Episode Payment Models Final Rule & Analysis

February 15, 2017

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Agenda

- Overview
- Changes from Proposed Rule
- Categorization of Episodes
- Episode Attribution
- Reconciliation
- Quality Performance
- Cardiac Rehab Incentive Program
- Data Analysis
- Q&A

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Overview

Mandatory

- All hospitals in selected MSAs must participate
- Few exclusions (CAHs and BPCI participants in the same DRGs)
- Surgical Hip/Femur Fracture (SHFFT): DRGs 480-482
- Cardiac
  - AMI DRGs 280-282
  - PCI DRGs 246-251 with AMI diagnosis
  - CABG DRGs 231-236

Modifies CJR to align with EPM

Effective July 1, 2017

- 4.5 years (July 1, 2017- December 31, 2021)

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Overview

90 day episode bundles

- Begin with acute care stay
- Episodes/bundles include initial inpatient acute stay plus all Medicare FFS Part A and Part B covered services for 90 days post-discharge
- Some exceptions for CMS identified unrelated services/diagnoses
- All providers continue to receive FFS payments as usual
- FFS payments are retrospectively reconciled to targets

Hospitals “own” the bundles

- At risk for Medicare spending in excess of targets
- Rewarded for Medicare spending below targets
- Quality metrics must be met
- Gainsharing with physicians and partner providers is allowed

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EPM Beneficiaries

Beneficiaries included

- Medicare FFS as primary payer (no MA coverage)
- Enrolled in both Part A and B the during the entire episode
- Does not have ESRD Medicare coverage
- Not covered under United Mine Workers of America health plan
- Not aligned to:
  - Next Gen ACO
  - Comprehensive ESRD Care Initiative ACO with downside risk
  - MSSP Track 3
- Not already in any BPCI model episode

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Final Rule Updates

	EPMs PR	EPMs FR
Selected MSAs	67 for SHFFT; 98 for CAD TBD	67 for SHFFT; 98 for Cardiac
Target Structure by DRG	• By DRG with chaining • AMI stratification for CABG readmission DRG • CABG stratification for index admission with AMI or MCC	• By DRG • Same • Same
Waivers	SNF Waiver on or after April 1, 2018; not available for CABG or SHFFT	Same
Risk Sharing (Financial Arrangements)	Adds the ability to collaborate with CAHs and ACOs	Same
Data Availability	Summary and Claims upon request	Same

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Final Rule Updates – Targets

	EPMs PR	EPMs FR
Discount	PY 1: No downside risk 3% PY 2-5 3% *Adjusted for quality performance*	PY 1: Same PY 2: Voluntary downside risk 3% PY 3-5: 3% *Adjusted for quality performance*
Hospital Specific vs. Regional	PY 1,2 – 1/3 Region; 2/3 Hospital PY 3 – 2/3 Region; 1/3 Hospital PY 4,5 – 100% Region	Same
Baseline	3 Year Baseline CY 2013-2015; updated every other year	Same
Treatment of reconciliation payments and repayments	Included in update of baseline	Same
Episode cancellation	When beneficiary dies during anchor stay or if beneficiary initiates any BPCI episode at any time during an EPM episode	When beneficiary dies at <u>any point</u> during episode or if beneficiary initiates any BPCI episode at any time during an EPM episode

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Final Rule Updates – Targets

	EPM FR	EPMs PR
VBP, HAC, Readmissions	Adjusted out of both targets and performance	Same
Wage Adjustment	Adjusted out of individual claims at provider specific level; added back at attributed hospital, 70% labor share	Same
Prospective	Announce prior to start of each quarter; changing Oct.1 and Jan.1 of each CY	Same
Operating and Capital	Includes operating and capital payments	Same

