

# Bundled Payments for Care Improvement Advanced

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# Medicare BPCI Advanced

## *The Basics*

# BPCI Advanced

- Voluntary Model
- A single retrospective bundled payment and one risk track, with a 90-day Clinical Episode duration
- 29 Inpatient Clinical Episodes
- 3 Outpatient Clinical Episodes
- Qualifies as an Advanced APM
- Applications were due 3/12/2018
- Performance year begins 10/1/2018
- Hospitals with <40 clinical episodes in baseline period cannot participate

<https://innovation.cms.gov/initiatives/bpci-advanced/>

# Convener vs. Episode Initiator

## Episode Initiator (EI)

- Hospital or Physician Group Practice (PGP) that triggers the clinical episode

## Non-Convener Participant

- Hospital or PGP episode initiator that bears risk for itself

## Convener Participant

- Takes risk for an EI or group of EIs
- Can be anyone including hospitals or a hospital system

# Episode Triggers

## Inpatient Clinical Episodes

- Anchor Stay
- Inpatient admissions identified by MS-DRG

## Outpatient Clinical Episodes

- Anchor Procedure
- Outpatient procedure identified by HCPCS code

# Inpatient Clinical Episodes

- Acute myocardial infarction
- Back & neck except spinal fusion
- Cardiac arrhythmia
- Cardiac defibrillator
- Cardiac valve
- Cellulitis
- Cervical spinal fusion
- COPD, bronchitis, asthma
- Combined anterior posterior spinal fusion
- Combined anterior posterior spinal fusion
- Congestive heart failure
- Coronary artery bypass graft
- Disorders of the liver excluding malignancy, cirrhosis, alcoholic hepatitis\*
- Double joint replacement of the lower extremity
- Fractures of the femur and hip or pelvis

# Inpatient Clinical Episodes

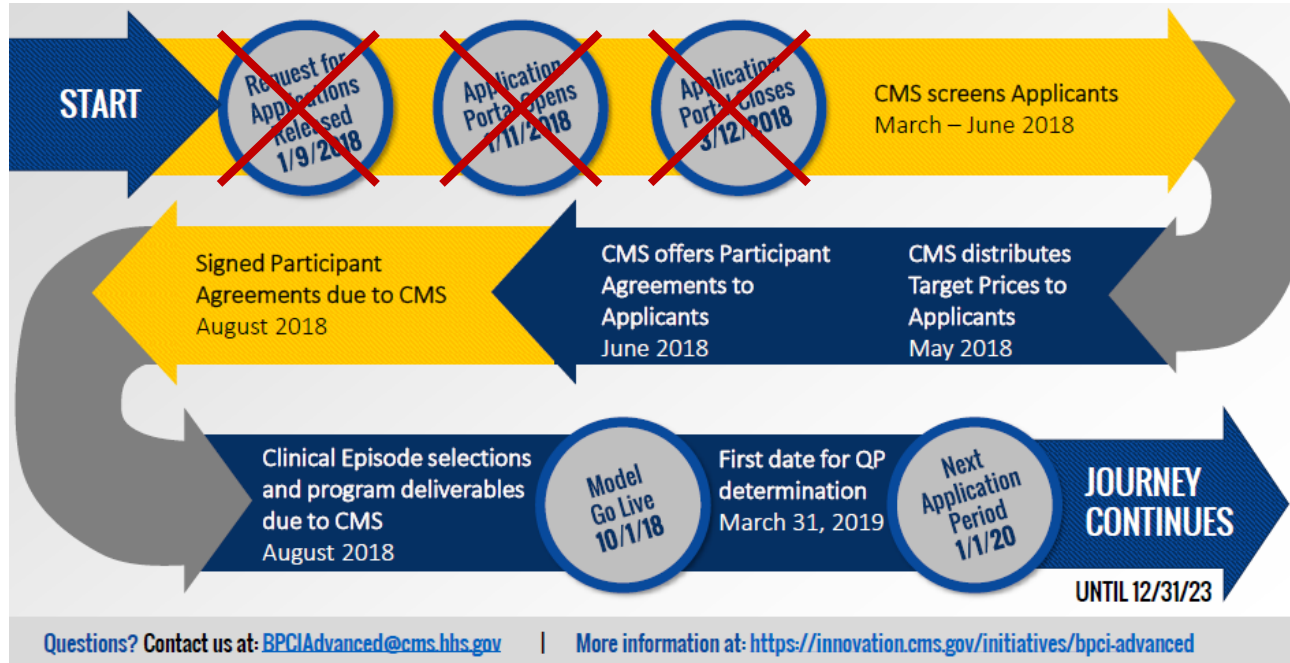
- Gastrointestinal hemorrhage
- Hip & femur procedures except major joint
- Lower extremity/humerus procedure except hip, foot, femur
- Major bowel procedure
- Major joint replacement of the lower extremity
- Major joint replacement of the upper extremity
- Pacemaker
- Percutaneous coronary intervention
- Renal failure
- Sepsis
- Simple pneumonia and respiratory infections
- Spinal fusion (non-cervical)
- Stroke
- Urinary tract infection

