

Bundled Pricing: Cost Containment, Better Outcomes Attract Commercial Payers

By Shane Wolverton, Senior Vice President, Corporate Development, Quantros
May 4, 2018 - 3:18:22 PM



(HealthNewsDigest.com) - While mandatory bundled payments have been scaled back by the Centers for Medicare and Medicaid (CMS), commercial insurers are starting to offer bundled reimbursement programs to their customers.

Market analysts see government support of voluntary bundles for payment initiatives as a signal that this innovative strategy is here for the long-term. A number of health plans are investing in the model based on the positive results they've observed from CMS's demonstration models.

Payers can create a successful bundled payment strategy by determining payments for certain care situations and by collaborating with providers, employers and patients.

To meet the wave of demand, more healthcare organizations are exploring whether they can meet the requirements of success in this innovative approach to delivering care. The following are key steps to consider with this alternative payment model.

Key Steps to Success

Study Patterns

It's important for physician leaders to guide the study of current practice patterns, patient throughput and post-acute care. While the physicians facilitate this process, it is recommended that nursing, supply chain, pharmacy and other stakeholders be included.

Focused Analytics

In addition, healthcare organizations should focus on developing the analytic tools to assess care across the continuum using claims, EMR, and process and patient reported outcomes. The analytics should allow stakeholders to see severity-adjusted episode of illness across the entire continuum of patient care.

Accurately comparing the total cost and utilization of medical services against peer groups, national norms, and best practices is important as the trend in bundles is to cover post procedural spend for as long as 90 days. Toward that end, it is essential to compile analytics that defines the current performance and model the expected bundled rates and outcomes. If this step is not performed rigorously, the organization faces considerable risk and discontentment by stakeholders.

Determine Distribution

It's also important to determine how the bundles rate will be distributed to the physicians and facilities. This must include incentives for improvement for all stakeholders as margins improve and care quality increases.

Educate Stakeholders

Finally, organizations should educate the patients and families, and key stakeholders to empower them to work as part of a coordinated team. Providing clear information about the episode can reduce anxiety and improve adherence to recommended therapies and medications pre and post-surgery. Using navigators is the best way to help patients through the episode of care.

Repeatable, Evidence-based Approach

The journey into bundled care begins with the selection of patients best suited for this type of care. It is advantageous to build a repeatable and evidence-based approach to delivering this care. More variability in the clinical and demographic attributes of the patient leads to greater potential variance in treatment. It is critical that the teams develop a consistent care path especially early into the program. This fosters the knowledge required to set utilization and quality outcomes firmly in alignment with the bundled rate. Even the slightest inconsistencies can have significant impact on the programs performance.

High Quality Care, Less Risk

Bundled payments offer a far better chance to foster collaboration between providers and payers because they align incentives. With bundled payments, commercial payers, providers and healthcare delivery organizations benefit from the savings, provided the outcomes of the patient meet expectations. In some arrangements quality performance guarantees are included as part of the agreement. For instance, one of the most comprehensive arrangements is the inclusion of a lifetime guarantee for hip arthroplasty.

Payers need to collaborate with providers by sharing data that drives opportunities for quality improvement and by actively working with them to develop bundles that will financially cover all necessary care needed across the continuum.

It is important that payers and providers utilize and share data that accounts for risk adjusted mortality, complications and unanticipated readmissions, along with the Agency for Healthcare Research and Quality patient safety indicators. These indicators must be risk adjusted properly to validate performance, remediate poor outcomes, credential providers and market the program. The use of statistical process control techniques is also required to discern random versus special cause variation in utilization or outcomes.

Based on acceleration of commercial bundles and a rise in inquiries from commercial plans, industry leaders expect considerable growth in the bundled payment model.