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Final Rule Updates - Limits

	EPM PR	EPMs FR
Stop-Loss Limits	Year 1: N/A Year 2: 5% Year 3: 10% Years 4-5: 20% *Additional protections for Rural, SCH, MDH, RRC*	Year 1: N/A Years 2-3: 5% Year 4: 10% Year 5: 20% *Additional protections for Rural, SCH, MDH, RRC*
Stop-Gain Limits	Year 1-2: 5% Year 3: 10% Years 4-5: 20%	Same
Episode level stop-loss	2 SD of regional mean by target category	Same

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Final Rule Updates - Quality

	EPM PR	EPMs FR
SHFFT Measures	TKA Complications, HCAHPS, Voluntary Patient Reported Outcomes	Same
Cardiac Measures	AMI: Mortality, Excess Days Acute Care, HCAHPS, Voluntary hybrid mortality; CABG: Mortality, HCAHPS	Addition CABG: Composite CABG voluntary data submission
Quality Performance	Quality Composite Score: Performance + Improvement+ Voluntary Measure Must meet a minimum score on composite measure for reconciliation; Discount percentage varies by score.	Same

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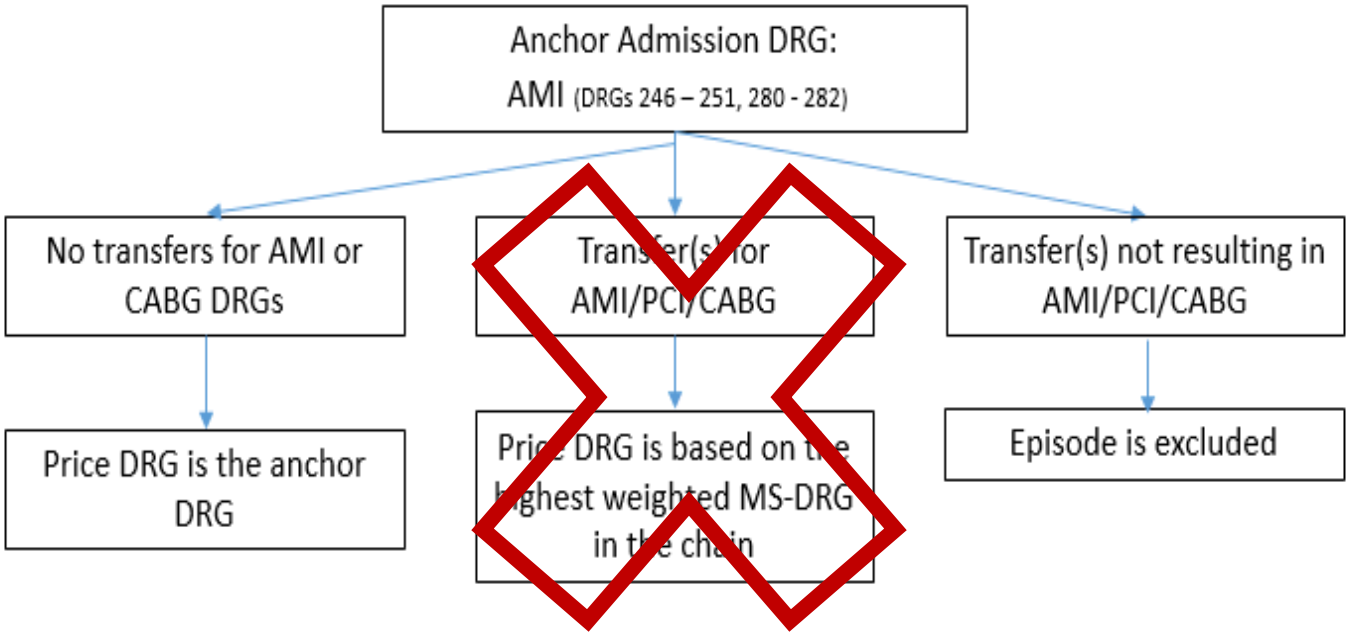
No More Chaining



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Hospital Attribution For Transfers

