Successfully engaging physicians in bundled payment initiatives
Grow Referrals
Physician Relationship Management: Optimize & streamline your physician outreach initiatives

Retain Volume
Patient & Consumer Marketing: Engage patients to increase acquisition & manage population health

Discover Marketshare
Business Intelligence: See the full picture with 360° market insight that empowers growth
IMPROVING PHYSICIAN RELATIONS FOR:

Eisenhower Medical Center
Providence Health & Services
Swedish
Children’s Mercy
Atlantic Health System
AMITA Health
Holzer
St. Luke’s University Health Network
Swedish Covenant Hospital
Illinois CancerCare, P.C.
Lafayette General Health
Geisinger
Tampa General Hospital
alaris health
Rochester Regional Health
Temple University Health System
agenda

• Speaker Introductions
• Audience Poll
• Understanding Bundled Payments
• Importance of Physician Alignment
• Best Practices for Physician Engagement
• Q&A
meet our speakers

Susan Boydell
Partner
Barlow/McCarthy

Carrie Bennett
VP of Client Strategy
Marketware
Which best describes your organization’s current approach to adopting CMS’ BPCI Program?

A. We are watching and waiting to see how things shake out.

B. Our team is meeting to review internal dashboard and evaluate potential impact of participation.

C. Our organization participated in BPCI projects to help CMS test one or more episodes.

D. We are actively engaged in the current CJR program per CMS’ mandate.

E. Other
understanding BUNDLED PAYMENT
industry trends

- Shifts in Case Mix
- Shrinking Reimbursements
- Shifts in Payer Mix
- Rising Costs
preparing for the future

- pay for performance
  - inpatient quality
- bundled payments
  - lower procedural costs
- shared savings
  - appropriate utilization
  - readmissions avoidance
  - acute episode prevention
history of acute care episodes

- 2009: Launch of ACE
- 2011-2014: BCPI (Voluntary)
- 2015: CMS Press Release
- 2016: CJR Launch Impacts 794 Hospital
- 2017: Cardiac Launch
- 2015: CJR Finalized
- 2016: Cardiac Finalized
what is a bundled payment?

• Single comprehensive payment made for a clinically defined episode of care

• Episode begins at admission & ends 60-90 days post discharge

• Global fee covers facility charges, physician fees, implants/supplies, post-acute care & rehabilitation

• Healthcare providers are “at risk” for any additional care & payments that exceed global payment
CJR example

Authorization from insurance company

Pre-op testing

Inpatient admission

Daily rounding

Consultants

Discharge

Follow up care (>90 days)

Home

SNF

Rehab
how are providers paid?

• **Retrospective** model
• CMS **pays providers** on a fee-for-service basis through the year
• Later, calculate the total reimbursement within a DRG category at the end of a 12-month period & how that amount correlates with previous **spending per episode** of care
• Teams that successfully achieve the Medicare savings target are eligible for a “**reconciliation payment**” from CMS
• Teams that don’t, face “**repayment**” for the difference
VALUE = QUALITY = COST = OUTCOMES + PATIENT EXPERIENCE = DIRECT COSTS + INDIRECT COSTS
potential savings

Length of Stay
Procedural Costs
Post Discharge
Complications
Readmissions
failure to transition costly

An unsuccessful transition to bundled payment can have serious financial consequences, such as:

• Diminishing margins as reimbursement falls
• Penalties tied to not meeting savings targets
• Penalties tied to making quality targets
five dynamics that drive
BUNDLED PAYMENT SUCCESS

1. quality
2. physician alignment
3. culture
4. financial impact
5. efficiency
<table>
<thead>
<tr>
<th><strong>Checklist for Success</strong></th>
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<tbody>
<tr>
<td><strong>Culture</strong></td>
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<tr>
<td>- Organization has a history of successfully adapting to change.</td>
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<tr>
<td>- Key stakeholders (i.e. service line leaders, <strong>physicians</strong>, post-acute partners) are well-informed and supportive of providing care in bundled payment environment.</td>
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<td>- There is a defined service line structure in place that ensures accountability, facilitates oversight and enables the coordination of care across all related services.</td>
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<tr>
<td><strong>Quality</strong></td>
</tr>
<tr>
<td>- Organization has infrastructure and accountability in place to support real time performance measurement and improvement.</td>
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<tr>
<td>- Program demonstrates high quality care as evidenced by the top decile performance on key outcome and efficiency measures.</td>
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<tr>
<td>- <strong>Physicians</strong> are actively engaged in quality improvement efforts.</td>
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<td>- Team has performance goals set at or above the 90th percentile against national benchmarks.</td>
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<tr>
<td><strong>Efficiency</strong></td>
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<tr>
<td>- Program demonstrates highly coordinated and integrated care as demonstrated by effective care transitions.</td>
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<tr>
<td>- Clear accountability for real-time performance improvement on efficiency measures including LOS, readmissions, cost per case, room turnover and supply costs. These results are analyzed and shared at various levels including physician-specific.</td>
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<td>- Effective relationships in place between hospital and post-acute partners.</td>
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<td>- Facility has capacity to accommodate additional cases tied to potential market share shifts.</td>
</tr>
<tr>
<td><strong>Physician Alignment</strong></td>
</tr>
<tr>
<td>- Shared vision and commitment to excellence among <strong>medical staff</strong>.</td>
</tr>
<tr>
<td>- Trust, transparency and effective communication between <strong>physicians</strong> and <strong>hospital</strong> and service line leaders.</td>
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<tr>
<td>- The relationships <strong>among participating physicians</strong> is collegial and collaborative.</td>
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<td>- <strong>Physicians</strong> are comfortable articulating to patients the benefits of remaining within coordination pathway outlined.</td>
</tr>
<tr>
<td><strong>Financial Impact</strong></td>
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<tr>
<td>- Favorable market size and opportunity to ensure economies of scale.</td>
</tr>
<tr>
<td>- Organizational plan to offset impact of required discounts.</td>
</tr>
<tr>
<td>- <strong>Physicians</strong> are active partners in reducing costs and improving efficiency.</td>
</tr>
<tr>
<td>- Strategy for attracting commercial partners.</td>
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Bringing physicians into ongoing planning discussions is a crucial component of securing support.
teamwork required

