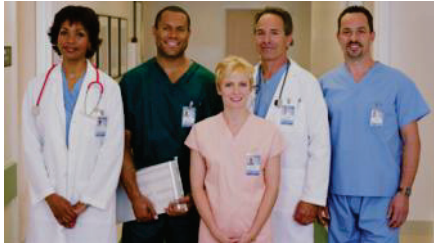


Distinguishing Between Applicant Roles in the Bundled Payments for Care Improvement Initiative

*Presented by the Program Team
Bundled Payment for Care Improvement
Patient Care Models Group
Innovation Center
Centers for Medicare & Medicaid Services*

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Bundled Payments for Care Improvement

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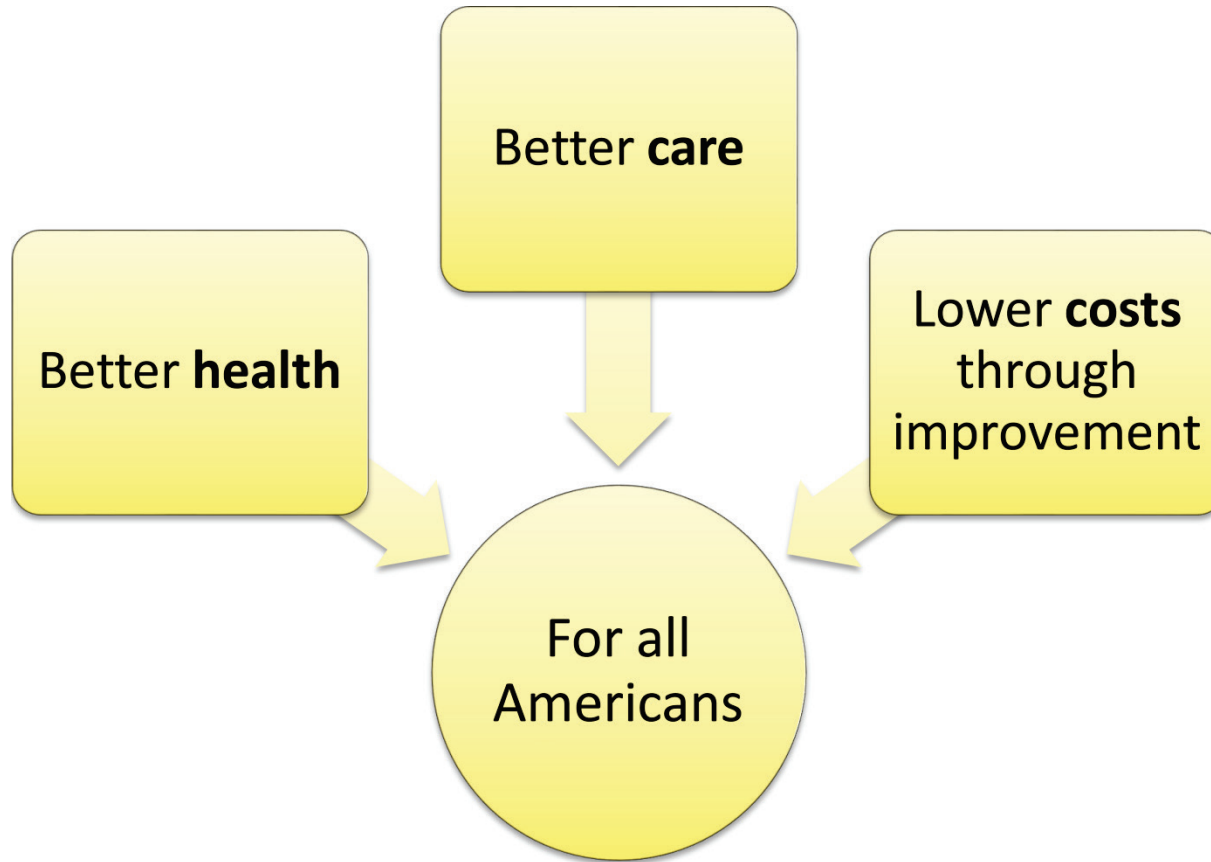
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Today's Purpose

- **Discuss the applicant roles**
- **Apply applicant roles to Models 2, 3, and 4 of the Bundled Payments for Care Improvement (BPCI) initiative**
- **Understand implications of applicant roles**

...Leads to Tomorrow's Vision



Transforming Care, through Bundled Payments for Care Improvement (BPCI)

Status updates...

