How to Survive the Bundled Payment Initiative

Bon Secours Health System
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Please note that the views expressed by the conference speakers do not necessarily reflect the views of Health Forum and the American Hospital Association.
A $3.4 billion not-for-profit Catholic health system, Bon Secours Health System, Inc. (BSHSI) owns, manages, & joint ventures:

- 2.3 Million Patient Care Encounters
- 19 Acute Care Hospitals
  - 14 Owned
  - 5 Joint Ventured
- 15 Post-acute Centers
- 14 Home Care/Hospice Providers
- 23,000+ caregivers
- 850 Physicians
- 9 communities in 6 states
HEALTHCARE PROBLEMS

- Missed Preventive Opportunities $55B
- Fraud $75B
- Unnecessary Services $210B
- Prices Too High $105B
- Excessive Administrative Costs $190B
- Inefficiently Delivered Services $130B
“Whatever the politics, today’s decision was a victory for people all over this country whose lives will be more secure because of this law and the Supreme Court’s decision to uphold it.”
Here to stay?

New Study Finds Progress in Bundled Payments Moving from Pilots to Programs
Payers report cost savings and some impact on quality
Health Care Incentives Improvement Institute, Inc. June 3, 2014 8:29 AM

Early bundled payment projects test positive
Modern HealthCare
February 1, 2014 - 12:01 am ET

“In support of bundled payments as a driver of innovation and ACO success”
MedCity News

From the Wall Street Journal
Hospitals Push Bundled Care as the Billing Plan of the Future
Proponents Say Charging One Overall Price for Treatment Can Cut Costs, Improve Care
June 8, 2014 4:54 p.m. ET
Current Fee-for-Service Payment System

The Problem:
Care is fragmented instead of coordinated. Each provider is paid for doing work in isolation, and no one is responsible for coordinating care. Quality can suffer, costs rise and there is little accountability for either.

Patient-Centered Global Payment System

The Solution:
Global payments made to a group of providers for all care. Providers are not rewarded for delivering more care, but for delivering the right care to meet patient’s needs.

Hospital  Specialist  Primary Care  Home Health

Primary Care  Hospital  Specialist  Home Health
Alignment in Risk Sharing Models

Our Primary Care
- Attributed Patients in Accountable Care Organizations
- Aligned incentives in Clinically Integrated Network

Our Specialists
- Bundled Payments initiative for specialists with CMS & Commercial
- Clinical Co-management & Joint Ventures for Specialty Excellence

Our Hospital MD’s
- Hospital-based Physicians focus on resource use
- Improved throughput processes for Emergency & Hospitalists

Building the Bon Secours Clinical Enterprise
Our Story – Seven Virginia Hospitals

Richmond:
• St. Mary’s Hospital
• Memorial Regional Medical Center
• St. Francis Medical Center

Hampton Roads:
• Mary Immaculate Hospital
• MaryView Medical Center
• DePaul Medical Center
Bundled Beginnings

• Excitement over Innovation... Advancement Opportunity
• Immersed in cost data and CMS reimbursement data for expanded care continuum
• Created new models to Identify Opportunities
• Struggled to wrap heads around How/What to manage/remain whole
• Interest Waned - Resources... Margins... Lack of understanding of Post Acute Care arena
• One SL and Hospital Standing: Ortho TJR
Why Take the Plunge?

- Patient-Centric Paradigm Shift in Care:
  - Stretched Care Beyond our walls
  - Challenged our Hospital Centric Care Assumptions
  - Incented Continuum Care Collaboration
- Fit in Well with System–wide MSSP/ ACO already in play
- Future Mandate – Need to be Ready
- Catalyst for innovation - New ways to look at HealthCare
- Need for Long-term Survival
- Learn Bundled “Tuition”
- Commercial Opportunities
Decisions to Make

- Do I accept this is the Future of Healthcare reimbursement?
- Can I afford to wait until mandated?
- If commit to plunge, how many bundles, which ones?
- What infrastructure do I need to support?
  - PAC partners
  - Internal structure
  - Physicians
- What kind of losses can I sustain?
- Is this in the Best Interest of My Patients?
Criteria When Choosing

- High Volume
- High Variable Cost
- Homogeneous Procedure (Repeatable)
- Lower Variability in Outcomes (Predictable)
- Finite and Integrated Participating Physicians
- Resource Consumption (Vulnerabilities)
- Knowledge of Continuum Partners: numbers, relationships, business drivers
- Effectiveness of Existing Collaborative Infrastructures
- Executive Leadership Support and Involvement
Must Haves

- Formal Defined Support Structure
- CEO, Administrative Lead and Clinical Lead
- Communication Across the Continuum
- Reliable Financial Data/Analyst
- Physician Champion
- Outwardly Focused Navigator
- Outcomes Management/Processes
- Clinical Care Pathways Across the Continuum
- Gainshare (WIFM)
Top 10 Lessons Learned

1. PAC Partners More Interested in Care of Patients and Hospital Referrals *than* Gainshare
2. Lack of Communication Between Care Providers
3. Hospital Financial Systems Inadequate
4. Patient Navigator: Outwardly Focused, Defined Role
5. More Resource Intense than Initially Expected
Top 10 Lessons Learned:

6. Hard to Break Mindset of Internally Focused Infrastructure

7. Gainshare:
   - PAC: Goal of Cost Reduction may be in Conflict with Partner – SNF
   - Internal: Opportunity to share savings with physicians

8. All Medicare Patients at Hospital are Included – regardless if followed by partner

9. Physicians Participating in Other Bundled Programs

10. Too Many PAC Partners Difficult to Manage
More Challenges

- MSSP gainshare calculation not clearly defined
- Co-Management Integration
- Confounding Legislation
- CMS Dynamic Process (Iterative)
- Open Enrollment Phase 2 January 2015
Thank You!

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