Hospital A and B are EPM Participants

	Included in Episode			
	Start of Episode →	End of Episode		
Hospital A	Hospital B	Post Discharge Period	Hospital Attribution	Anchor DRG
MS-DRG 281	MS-DRG 246	90 Days	Hospital B	MS-DRG 246

Hospital A is NOT an EPM Participant and Hospital B is an EPM Participant

	Included in Episode			
	Start of Episode →	End of Episode		
Hospital A	Hospital B	Post Discharge Period	Hospital Attribution	Anchor DRG
MS-DRG 281	MS-DRG 246	90 Days	Hospital B	MS-DRG 246

Hospital A is an EPM Participant and Hospital B is NOT an EPM Participant

Hospital A	Hospital B	Post Discharge Period	Hospital Attribution
MS-DRG 281	MS-DRG 246	90 Days	Episode Canceled

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Reconciliation

Price DRG and Stratifier	Performance Period Episode Count (a)	Performance Period Episode Target $ (b)	Total Performance Target $ (a*b)	Total Actual Performance $ (c)	Reconciliation Amount $ ([a*b]-c)
AMI 281 w/o CABG Readmission	100	$24,000	$2,400,000	$2,200,000	$200,000
AMI 280 w/o CABG Readmission	10	$40,000	$400,000	$550,000	-$150,000
Hospital A Total	110	$24,455	$2,800,000	$2,750,000	$50,000

- Providers continue to bill and will be paid as usual
- First reconciliation will take place 3 months after the end of the first performance year.
- Final reconciliation will take place 12 months later to ensure all claims run-out is captured
- Same process for years 2 through 5

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Quality

Composite score methodology

- Based on each hospital's performance compared to the nation
- Hospitals earn points for each measure
- Measure scores are individually weighted

Transparency

- Data is reported on Hospital Compare
- 30-day preview period

Quality Category	AMI Composite Quality Score	CABG Composite Quality Score	SHFFT Composite Quality Score	Eligible for *Reconciliation* Payments	Eligible for *Quality Incentive Payment* *	Discount for Calculating *Reconciliation* (All Program Years)	Discount for Calculating *Repayment* (Years 2(DR)** 3 and 4)	Discount for Calculating *Repayment* (Year 5)
Below Acceptable	< 3.6	< 2.8	< 5.0	No	No	3.0%	2.0%	3.0%
Acceptable	≥ 3.6 and < 6.9	≥ 2.8 and < 4.8	≥ 5.0 and < 6.9	Yes	No	3.0%	2.0%	3.0%
Good	≥ 6.9 and ≤ 14.8	≥ 4.8 and ≤ 17.5	≥ 6.9 and ≤ 15.0	Yes	Yes	2.0%	1.0%	2.0%
Excellent	> 14.8	> 17.5	> 15.0	Yes	Yes	1.5%	0.5%	1.5%

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Cardiac Rehabilitation Incentive Payments

- Encourages the use of Cardiac Rehab and Intensive Cardiac Rehab following AMI or CABG
- Effective: July 1, 2017 – December 31, 2021
- 90 MSAs: 45 MSAs overlap with EPM
- HCPCS codes: 93797,93798,G0422,G0423
- Physician claim with POS code 11 or Outpatient claim
- Visits 1-11: $25 per visit, 12th + visit $175 per visit; paid retrospectively on an annual basis

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Analysis

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Data Source

CYs 2013-2015 Medicare SAF

- Inpatient PPS including capital
- Hospital outpatient PPS
- Home health PPS
- Skilled nursing facility PPS
- Inpatient rehab PPS
- Hospice
- DME (5% national sample extrapolated)
- Physician and other Part B services (5% national sample extrapolated)

Regional benchmarks

- Census Region
- Wage adjusted to hospital wage index

Cells<11 redacted per CMS Data Use Agreement

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Exclusions

Beneficiaries

- Medicare Advantage enrollees
- Those without both Part A and Part B
- Medicare ESRD enrollees
- Deaths during the episode