- Model 2-4 Applications
- HRC data requests

Quick Review of BPCI Models 2-4

- **Model 2: Retrospective Acute Care Hospital Stay plus Post-Acute Care**
- **Model 3: Retrospective Post-Acute Care Only**
- **Model 4: Prospective Acute Care Hospital Stay Only**

Speaking a Common Language

Defined Bundled Payments for Care Improvement terms:

- **Bundled Payment beneficiary**: an eligible Medicare fee-for-service beneficiary that is included in an episode.
- **Anchor MS-DRGs** are one parameter of the episode definition
 - In Models 2 and 4, the anchor MS-DRG is the MS-DRG assigned to the acute-care hospital stay that initiates the episode, and is included in the target price or bundled payment amount
 - In Model 3, the anchor MS-DRG determines the potential for a beneficiary to initiate an episode
- **Episode initiation**: when a beneficiary enters an episode based on the parameters defined by the applicant according to the model. These parameters include the time period, the providers involved, the nature of provider relationships, and the anchor MS-DRGs.
- **Episode-initiating providers** are acute care hospitals in Models 2 and 4 and skilled nursing facilities (SNFs), home health agencies (HHAs), long-term care hospitals (LTCHs), and inpatient rehabilitation facilities (IRFs) in Model 3.

Speaking a Common Language, cont'd

- Applicants are expected to partner with other entities to redesign care. These partners fall into two categories:
 - **Bundled Payment physicians/practitioners** who are expected to participate, including those who may be separately paid by Medicare for their professional services (e.g., physicians, nurse practitioners, physician assistants, physical therapists); and
 - **Bundled Payment participating organizations**, including all other providers or suppliers with whom the applicant plans to partner (e.g., acute care hospitals, skilled nursing facilities, inpatient rehabilitation facilities, home health agencies). **Episode-initiating Bundled Payment participating organizations** are a sub-set of Bundled Payment participating organizations that initiate episodes (hospitals in Models 2 and 4, post-acute providers in Model 3).

As a BPCI Applicant, you can choose to be one of these three

- **Awardee**
- **Awardee Convener**
- **Facilitator Convener**
 - applying with Designated Awardees/
Designated Awardee Conveners

“Who am I” is an essential question

Ask yourself:

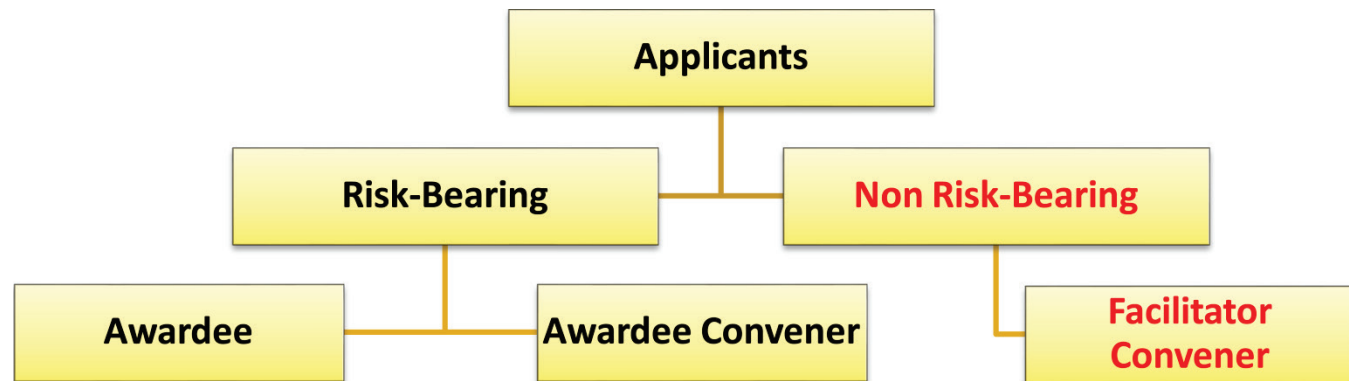
- What organizational type am I?
- Do I want to bear risk or do I want to facilitate others who will bear risk?
- Do I want to bear risk only for my own Bundled Payment beneficiaries or...

Am I capable of taking on the risk for all the Bundled Payment beneficiaries that I and my partners take care of?

- Who are my partners and what roles will they fulfill?