# Outpatient Clinical Episodes

- Percutaneous Coronary Intervention (PCI)
- Cardiac Defibrillator
- Back & Neck except Spinal Fusion



# Model Timeline



# Medicare BPCI Advanced *Comparison to CJR*

# Commonalities

Episode Length:  
Anchor + 90  
Days

Covers Part A &  
B services,  
including PAC  
and hospice

Retrospective  
Reconciliation

Quality Metrics

Advanced APM

Waivers

# Differences

Category	CJR	BPCI Advanced
<b>Participation</b>	Mandatory for hospitals in selected regions	Voluntary
<b>Episode Initiators</b>	ACHs	ACHs and PGPs
<b>Precedence</b>	BPCI > CJR	CJR > BPCI Advanced AT PGP > OP PGP > ACH
<b>Episode Selection</b>	1 IP clinical episode with fracture stratification	29 IP and 3 OP clinical episodes

# Differences

Category	CJR	BPCI Advanced
<b>Excluded Services</b>	<ul style="list-style-type: none"><li>• Blood clotting factors, tech payments, OPPs pass-thru payments.</li><li>• Certain Part B services.</li></ul>	<ul style="list-style-type: none"><li>• Blood clotting factors, tech payments, OPPs pass-thru payments.</li></ul>
<b>Readmissions</b>	<ul style="list-style-type: none"><li>• Readmissions for 469/470 at same hospital cancel first episode.</li><li>• Readmission expenditures omitted for excluded MS-DRGs</li></ul>	<ul style="list-style-type: none"><li>• Readmissions for included MS-DRGs do not trigger new episodes.</li><li>• Readmission expenditures omitted for excluded MS-DRGs</li></ul>

# Differences

Category	CJR	BPCI Advanced
<b>CMS Discount</b>	0.5%-3% (Based on QP)	3%
<b>Target Price</b>	Historic baseline performance with gradual transition to regionally based target price	Historic baseline performance adjusted for patient case mix and peer group spending patterns
<b>Reconciliation</b>	Annual	Semi-Annual
<b>Stop Loss/Gain</b>	+/-10% Year 3 +/-20% Years 4-5 5% Rural Hospitals	+/- 20%

# Quality

Measure	Program
HCAHPS Survey measure	CJR
Hospital-Level Risk-Standardized Complication Rate Following Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty	Both
Advanced Care Plan	BPCI Advanced
AHRQ Patient Safety Indicators (PSI 90)	BPCI Advanced
All-cause Hospital Readmission Measure	BPCI Advanced
Excess Days in Acute Care after Hospitalization for Acute Myocardial Infarction	BPCI Advanced
Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Coronary Artery Bypass Graft Surgery	BPCI Advanced
Selection of Prophylactic Antibiotic: First or Second Generation Cephalosporin	BPCI Advanced

# Medicare BPCI Advanced *Target Price Structure*



# Target Price Strategy

- BPCI Advanced target price goals:
  - Consideration towards historical efficiency
  - Reward improvement over time
  - Adjustment for patient case mix
  - Control for differences in spending trends by region and hospital characteristics

# Patient Case Mix Adjusters

Hierarchical  
Condition  
Categories  
(HCCs)

Recent  
resource use

Demographics

Long-term  
institutional  
status

MS-DRG/APC

Other factors  
specific to  
clinical episode  
category

# Peer Group Characteristics

Academic  
Medical  
Centers

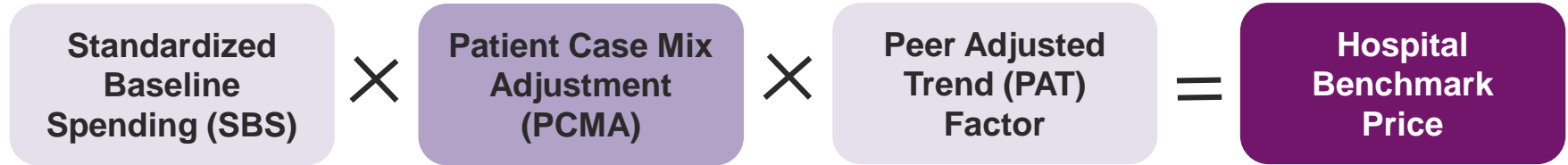
Urban/Rural

Safety-Net  
Hospitals

Region  
(Census)

