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Bundled payments for care improvement

Since 1983, the Centers for Medicare and Medicaid Services (CMS) has explored ways to **bundle Medicare payments**, beginning with predetermining prices associated with inpatient care, as a way to manage costs. Today, through the CMS Bundled Payments for Care Improvement initiative, healthcare providers are reimbursed a flat rate based on each episode of care, which includes pre-op testing, inpatient and outpatient care, physical therapy and X-rays.

In a Department of Health and Human Services press release from November 2015, Patrick Conway, MD, CMS' principal deputy administrator and chief medical officer, said: "This model is about improving patient care. Patients want high-quality, coordinated care – not just for a day, but for an entire episode of care. Hospitals, physicians and other providers who work together can be successful and improve care for patients in this model."

In 2015, Novant Health was among the more than 300 healthcare organizations that applied for a three-year Bundled Payment for Care Improvement (BPCI) agreement with CMS. This pilot program is testing how bundled payments for clinical episodes can result in better care, smarter spending and healthier people. It also encourages doctors, hospitals and other healthcare providers to work together to better coordinate care for patients, both when they are in the hospital and after they are discharged. Since Novant Health initially applied for the BPCI program, CMS has mandated joint replacement bundles in 67 markets across the United States. This is an early indicator of CMS' intent to expand value-based initiatives.

More than managing overall spending within an episode of care, BPCI participation allows healthcare systems to focus on the patient experience through the redesign of care delivery to better align with value-based care principles. The bundled payment model also complements healthcare systems' efforts with population health management and paves the way for involvement with other bundles, conditions and payment transformation initiatives. As changes to Medicare reimbursements continue to affect healthcare, initiatives like BPCI will ease the transition from volume to value while helping healthcare organizations build competencies to succeed in a value-driven market.

Bundled Payments for Care Improvement continued

Each healthcare system enrolled in the BPCI program selected the types of treatment episodes and length of care. As a part of the pilot program, Novant Health applied for bundled payment models for joint replacement, pneumonia and congestive heart failure. The bundles include acute and post-acute care provided over a 90-day period, including hospital readmissions. By looking beyond the acute care admission, this new model encourages healthcare providers to explore how care is offered to its patients across the care continuum.

In evaluating CMS claims data, Novant Health was able to determine its greatest opportunity to create stronger care pathways and contain costs was in the post-acute care setting. As a result, the system is working to establish collaborative relationships with post-acute providers, develop tracking mechanisms to follow qualified patients and create dashboards to monitor performance and ensure that safety, quality and satisfaction is maintained.

One early success is the creation of Novant Health's first systemwide post-acute network. This network of 40 post-acute skilled nursing facilities and 40 home health agencies are committed to working with Novant Health to improve patient outcomes and reduce readmissions. The goal of this network is to look beyond the acute care admission and explore new ways to deliver quality care across the continuum. By collaborating with skilled nursing facilities and home health agencies, the network improves quality of care and patient outcomes, which will reduce readmissions and lower costs.

Other healthcare systems have also identified ways to reduce a patient's length of stay in the hospital. Data from **St. Luke's Medical Center** in Phoenix found that patients who participated in the system's bundled payment program from July 2014 to June 2015 did better than average for hospital length of stay — 1.2 days compared with 4.4 days for the national average — in both knee and hip replacement surgeries. St. Luke's also realized cost savings and reduced 30-day unplanned readmissions. **Panorama Orthopedics** in Denver reported a reduction in its patient length of stay by 50 percent through its bundled payment program.

At Novant Health, care coordinators are also being used to monitor discharged patients to ensure they are following their care plan, while identifying areas for improvement. They educate the patient about ways to avoid infection, direct them to available resources, evaluate their progress and potential adverse effects, and determine if the patient is taking prescribed medications. Patient follow-up is conducted over a 90-day period as a part of its continuum of care.

With less than a year's worth of data, it has not been fully revealed how the bundled payment model will lead to higher quality and more coordinated care at a lower cost to Medicare. However, the healthcare industry has shown that improving quality outcomes and care efficiency can have a positive effect on reducing hospital-acquired conditions and readmissions, as well as improving price and quality metrics that are visible to patients. The bundled payment model is just one more way to make the healthcare industry more transparent and less confusing to patients.

Alternative methods of care help reduce costs

Patient care will need to evolve at a rapid pace in order to maximize out-of-hospital care. The use of a patient-oriented care model, which includes physicians, nurses, professional service providers and technology (e.g., e-visits with healthcare providers, electronic medical records, etc.), will play a larger role in monitoring and successfully managing patients' conditions outside of the emergency room.

Novant Health is proactively reducing healthcare costs by offering alternative courses of treatment that focus on keeping patients healthy and out of the hospital. The goal is to decrease readmission rates, reduce inappropriate emergency room visits and get patients to the proper venue of care.