Non Risk-Bearing

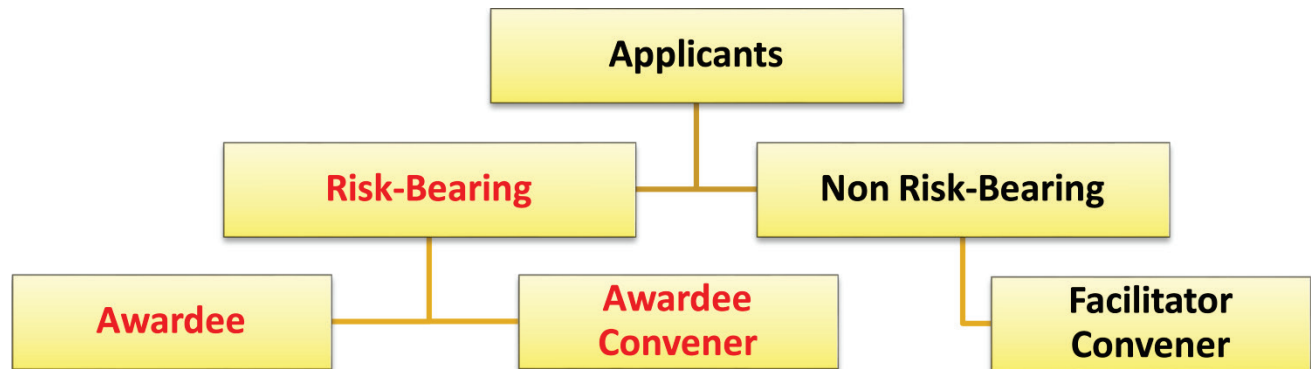
Facilitator Convener if I am not going to bear risk but I would like to facilitate other organizations (called Designated Awardees and Designated Awardee Conveners) in redesigning care:



Risk-Bearing Awardees

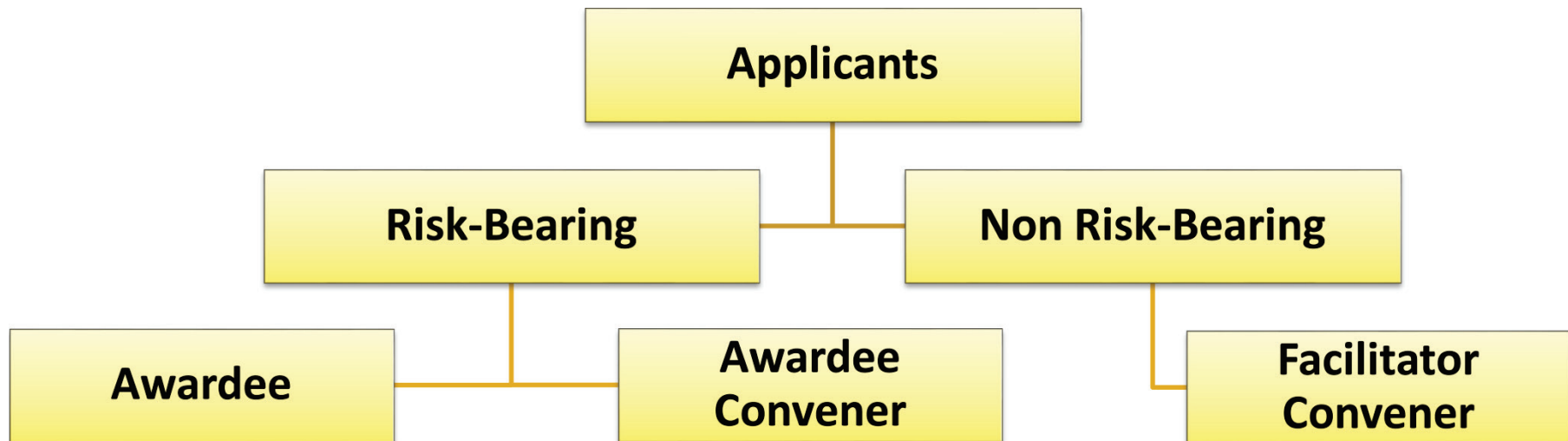
Awardee if I bear risk for only my Bundled Payment beneficiaries.

Awardee Convener if I apply with partners and bear risk for the Bundled Payment beneficiaries of at least one of those partners.