Payment adjustments

- Medicare Indirect Medical Education (IME)
- Medicare Disproportionate Share Hospital (DSH)
- Value Based Purchasing
- Hospital Readmissions Reduction Program penalty
- Hospital-Acquired Conditions penalty

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Estimated Impact

- AMI model: AMI MS-DRGs 280-282 and those Percutaneous Coronary Intervention (PCI) MS-DRGs 246-251 also containing AMI diagnosis codes
- CABG model: MS-DRGs 231-236

Model	Episode Volume	Average Hospital Payments	Target	Total Hospital Payments	Total Target	Estimated Performance	% of Target	Stop Gain Limit	Estimated Impact After Stop Gain*
Acute Myocardial Infarction (AMI)/Percutaneous Coronary Intervention (PCI)	230	$20,501	$21,893	$4,709,286	$5,029,077	$319,791	6.4%	5.0%	$251,454
Coronary Artery Bypass Graft (CABG)	87	$45,244	$44,342	$3,955,711	$3,876,861	($78,850)	-2.0%	5.0%	$0

- SHFFT model: MS-DRGs 480-482

Model	Episode Volume	Average Hospital Payments	Target	Total Hospital Payments	Total Target	Estimated Performance	% of Target	Stop Gain Limit	Estimated Impact After Stop Gain*
Surgical Hip/Femur Fracture Treatment (SHFFT)	70	$39,572	$40,358	$2,781,491	$2,836,770	$55,279	1.9%	5.0%	$55,279

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Estimated Impact

Target

- CY 2013-2015 baseline experience trended to 2015 dollars
- High cost episodes trimmed at 2 standard deviations of regional mean
- 2/3 hospital baseline average, 1/3 regional baseline average (100% region for small volume hospital)
- 3% reduction applied to average

Hospital payments

- CY 2015
- High cost episodes trimmed at 2 standard deviations of regional mean
- Due to claim run-out 2015 reflects approximately 7 months of anchor admissions (episodes); volume annualized

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Comparative Reports

Hospital payments

- CY 2015 average by model (AMI, CABG, SHFFT)
- Average Payment NOT trimmed for high cost episodes
- Volume annualized

Regional payments

- CY 2015 average by model (AMI, CABG, SHFFT)
- Average Payment NOT trimmed for high cost episodes
- Volume annualized
- Case mix adjusted to match hospital episode mix
- Hospital wage index applied