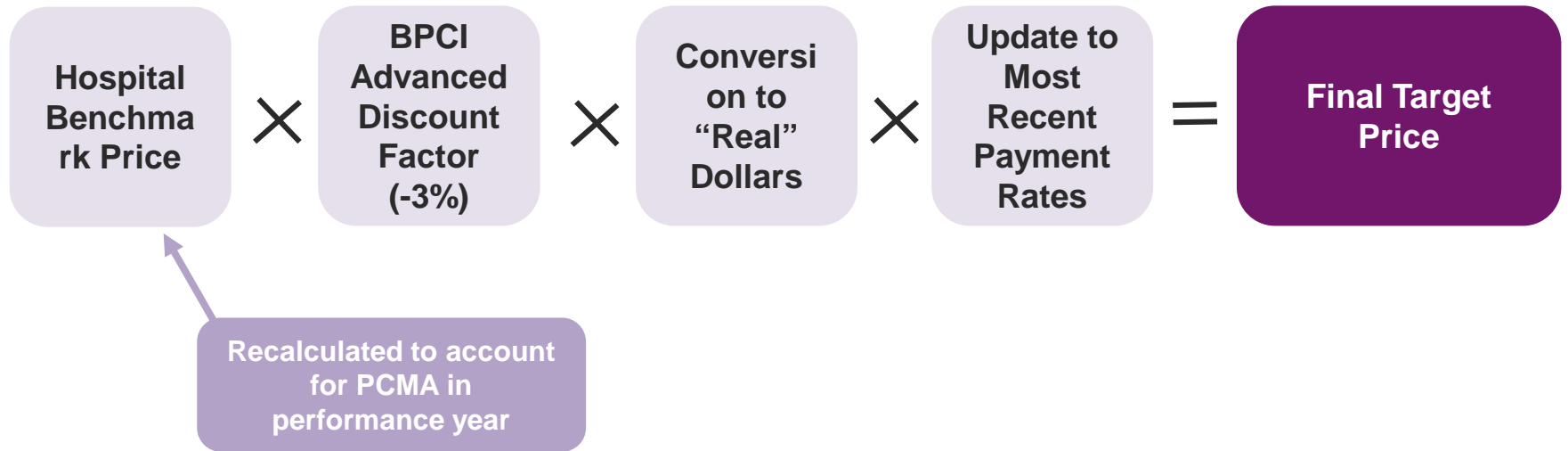
Bed Size

# Hospital Benchmark Price



- **Standardized Baseline Spending (SBS)**
  - Historical efficiency in the baseline period, risk and peer standardized
- **Patient Case Mix Adjustment (PCMA)**
  - Adjustment for patient case mix
- **Peer Adjusted Trend (PAT) Factor**
  - Adjustment for spending variation across and within peer groups
  - Trend adjustment from baseline period spending to Model Year

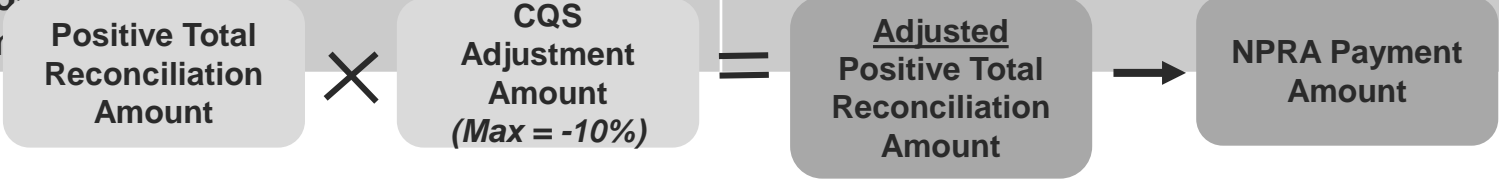
# Final Target Price



# Reconciliation

Hospital A

Clinical Episode	Episode Count (a)	Target Price per Episode (b)	Total Target Amount (a*b)	Actual Episode Expenditures (c)	Reconciliation Amount [(a*b)-c]
CHF	100	\$32,000	\$3,200,000	\$2,600,000	\$600,000
COPD	60	\$20,000	\$1,200,000	\$1,500,000	-\$300,000
<b>Positive Total Reconciliation Amount</b>	<b>150</b>	<b>\$27,500</b>	<b>\$4,400,000</b>	<b>\$4,100,000</b>	<b>\$300,000</b>