Illustrating the Applicant Roles

Applicant Type is Determined by Risk and BPPPO partnerships



- Applying with episode-initiating Bundled Payment participating organizations

- Applying with risk-bearing **Designated Awardees or Designated Awardee Conveners**

Applicant Type: Awardee

- **Who** would apply as this type of applicant?
 - Example: Individual hospital
- **Which beneficiaries** are they responsible for?
 - Only their own Bundled Payment patients
 - All of their own Bundled Payment patients, regardless of the other providers where these patients receive care during the episode

Applicant Type: Awardee Convener

- **Who** would apply as this type of applicant?
 - Parent companies, health systems, and other organizations that wish to take risk
- **Which beneficiaries** are they responsible for?
 - All of their own Bundled Payment patients during the episode
 - All Bundled Payment patients of episode-initiating Bundled Payment participating organizations
 - Regardless of the other providers where these patients receive care during the episode
- **What kind of partners** would they have?
 - Episode-initiating partners
 - Non-episode initiating partners

Applicant Type: Facilitator Convener

- **Who** would apply as this type of applicant?
 - Organizations that wish to perform a facilitative role without bearing risk or receiving payment from CMS
- **Which beneficiaries** are they responsible for?
 - Each designated awardee/designated awardee convener is responsible, per the definitions in the former slides
- **What kind of partners** would they have?
 - Designated awardees
 - Designated awardee conveners

Model 2: Examples

- **Awardee**
 - Single acute-care hospital
 - Physician Group Practice
- **Awardee Convener**
 - Hospital system with five acute care hospitals
 - Health system including acute care hospital, IRF, and SNF
- **Facilitator Convener**
 - State hospital association
 - Venture capital company that does not take risk for but engages with acute care hospital, IRF, and SNF

Model 3: Examples

- **Awardee**
 - A Post-Acute Care Provider (IRF, SNF, LTCH, HHA)
 - Physician Group Practice
- **Awardee Convener**
 - Hospital system with five acute care hospitals
 - Health system including acute care hospital, home health agency, and SNF
- **Facilitator Convener**
 - National association of Skilled Nursing Facilities
 - Venture capital company that does not take risk for but engages with acute care hospital, LTCH, and SNF

Model 4: Examples

- **Risk Bearing Non-Convener Awardee**
 - Single acute-care hospital
 - Physician Group Practice
- **Risk Bearing Awardee Convener**
 - Hospital system with five acute care hospitals
 - Health system including acute care hospital, IRF, and SNF
- **Non-Risk Bearing Facilitator Convener**
 - State hospital association
 - Venture capital company that does not take risk for but engages with acute care hospital, IRF, and SNF

How do I use the data I have to assess episodes?

- Episode defined on clinical condition level, which must at a minimum include a family of MS-DRGs that represents all severity levels.
- To figure out who your Bundled Payment beneficiaries are, it depends on the Applicant role, Model, and your episode definition.

How do I use the data I have to assess target prices/bundled payment amounts?

- Target prices (Models 2 and 3) and bundled payment amounts (Model 4) should be proposed for each MS-DRG within an episode.
- Awardee Convener Exception:
 - For Model 2, target prices should be proposed for each episode-initiating BPPO (hospital) and for each MS-DRG within an episode.
 - For Model 3, target prices should be proposed for the awardee convener application as a whole for each MS-DRG within an episode.
 - For Model 4, bundled payment amounts should be proposed for each episode-initiating BPPO (hospital) and for each MS-DRG within an episode.

Process of calculating a target price



**Determine applicant type,
based on provider partners and
risk arrangement**

**Determine beneficiaries
that will be included in
episodes, based on
applicant type**

**Analyze historical episode
payments made for
beneficiaries that will be
included in episodes in your
scenario**

Now that you have data...

Keep asking yourself the same question:

Who am I?

Conclusion

- The Innovation Center looks forward to receiving your applications and testing your approach to redesigning care
- The Innovation Center offers ongoing Learning Activities to support the success of applicants as you prepare submissions and throughout the implementation process

Upcoming Learning Activities

- **Accelerated Development Learning Sessions #4 and #5**
 - What to Pack in Your Bundle: Episode Selection, Definition and Clinical Management for Care Improvement
 - Tuesday, March 13, 2012, 12:00 PM-1:15 PM ET
 - Contractual and Governance Issues among Providers in Bundled Payment
 - Thursday, March 22, 2012, 3:30 PM-4:30 PM ET
- **Data Technical Assistance Call with ResDAC**
 - Wednesday, March 14th, 12:00 – 1:00 PM ET
 - Wednesday, March 21st, 12:00 – 1:00 PM ET

Questions?

If your question is not addressed during this session,
please send it to BundledPayments@cms.hhs.gov.

Thank you.