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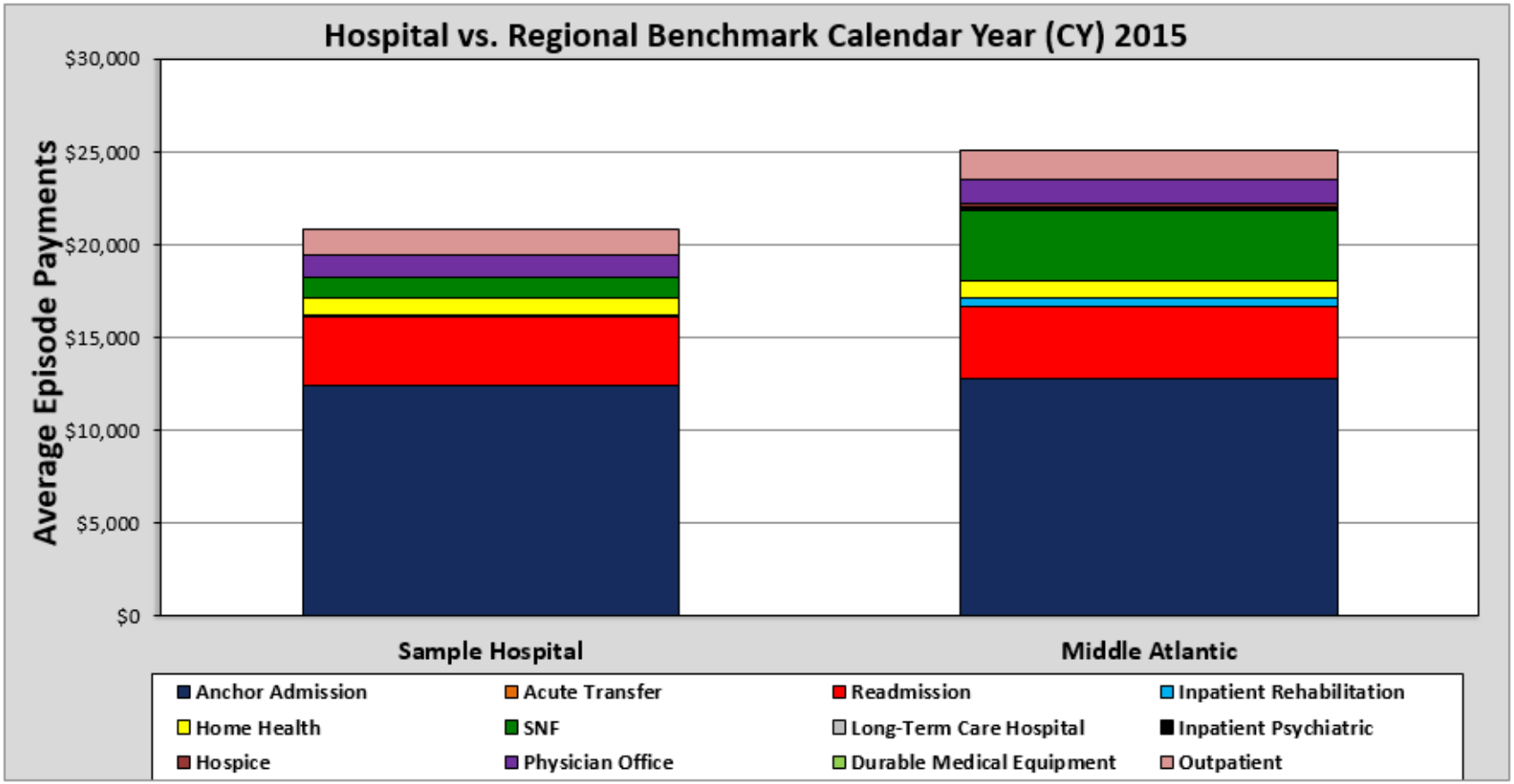
Comparative Reports

Acute Myocardial Infarction (AMI)/Percutaneous Coronary Intervention (PCI)



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Comparative Reports

Model		Sample Hospital				Middle Atlantic			
	# of CY 2015 Episodes *	230				20,691			
	Average CY 2015 Total Payment	$20,877				$25,122			
	Episode Component/Service Type	Average Number of Units per Episode	Average Payment Per Units	Average Payment per Episode	% of Average Episode Payment	Average Number of Units per Episode	Average Payment Per Unit	Average Payment per Episode	% of Average Episode Payment
Acute Myocardial Infarction (AMI)/Percutaneous Coronary Intervention (PCI)	Anchor Admission	1.0	$12,461	$12,461	60%	1.0	$12,774	$12,774	51%
	Acute Transfer	0.0	$0	$0	0%	0.0	$0	$0	0%
	Readmission	0.3	$10,846	$3,642	17%	0.4	$9,752	$3,866	15%
	Inpatient Rehabilitation (IRF)	0.0	$11,867	$89	0%	0.0	$17,315	$520	2%
	Home Health (HH)	6.3	$144	$906	4%	6.0	$153	$921	4%
	Skilled Nursing Facility (SNF)	2.6	$460	$1,187	6%	7.6	$492	$3,729	15%
	Long-Term Care Hospital (LTCH)	0.0	$0	$0	0%	0.0	$43,578	$167	1%
	Inpatient Psychiatric (IPF)	0.0	$0	$0	0%	0.0	$10,194	$62	0%
	Hospice	0.0	$0	$0	0%	0.1	$3,181	$220	1%
	Physician Office	2.1	$560	$1,150	6%	2.0	$613	$1,246	5%
	Durable Medical Equipment	1.0	$1	$0	0%	1.0	$5	$5	0%
	Outpatient	2.7	$526	$1,441	7%	2.5	$637	$1,611	6%