# Reconciliation

Hospital B

Clinical Episode	Episode Count (a)	Target Price per Episode (b)	Total Target Amount (a*b)	Actual Episode Expenditures (c)	Reconciliation Amount [(a*b)-c]
CHF	80	\$34,000	\$2,720,000	\$3,000,000	-\$280,000
COPD	55	\$18,000	\$990,000	\$975,000	\$15,000
<b>Negative Total Reconciliation Amount</b>	<b>135</b>	<b>\$27,481</b>	<b>\$3,710,000</b>	<b>\$3,975,000</b>	<b>-\$265,000</b>



# Medicare BPCI Advanced *Episodes at a Glance*

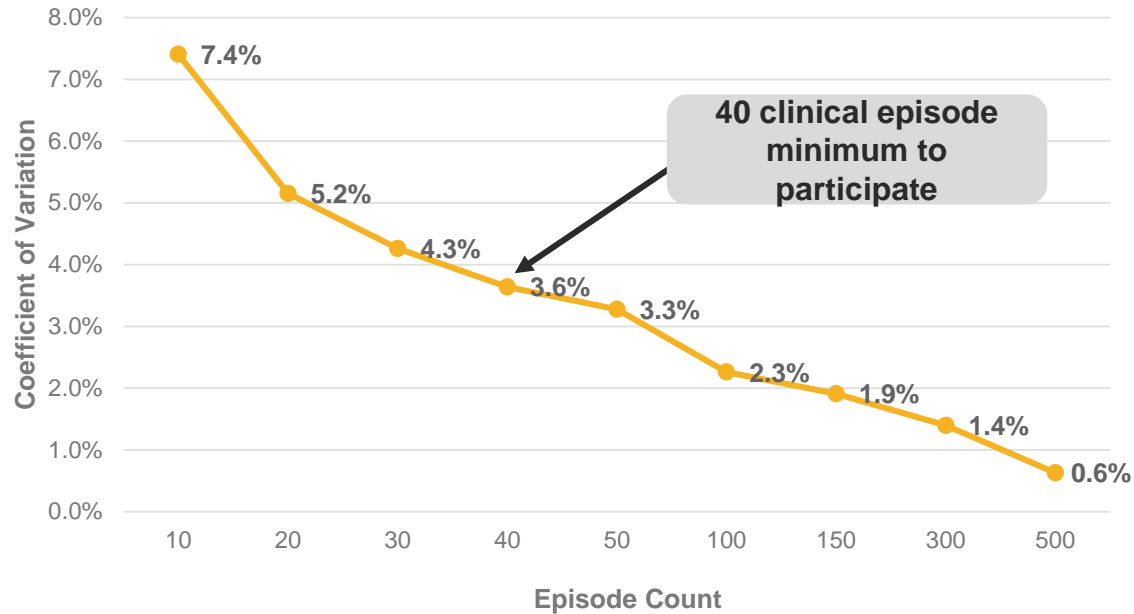


# Considerations for Episode Selection

- Clinical buy-in
- Volume
- Episode cost
- Opportunity for savings
- Distance from target