As part of that effort, patients have access to Novant Health Care Connections – a virtual care center that provides nurse triage, patient and consumer information, after-hours support for provider clinics, scheduling and event registrations.

Care Connections can help manage the conditions of high-risk patients, answer medication questions after-hours and follow-up with patients after discharge from acute and emergency care settings. Staffed by highly trained nurses around-the-clock including holidays, the service also has wellness coaching and psychosocial consultations.

Another example is Novant Health's clinical pharmacists who are working to reduce preventable readmissions in high-risk patients by optimizing medication regimens and removing barriers to adherence. Pharmacists use stratification criteria to identify patients who are at high risk for readmission related to adverse drug events and partner with primary care physicians to provide team-based management of medication.

Working through the continuum of care, clinical pharmacists train all employees on best practices for maintaining accurate medication lists in the patient electronic health record and use a multidisciplinary team approach to overcome common barriers for medication adherence.

Uber, the popular transportation service that allows users to locate and book available drivers via an app, is working to make vaccinations more accessible. John Brownstein, PhD, director of the Computational Epidemiology Group at Boston Children's Hospital, recognized that Uber was an ideal platform to increase access to flu vaccinations. In 2014 Brownstein and Uber established **UberHEALTH** – a daylong mobile flu care package delivery experiment to test whether on-demand immunization would persuade more people to receive an annual influenza vaccine. The experiment received an overwhelming number of requests. In fact, 42 percent of users said they would not have otherwise received their flu shot that year. The one-day program has since been expanded to 35 U.S. cities.

Healthcare systems and health departments are also working on reducing readmission rates in an effort to reduce costs.

Novant Health Rowan Medical Center has partnered with Rowan County Emergency Medical Services (RCEMS) to provide transitional care to patients who are at risk for hospital readmission. Through this innovative partnership, the medical center works with emergency services to provide comprehensive post-discharge care for patients with congestive heart failure and chronic obstructive pulmonary disease in their own homes.

Under normal circumstances, these patients are often hospitalized, released and readmitted shortly afterward.

Alternative methods of care help reduce costs continued

With the care transition program, patients receive more thorough care following their release from a hospital stay. The hospital physician team will give patients a detailed discharge treatment plan upon release, while the RCEMS team will provide in-home follow-up care and one-on-one education to patients.

The transitional care program allows paramedics to closely monitor these high-risk patients' conditions and address a problem before it becomes a medical emergency, usually resulting in a 911 call. The idea is to keep patients with chronic diseases healthy longer, but it also benefits emergency services by reducing the volume of 911 calls into the system. The **cost savings of this type of paramedicine program** is significant. In 2013, a paramedicine program in rural Colorado saw 739 patients, which helped save an estimated \$313,834 in costs for hospitals, insurers and patients. A pilot program in Minnesota reduced emergency room readmissions for high-risk patients from about 20 percent to 3 percent.

Novant Health uses prevention to improve wellness and healthcare costs across its footprint. Diabetes, a serious health concern facing our communities, costs the nation's economy \$245 billion a year. To help combat this epidemic, Novant Health offers free diabetes prevention classes to its employees and the people in the community at its medical centers. The informational sessions provide guidance on risk factors and strategies for the prevention of prediabetes and diabetes.

Through innovative thinking, Novant Health and healthcare systems across the country are working to improve patient health at lower costs and with quality outcomes.

Choosing the right care pathway reduces costs

Healthcare systems are working to change consumer behaviors

According to a recent report prepared by the Centers for Medicare and Medicaid Services (CMS), healthcare spending is on the rise and projected to grow by an average of **5.8 percent** a year until 2024. *The British Medical Journal*, which reported on CMS' analysis said that economists stated that "although the predicted growth rate is higher than the historic lows seen after the 2008 recession, it will be considerably lower than the average yearly growth of 9 percent seen in the three decades before the recession."

The **report** attributes the spending growth to the rebounding U.S. economy, more insured people under the Affordable Care Act and an aging population. Also contributing to the increase is the overuse of hospital care for nonemergency-related illnesses and injuries. In fact, three-quarters of emergency physicians report that emergency visits are going up, according to a **2015 poll** conducted by the American College of Emergency Physicians. As a result, healthcare systems across the country are identifying ways to reduce emergency room utilization rates, while educating consumers about appropriate venues of care.

Under a value-based care model, healthcare systems manage a population's health across the care continuum, keeping patients healthy through preventive and primary care services, and out of acute care facilities whenever possible. The right place to provide quality, lower cost and convenient access increasingly will be in settings other than hospitals.

