been happening in federal healthcare policy recently, involving

Prospective
Episodes Give
Providers Technical
Risk, not Incident
Risk

Incident Risk:

- “how many people get sick”
- Hard for providers to manage

Technical Risk:

- “how much to treat one sick patient”
- Easier for providers to manage

Reference Pricing – Cousin of Prospective Payment Bundles

- Reference pricing offers patients a flat benefit for a procedure (or episode)
- Patients can seek a provider who accepts benefit amount and get care for free
- Patients can seek any provider and pay the difference
- Nominally, a benefit design topic
- In reality, a provider contracting strategy



EXPANDED PAYMENT METHODOLOGIES: INCORPORATING AND SCALING PROSPECTIVE BUNDLED PAYMENTS CONTRACTS

Jake Yount | Director, Network Pricing & Expense Analysis
2/26/2019



**BlueCross BlueShield
of North Carolina**

Agenda

➤ Background

- Blue Cross NC
- Program Background 2013-Present
- Current Market

➤ Building Program To Scale

- Program Foundation
- Successful Workflow
- Blue Cross NC Phased Approach

➤ Market Program

➤ Measure Savings & Outcomes

➤ Questions?

BACKGROUND



BlueCross BlueShield
of North Carolina



Transformative Care Strategy

- + Drive better health outcomes and better patient experience at a lower cost of care
- + Refocus health care delivery and reimbursement on quality vs volume

Bundle Program Business Strategy

- + Improve quality through effective care coordination
- + Reduce avoidable complications
- + Reduce readmissions results better than national standards
- + Improve cost of care
- + Improve patient satisfaction rates

Program Background 2013-Present:



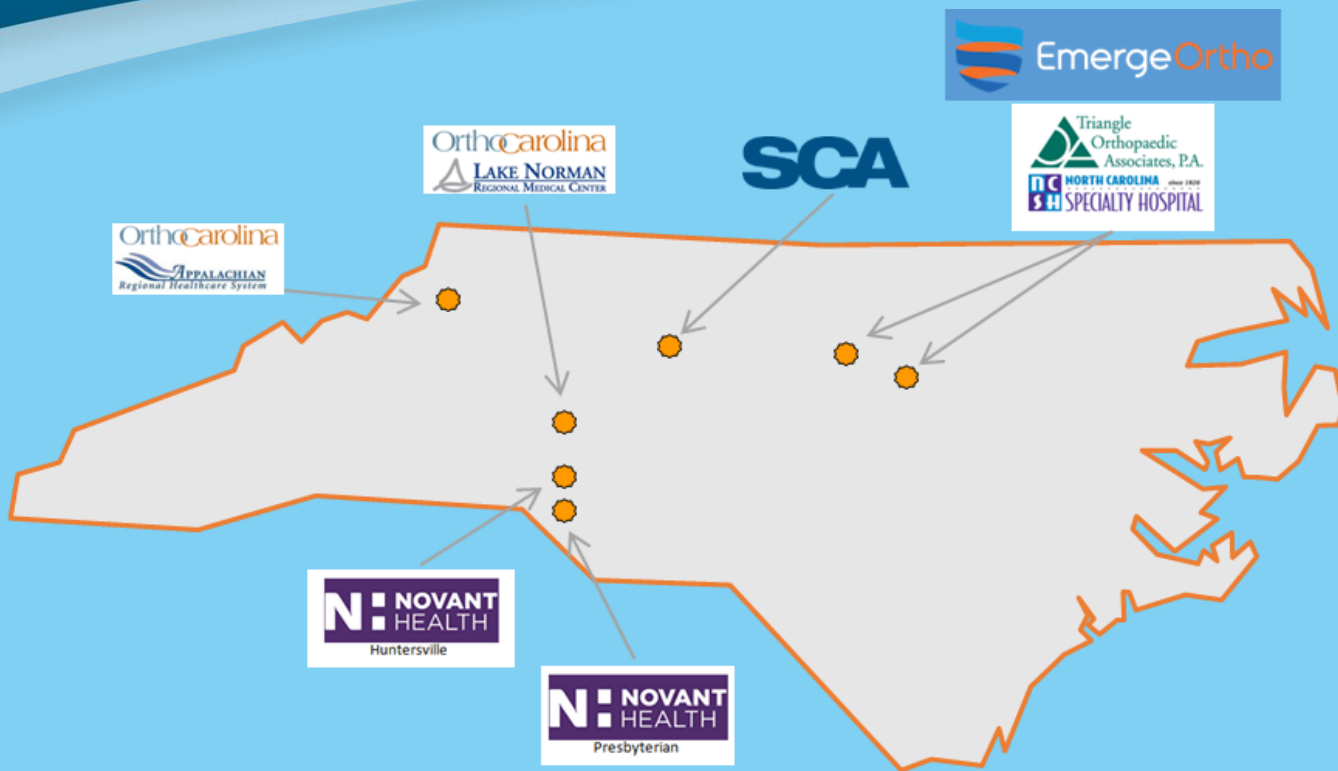
Started in 2013:

- + One provider group; TJR(knees); retrospective
- + No automated pricing system
- + Manual reporting

2019:

- + Eight prospective contracts; TJR(knees, hips, shoulders)
- + Payment bundling application software
- + Hosted SaaS bundled payment analytics platform
- + Contracted bundled services with analytics vendor
- + Currently analyzing episodes like maternity, oncology, other ortho (spines), for opportunities
- + Discussing prospects with interested provider groups

Blue Cross NC Current Market:



BUILD PROGRAM TO SCALE



**BlueCross BlueShield
of North Carolina**

Program Foundation

Define Program Goals/Vision

- Clinical patient/member goals (include benefit design goals)
- Medical expense/savings goals
- Type of bundled payment arrangements (retrospective vs. prospective)

Build Technology Solution

- Payment bundling pricing system
- Bundled analytics/reporting solution
- Partner with vendor that has end to end solution

Design Resource and Engagement Model

- Dedicated team: contracting, system config, data analytics/reconciliations, claim processing, clinical
- Partner with vendor specializing in bundled payment services
- Build repeatable process to include

Successful Workflow



Engagement

Analysis

Data Sharing

Quality Metric Development

Rate Development & Contracting

- Partner with providers that want to transform care
- Obtain buy-in from a senior level of each organization
- Blue Cross NC works with vendor to perform the initial analysis
- Collaborative approach to share the data so providers can validate findings
- Blue Cross NC and the provider develop the quality metrics
- Contract is developed and executed among the parties

Blue Cross NC Phased Approach



Improve infrastructure to enhance bundle program

	Phase I 2013-2015	Phase II 2016-2018	Phase III 2019-
PROVIDERS	<i>Two Provider groups</i>	<i>Four Provider groups</i>	<i>Statewide expansion</i>
EPISODE TYPES	<i>TJR Knee & Hip</i>	<i>TJR Knee, Hip, Shoulder</i>	<i>TJR expansion, chronic conditions, specialty care</i>
ANALYTICS TOOL	<i>SAS</i>	<i>Aver Analytics</i>	<i>Aver Analytics</i>
BUNDLE DEFINITIONS	<i>Prometheus</i>	<i>Prometheus</i>	<i>Prometheus / Other Methodologies</i>
REIMBURSEMENT SYSTEM	<i>Legacy/ Manual</i>	<i>Cognizant PBA Manual / Automated</i>	<i>Cognizant PBA Automated</i>
PAYMENT MODEL	<i>Prospective / Retrospective</i>	<i>Prospective Bundle</i>	<i>Prospective / Retrospective</i>
RECONCILIATIONS	<i>Manual</i>	<i>Aver Analytics</i>	<i>Aver Analytics</i>
MEMBER EXPERIENCE	<i>Soft steerage: Lower cost sharing</i>	<i>Stronger Steerage: Targeted outreach Streamlined cost sharing</i>	<i>Hard Steerage: Reference pricing Hard benefit steerage</i>

MARKET PROGRAM



Sample Messaging and Promotional Tactics



Member Flyer

A BETTER CHOICE for knee or hip replacement

Bundled payments: A coordinated program for better care and value
At Blue Cross and Blue Shield of North Carolina (Blue Cross NC), we've worked with a group of high-quality providers to offer a complete hip and knee replacement program.

Your entire hip or knee replacement process is streamlined and simplified. From pre-surgery tests and office visits, to the surgery itself, to follow-up checkups and physical therapy. So, there's improved quality through care coordination, fewer complications and readmissions, better range-of-motion results and lower episode costs. And, there's less worry and less paperwork.

Where to turn
Blue Cross NC has agreements with this select group of providers to bundle the payments related to a total knee or hip replacement:

- + **OrthoCarolina**
1-704-353-2422
- + **EmergoOrtho** (formerly Triangle Ortho)
1-919-281-1720
- + **Surgical Center of Greensboro**
1-336-272-0012
- + **Novant Health Orthopedics & Medicine** (knee replacement only)
Cornelius office – 1-704-315-1620
Huntersville office – 1-704-384-1680

The "bundled payment" brings together the costs of your hip or knee surgery: orthopedic surgeon, hospital or surgical facility, anesthesia, physical therapy and more.

A bundle of better care

- + All services during the inpatient stay, including physical therapy and any care related to complications
- + All related services performed on an outpatient basis, including physical therapy and any care related to complications
- + Simplified billing to save time and prevent hassles

If you need a knee or hip replacement, visit one of Blue Cross NC's select bundled payment providers for streamlined, high-quality care and simplified billing.

Benefits for you

- + Increased overall quality of care
- + Higher level of service
- + Greater emphasis on the management of costs
- + Readmission rates reduced by 17%*
- + Complication rates reduced by 4%*
- + Physical therapy is covered at 100%
- + All post-surgical services included

For more information
contact one of the bundled
payment providers listed, or visit
BlueCrossNC.com/Bundle.