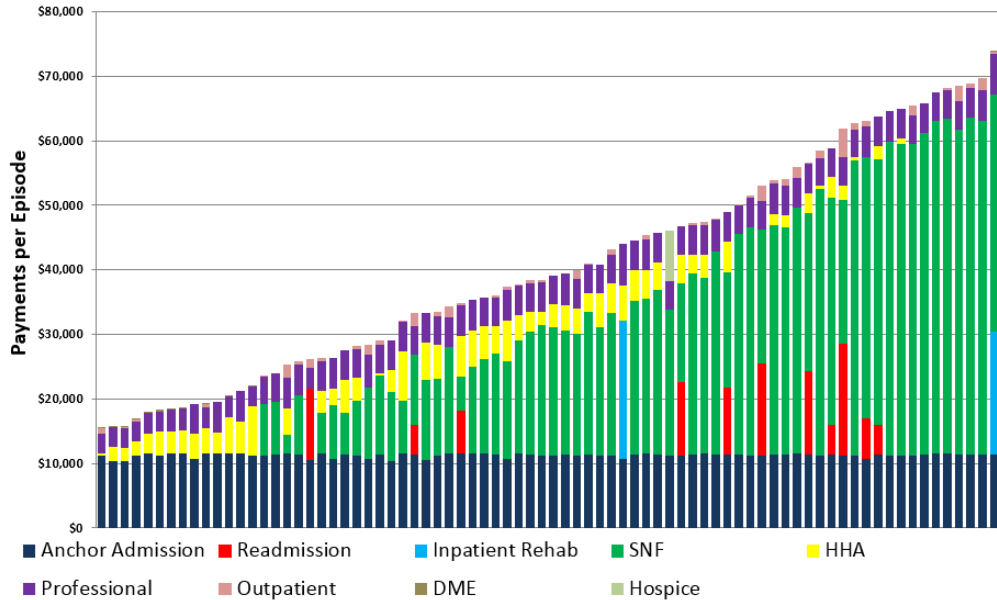
# Volume

## Average Episode Cost Coefficient of Variation



# Episode Cost

Total Episodes: 78



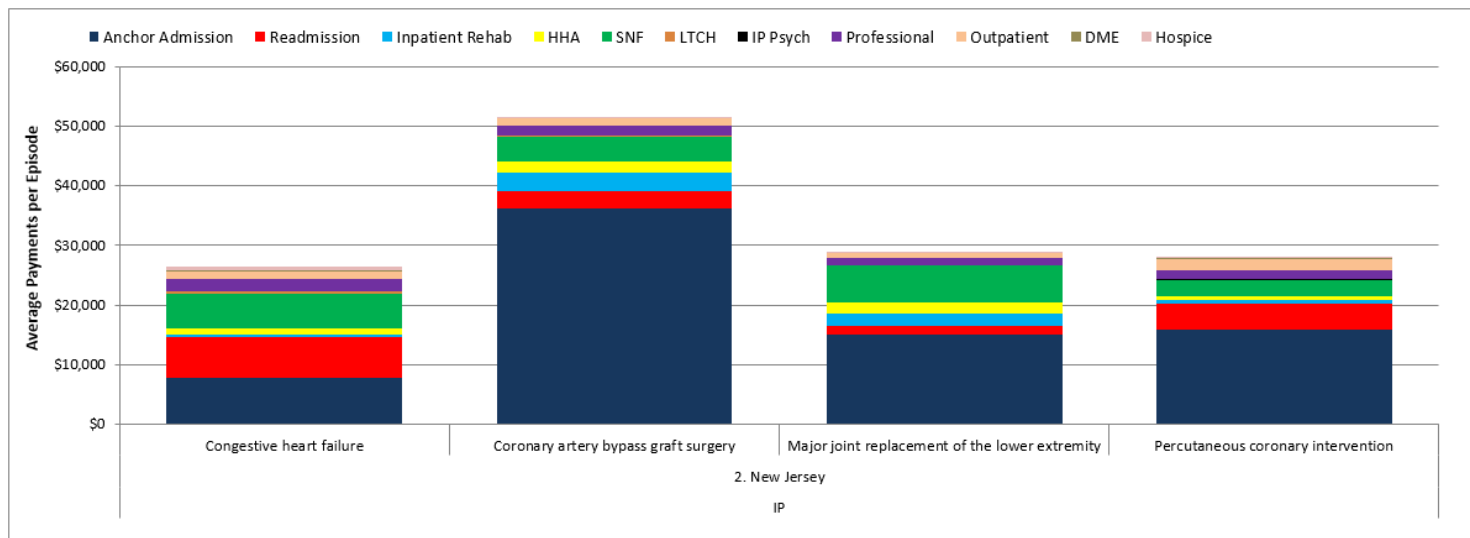
Costs = Medicare Payments.

Payments neutralized for provider specific adjustments to isolate utilization.

What are the cost drivers after discharge or outpatient procedure?

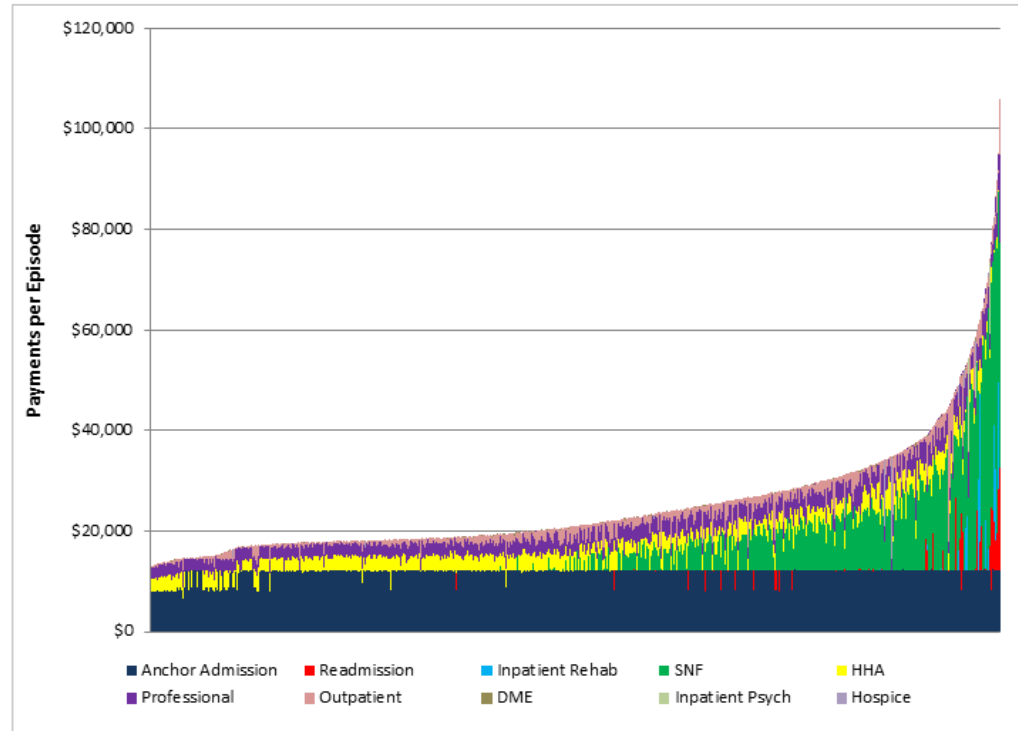
Can you do anything about it?