Numerator = total episode costs by claim type
Denominator Units = claims or days for SNF or visits for Home Health
Denominator Total Episodes (230 in this example)

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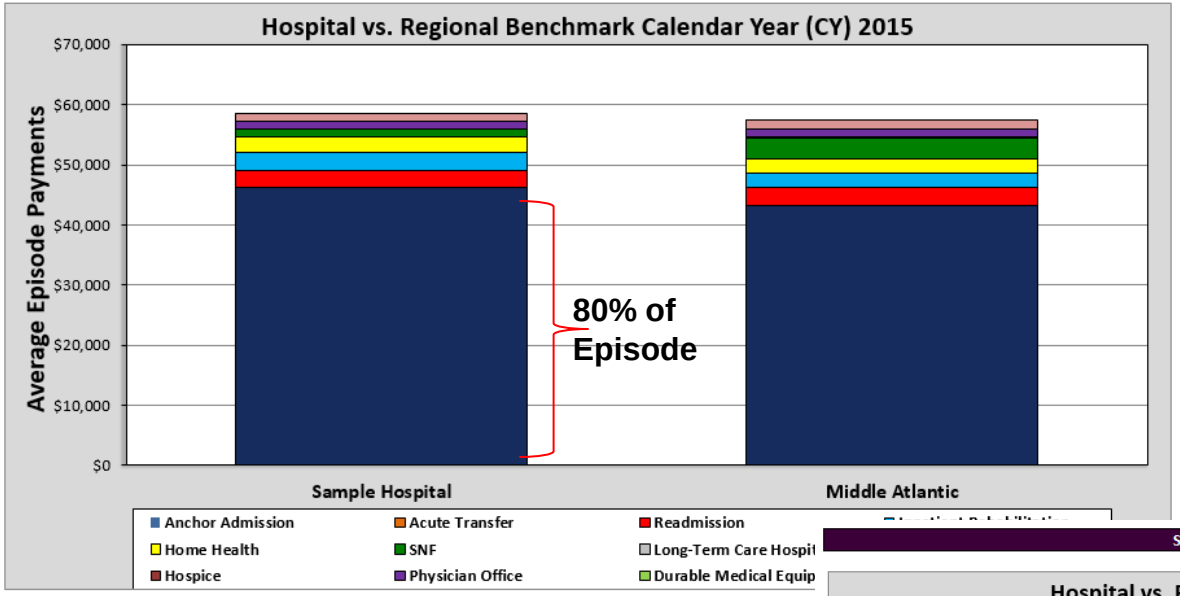
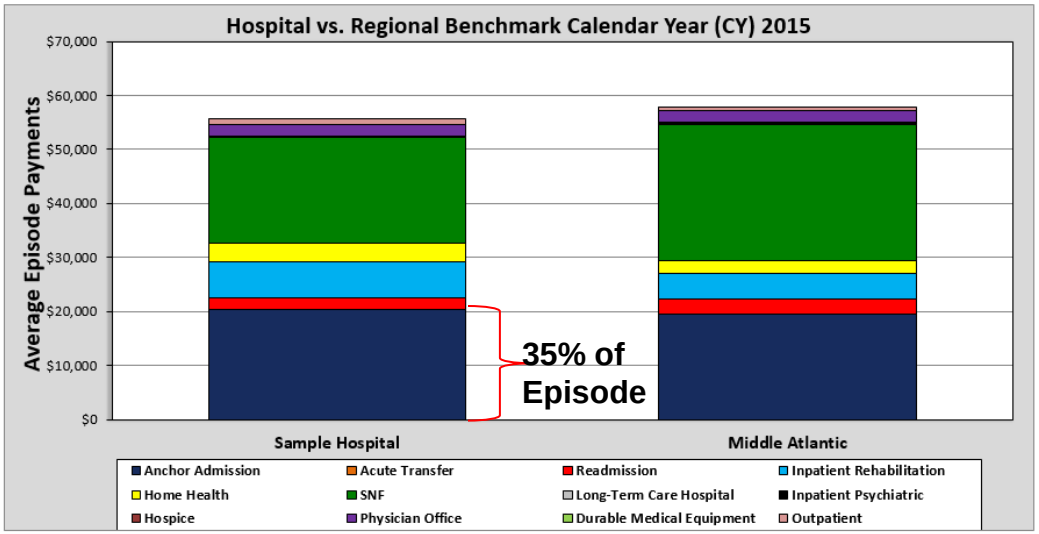
Comparative Reports