* 2017 bundled program claim data analysis provided by Blue Cross NC.
All members of Blue Cross and Blue Shield of North Carolina. Blue Cross and Blue Shield of North Carolina are not responsible for the accuracy of the data used in this analysis. © 2017 Blue Cross and Blue Shield of North Carolina.

| BlueCrossNC.com/Bundle

Why Blue slides

HEALTH CARE SOLUTIONS NC

Coordinated Program for Better Care & Value Bundled payments for knee or hip replacement

- + Increased overall quality of care
- + Higher level of service
- + Greater emphasis on the management of costs
- + All post-surgical services included

Readmission rates
reduced by
17%*

Complication rates
reduced by
4%*

Physical therapy is
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100%

*2017 bundled program claim data analysis provided by Blue Cross NC.

Find a Doc Button

Services & Cost-Saving Details

Services Outside NC

Blue Cross Blue Shield Global[®] Care

Pay Less with ER Alternatives

Save with In-Network Labs

Autism Services & Specialists

Lactation Counseling Services

Find a Vaccinating Pharmacy in Your Network

Get Coordinated CareOne Bill for Knee or Hip Replacement

Find incorrect information in our Find a Doctor search tool, please let us know at [Help 1-800-368-7634](#)

Knee or hip replacement?

Simplify your
experience with
comprehensive,
coordinated care!

Blue Connect Tile

Messaging and Promotional Tactics (cont.)



Dear Greg,

If you're feeling a hip replacement, you'll want to know about our program for better care and greater value.

At Blue Cross and Blue Shield of North Carolina (Blue Cross NC), we're working with select, high-quality orthopedic specialists to offer a hip replacement program that simplifies the entire process - from pre-surgery consults and testing to post-surgery hospital and physical therapy. All your care is coordinated for you. What's more, all costs for services related to your joint replacement are billed together - saving time and reducing paperwork.

Your medical bill includes:

- 1. Orthopedic surgeon
- 1. Hospital or surgical facility
- 1. Anesthesia
- 1. Physical therapy

The result? There's improved quality through care coordination - plus fewer complications and readmissions and better range-of-motion results.*

A bundle of better care

- 1. All services during the inpatient stay, including physical therapy and any care related to complications
- 1. All related services performed on an outpatient basis, including physical therapy and any care related to complications
- 1. Streamlined billing to save time and prevent hassles

If you need a hip replacement and want to take part in this program offering streamlined, high-quality care and simplified billing, visit one of the following Blue Cross NC-based providers.

PROVIDER NAME 1

2.75 miles away
1901 Alway Rd.
Asheboro, NC
(919) 555-5555

[Website](#)

PROVIDER NAME 2

14 miles away
1901 Alway Rd.
Asheboro, NC
(919) 555-5555

[Website](#)

PROVIDER NAME 3

0.3 miles away
1901 Alway Rd.
Asheboro, NC
(919) 555-5555

[Website](#)

For more information on this program for hip replacements, just visit [BlueCrossNC.com/Bundle](#).

To your better health,

Dr. Larry Wu
Medical Director
Blue Cross and Blue Shield of North Carolina

Personalized member email – knee, hip and both

Contact a provider

OrthoCarolina

704-323-2778

EmergeOrtho

(Formerly Triangle Ortho)

919-281-1720

Surgical Center of Excellence

336-272-0012

Novant Health Orthopedics

(Knee Surgery Only)

Cornelius: 704-316-1830

or Huntersville: 704-384-1



Considering Joint Replacement Surgery?

Get coordinated care and simplified billing with our knee and hip replacement program.



Streamlined and simplified

Overwhelmed by the thought of various doctors, exams, procedures and bills that can come with hip or knee replacement?

Now there's a simpler way - without the hassles, worry and confusion. You can have all your care coordinated through a participating orthopedic provider. And instead of getting multiple bills at every step of the process, you get just one or two bills. (Specific items such as joint replacement hardware may be billed separately.)

[Landing Page](#)

[Blog Post](#)

MEASURE SAVINGS & OUTCOMES

Example:
Knee replacement

Fee for service cost:
\$\$\$\$

Bundled payment cost:
\$\$\$

21%

Average savings with
bundled payment*



**Bundled payment
approach improves:**

- + Care coordination
- + Health outcomes
- + Cost containment

* Average savings will vary by location. Based on 2017 bundled program claim data analysis provided by Aver Analytics

Coordinated Program for Better Care & Value

Bundled payments for knee or hip replacement

Readmission
rates reduced by
17%*

Complication
rates reduced by
4%*

Physical therapy
is covered at
100%

- + Increased overall quality through care coordination and bundled services
- + Greater emphasis on cost management; simplified billing
- + All post-surgical services included



QUESTIONS?