# Opportunity for Savings

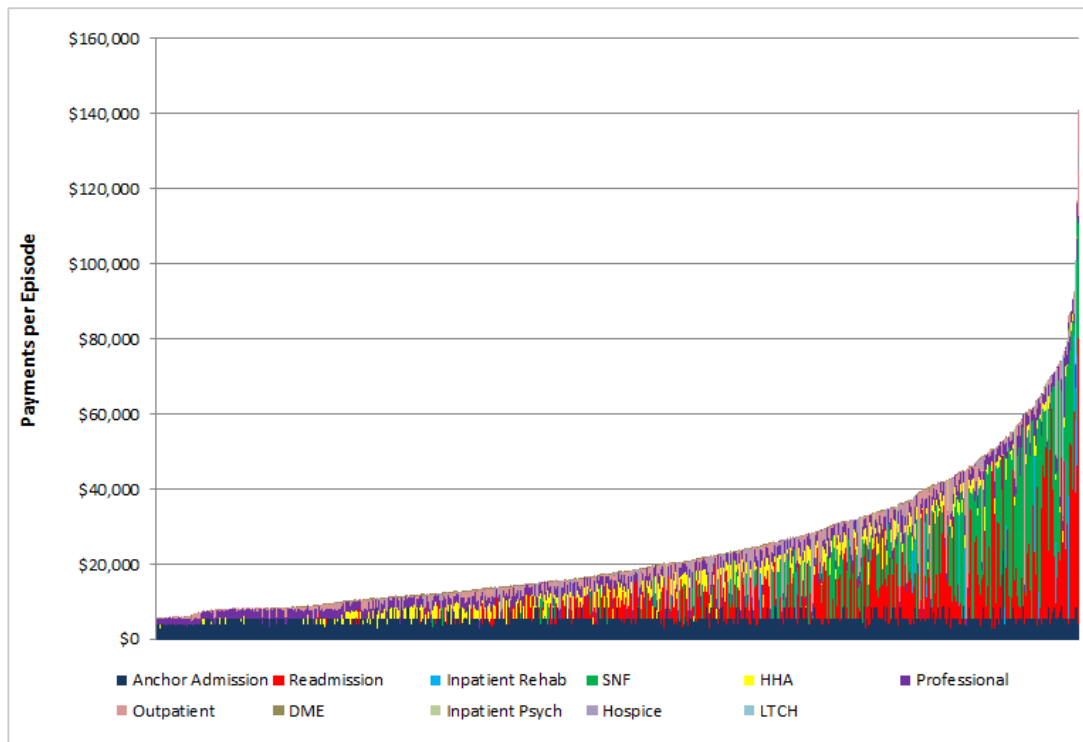


Type	CHF	CABG	MJRLE	PCI
Post-Acute Care	30%	18%	35%	14%
Readmissions	25%	5%	5%	16%