Open extended hours and on weekends, Novant Health urgent care centers are often accessible when primary care clinics are not. For non-life-threatening illnesses and injuries, this type of center provides a lower cost alternative to the emergency room. The system's express care clinics also offer extended weekday and weekend hours where nurse practitioners and physician assistants treat common illnesses and minor injuries, offer vaccinations and provide wellness screenings. This is a significant opportunity to bridge the gap between primary and emergency care.

Novant Health is also working to address consumers' needs by enhancing its virtual healthcare services. Care Connections offers patients 24-hour access to a nursing staff that can provide immediate advice about a healthcare condition or recommend if a patient should seek care from a nearby emergency room. In many cases it is determined that a patient is experiencing non-life-threatening symptoms and should meet with their primary care physician the following day.

In **San Diego, Sharp HealthCare** is changing the way it provides patients with palliative care options. The program uses a population health management approach to identify people at the beginning of an illness who could require palliative services and then provides them four services: in-home skilled care; evidence-based care to help doctors be more open about the likely course of a patient's illness; care for the caregivers; and goals-of-care discussions. With heart failure patients, who typically experience falls, medication issues and caregiver problems that lead to hospitalizations, the results are dramatic — a 94 percent reduction in emergency room visits.

Other healthcare systems are using emergency room navigators to redirect patients with nonemergency issues to the most appropriate care setting for their needs. Under this model, patients in Albuquerque, New Mexico, are scheduled for a medical screening exam with an available provider within 12 to 24 hours. The navigators have the ability to talk with patients about their care options and explain the cost benefits of accessing care outside of the emergency room. As a result, patient satisfaction actually improves.

Choosing the right care pathway reduces costs continued

All of healthcare's emerging technologies and evolving systems point to the fact that knowledge is still a powerful medicine. Knowing what type of medical care is most appropriate in different situations is often the best way to get the appropriate treatment in a timely manner at a lower cost.

Moving to value-based care: A Q&A with Robert Seehausen Jr., Novant Health's senior vice president of business development and sales



Robert Seehausen, Jr. is responsible for system-wide payer relationships, pricing strategy and business development at Novant Health. Previously, he served as president of the North Carolina Healthcare Information & Communications Alliance. He received a Bachelor of Arts degree in economics from Carleton College and a Masters in Management degree from the Kellogg Graduate School of Management at Northwestern University.

Why did Novant Health choose to participate in the bundled payment initiative?

The Centers for Medicare and Medicaid Services (CMS) bundled payment program provided Novant Health with a structure, legal protections and a way of organizing work across the system to create more consistent care pathways. In particular, it allows us to align incentives with key physicians participating in the bundled care to develop improvements to care delivery across our system.

How will the bundled payment model reduce costs?

Novant Health's bundled payment model includes all care for a specific episode over the course of 90 days through discharge. At Novant Health, we created bundled payment models for joint replacement, pneumonia and congestive heart failure - health episodes that often require a patient be transferred to a skilled nursing facility or a home health agency. When we looked at the CMS data, it was obvious that the post-acute utilization for skilled nursing and home healthcare could be reduced and improved to deliver higher quality care. Therefore, post-acute care was a very logical place for us to start to identify ways to improve care, while reducing costs.

What challenges does Novant Health face in moving toward a value-based care model?

Value-based care requires a great deal of data analytics, the creation of new organizational structures and arrangements with payors that have a reasonable chance at success. Each payor has its own strategies around value-based care. We have a great deal of data consistency with our Dimensions system, but the analytics capabilities are still being built.

How long will it take for the healthcare industry to transition to a value-based care model?

The transition to value-based care is well underway. Each new payor arrangement adds new value-based components or greater degrees of performance incentives. In many respects, CMS has taken the lead with inserting value-based care incentives into federal programs, which provides a lot of momentum behind the transition.

What are some of Novant Health's key achievements related to the bundled payment initiative?

First, we have taken a systemwide approach, which will enable us to do a large-scale system redesign. Second, we conducted an extensive post-acute assessment and established a network of preferred skilled nursing and home healthcare providers. We used quantitative and qualitative data in addition to site visits to drastically reduce our preferred network of providers. Third, we have conducted performance reporting early to keep participating physicians and service line leaders informed of our progress with the bundled payment initiative.

Moving to value-based care: A Q&A with Bob Seehausen Jr... continued

Will Novant Health use the bundled payment model as a template for all patient billing in the future?

We believe episode-based arrangements will play a large role in the future. The fragmented multiparty billing we have today is confusing to the customer. Our goal is to improve on the current billing system, which will require participation by interested payors. We will also have to take time to develop improvements in the revenue cycle to consolidate provider bills before they go to the patient or their insurer. It will take time, but we believe we will achieve our goal of making our comprehensive billing process easier for our patients to understand.

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