- Recommend & advocate changes needed to support standardization of best practices
- Redesign clinical protocols around best practices to improve quality & reduce inpatient cost
- Manage patient care pathway transitions from intake through post-acute & self-care
- Coordinate with post-acute providers to provide high-quality care throughout the care episode
waivers encouraging teamwork

- 3-day inpatient hospital stay prior Medicare-covered post-hospital extended care services
- Requirements & regulations tied to post-discharge home visits
- Payment for telehealth services based on geographic needs
- Gainsharing
gainsharing opportunity

Must lower current costs to Medicare by 2% over 90 days of care.

Allowed to pay participating physicians up to 50% of their professional fees to support decreased costs.
Susan Boydell
Partner, Barlow/McCarthy
best practices for

PHYSICIAN ENGAGEMENT
why engage?

Meaningful gainsharing opportunities, with up to 50% more than physician fee schedule equivalent

Competencies learned in bundled payment positions physicians for success in value-based contracting

Facilitates physician leadership in care redesign

Opportunity to work and learn from others nationally and receive data
five must-haves for

PHYSICIAN ENGAGEMENT

1. trust
2. transparency
3. inclusion
4. communication
5. win-win
empower physicians

- Give physicians a strong voice in leadership & operations
- Responsibility for the strategic planning & management of the service line
- Appoint physician dyads through a criteria-driven selection process
- Encourage broader physician participation in operations through committees
- Physician peer coaching
tap into competitive streaks

- Scientists by nature
- Independent thinkers & decision makers
- Desire to be in control
- Change averse
- Fixers
- Competitive especially with their peers
align appropriately

• Rigorously analyze the existing base of referring physicians to determine those of highest value & cultural fit

• Alignment strategies must be carefully selected to assist the hospital & physicians in meeting strategic goals

• Commitment to continuous quality improvement, learning and innovation
data transparency

• “Data dashboards” most persuasive tool to effect change in care protocols
• Profiles spending & patient outcomes by physician
• “Blinded” in group settings though physicians have access to their data as compared to peer groups
• Starting point for discussions with physicians about cost & quality

Source: Survey Finds Few Orthopedic Surgeons Know The Costs Of The Devices They Implant Health Aff January 2014 33:1103-109

ONLY 21%

of orthopedic physicians know how much the joint implants they use cost
sample outline for sharing data


2. Physician leader shares blinded data noting significant variability.

3. At close of meeting, each attendee given ability to identify own data (performance) on grid.

4. Physician leader meets privately with outlier physicians to discuss results and evidence-based practices to improve performance.
demonstrate a win-win

- The benefits must outweigh the risk
- Tough to get by any financial risk
- Equal partners
- Use physician leaders to “engage” other physicians
five dynamics that drive
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## Example: Device Costs

<table>
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<th>Percentage Off List Price</th>
<th>Capitated Pricing</th>
<th>Vendor Standardization</th>
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<tbody>
<tr>
<td>Hospital negotiates a specific percentage off of list price by vendor for all implants</td>
<td>Hospital categorizes devices into standard &amp; premium groupings with distinct price points for each</td>
<td>Hospital partners with physicians to identify select group of vendor partner across all devices</td>
</tr>
<tr>
<td>Requires limited physician involvement</td>
<td>Percentage off list prices for devices not in tiers</td>
<td>Requires strong physician alignment to ensure contract compliance</td>
</tr>
<tr>
<td></td>
<td>Requires some physician involvement</td>
<td></td>
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</tbody>
</table>

**Alignment Required**

**Timing Required**

**Savings Potential**
strategic impact

Contribution Margin/Case

- Volume
- 13% Decline
- Rebound

Quarter Prior

During Negotiations

Quarter Following

Minimal CM impact despite 13% volume decline due to implant pricing initiative.
contact us

Susan Boydell
Partner
Barlow/McCarthy
sboydell@barlomccarthy.com

Carrie Bennett
VP of Client Strategy
Marketware
carrie.bennett@marketware.com
Questions?
contact us

Susan Boydell
Partner
Barlow/McCarthy
sboydell@barlowmccarthy.com

Carrie Bennett
VP of Client Strategy
Marketware
carrie.bennett@marketware.com