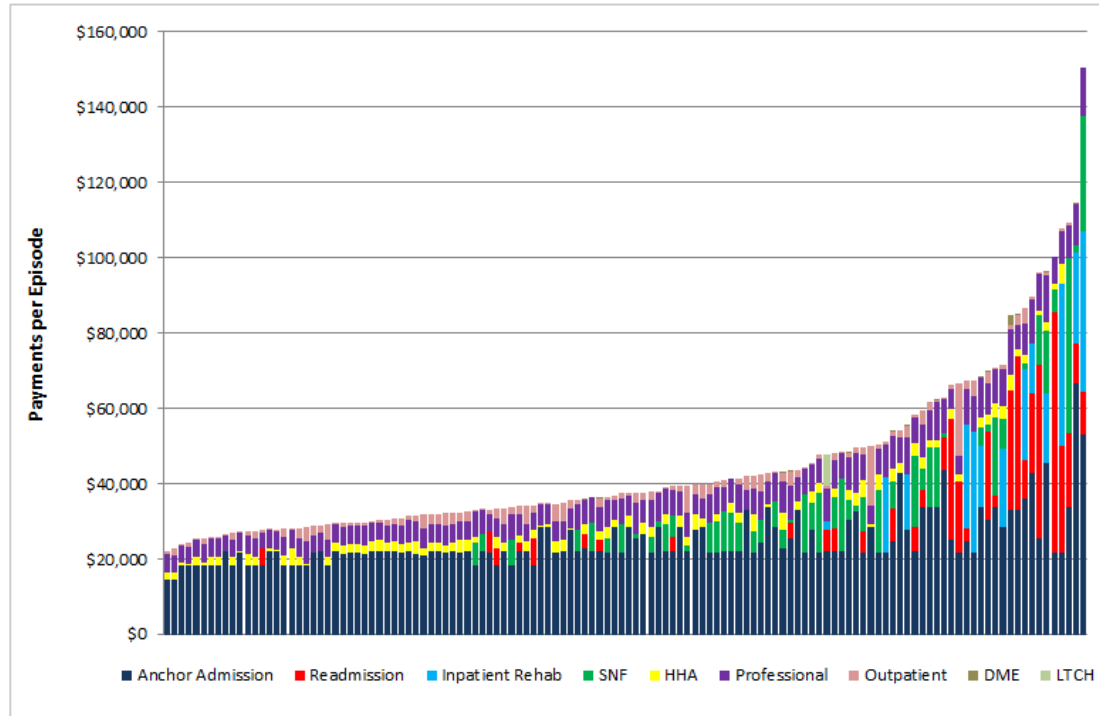
# Episode Composition: MJRLE



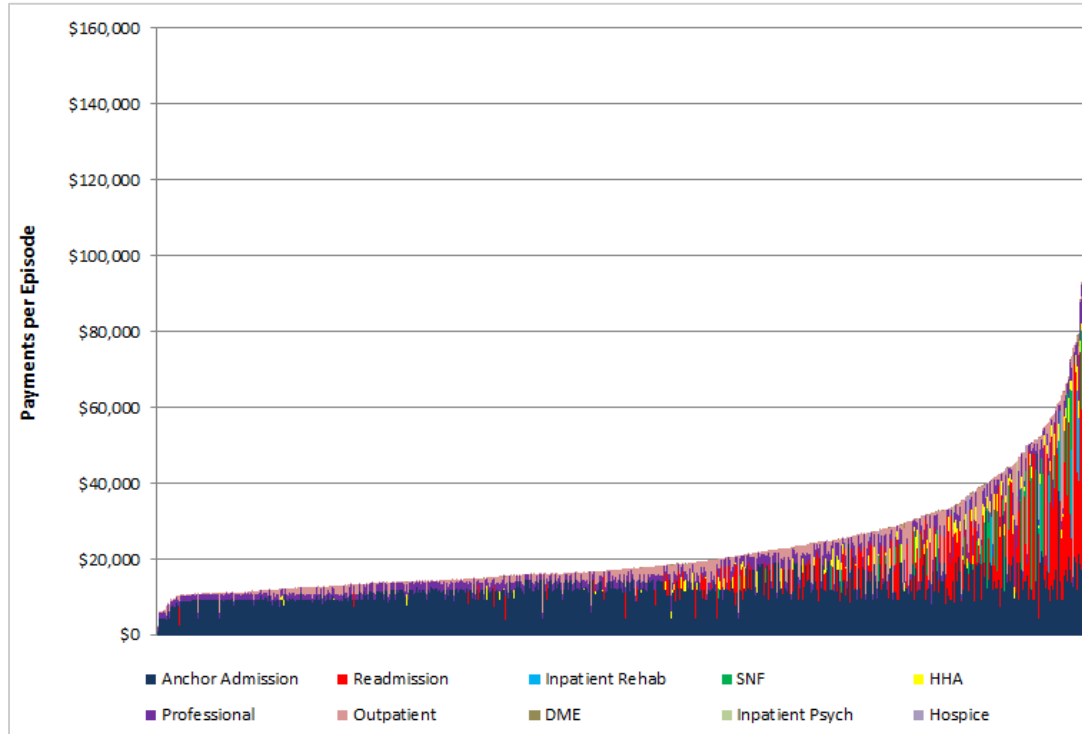
# Episode Composition: CHF



# Episode Composition: CABG



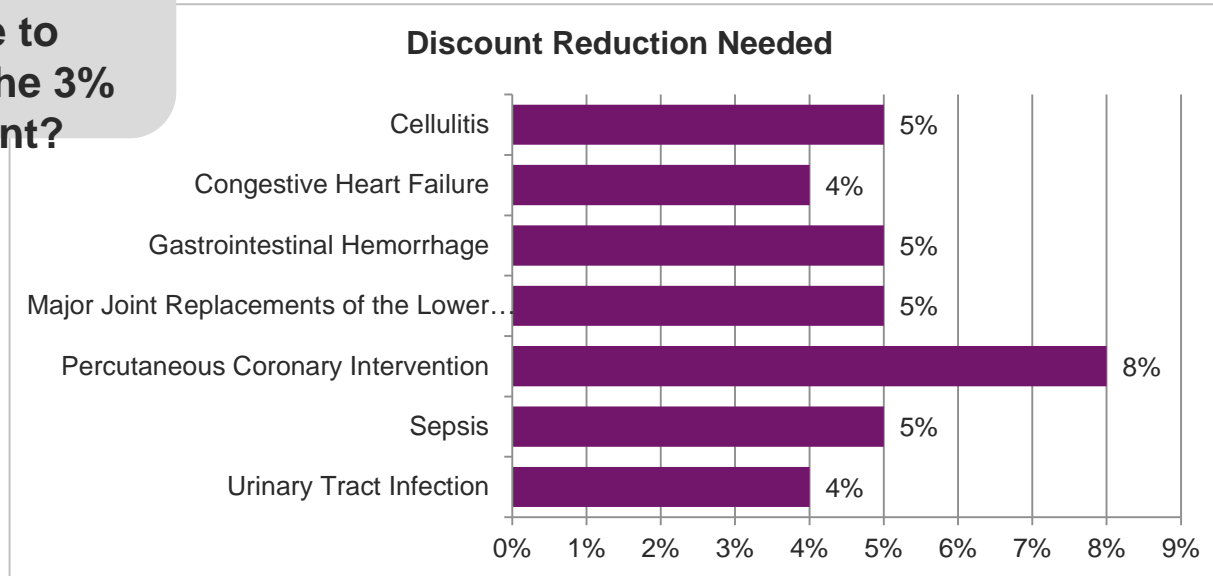
# Episode Composition: PCI



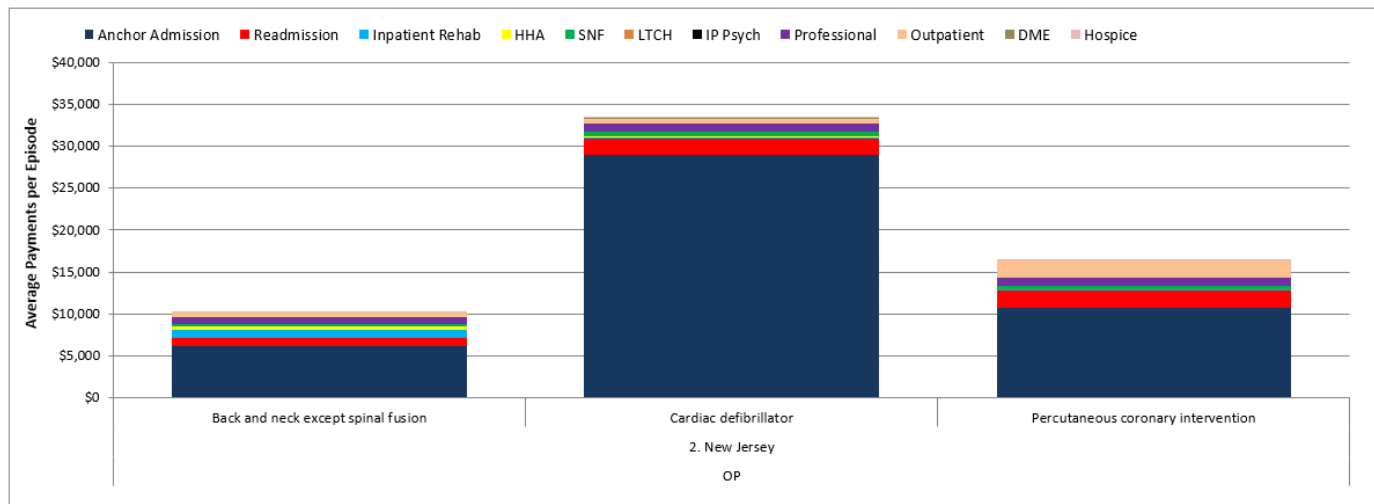


# Distance from Target

How much PAC spending would you need to reduce to recover the 3% discount?



# Outpatient Episodes



Type	B&N	CD	PCI
Post-Acute Care	17%	3%	4%
Readmissions	9%	6%	13%

# Contact

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