Coronary Artery Bypass Graft (CABG)



Surgical Hip/Femur Fracture Treatment (SHFFT)



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Comparative Reports

Model		Sample Hospital				Middle Atlantic			
	# of CY 2015 Episodes *	58				5,714			
	Average CY 2015 Total Payment	$58,536				$57,402			
	Episode Component/Service Typ	Average Number of Units per Episode	Average Payment Per Unit	Average Payment per Episode	% of Average Episode Payment	Average Number of Units per Episode	Average Payment Per Unit	Average Payment per Episode	% of Average Episode Payment
Coronary Artery Bypass Graft (CABG)	Anchor Admission	1.0	$46,304	$46,304	79%	1.0	$43,318	$43,318	75%
	Acute Transfer	0.0	$0	$0	0%	0.0	$0	$0	0%
	Readmission	0.2	$11,782	$2,772	5%	0.2	$11,535	$2,880	5%
	Inpatient Rehabilitation (IRF)	0.1	$20,729	$3,048	5%	0.1	$18,790	$2,438	4%
	Home Health (HH)	14.1	$178	$2,511	4%	10.3	$230	$2,368	4%
	Skilled Nursing Facility (SNF)	2.1	$611	$1,294	2%	5.4	$623	$3,372	6%
	Long-Term Care Hospital (LTCH)	0.0	$0	$0	0%	0.0	$45,693	$215	0%
	Inpatient Psychiatric (IPF)	0.0	$0	$0	0%	0.0	$6,443	$7	0%
	Hospice	0.0	$0	$0	0%	0.0	$0	$0	0%
	Physician Office	3.4	$396	$1,363	2%	2.3	$582	$1,342	2%
	Durable Medical Equipment	1.2	$2	$2	0%	1.0	$5	$5	0%
	Outpatient	2.3	$534	$1,241	2%	3.4	$428	$1,456	3%

- Regional Average minus 3%: $55,600
- Average PAC spend $12,200
- Hospital would need to reduce average by ~ $3,000 to break even

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Comparative Reports

Why is my anchor admission average more than the region's?

Model		Sample Hospital				Middle Atlantic			
	# of CY 2015 Episodes *	58				5,714			
	Average CY 2015 Total Payment	$58,536				$57,402			
	Episode Component/Service Typ	Average Number of Units per Episode	Average Payment Per Unit	Average Payment per Episode	% of Average Episode Payment	Average Number of Units per Episode	Average Payment Per Unit	Average Payment per Episode	% of Average Episode Payment
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	Hospice	0.0	$0	$0	0%	0.0	$0	$0	0%
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	Outpatient	2.3	$534	$1,241	2%	3.4	$428	$1,456	3%

More inpatient acute high cost outliers than the region

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Additional Data Resources

Evaluating the Risks and Opportunities of Bundled Payment Programs

Tuesday, February 28th @ 3p EST

Registration link:
https://datagen.webex.com/mw3100/mywebex/default.do?siteurl=datagen&service=6

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