

CLINICAL EPISODE PAYMENT MODELS

ELECTIVE JOINT REPLACEMENT

OVERVIEW

The [Health Care Payment Learning & Action Network \(LAN\)](#) recently released a white paper entitled, [Accelerating and Aligning Clinical Episode Payment Models](#), to help speed the adoption of alternative payment models (APMs) in the health care community. This white paper contains recommendations on designing and implementing clinical episodes, including coronary artery disease, maternity care, and elective joint replacement. APMs are a key strategy in health care payment reform, helping to shift focus from quantity to quality in health care.

WHAT ARE CEP MODELS?

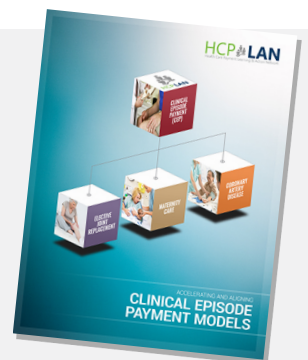
Clinical Episode Payment (CEP) models are a specific type of APM in which providers accept accountability for patients over a set period of time and across multiple care settings. This course of care is known as the clinical episode. The episode can focus on specific medical conditions, such as maternity care, or on procedures, such as elective joint replacement. CEP models can also be designed so that different types of procedures, such as bypass surgery, are nested within broader condition-based episodes, such as coronary artery disease.

IMPORTANCE

Similar to population-based payment (PBP) models, CEP models offer an alternative approach for payers and providers to advance their payment reform efforts. By focusing on specific clinical areas, CEP models can help improve the quality of health care, promote smarter spending, and improve outcomes for patients resulting in better coordination and less fragmentation across the medical system.

THE WHITE PAPER

The white paper highlights the importance of fostering greater alignment around CEP models, with the goal of lowering barriers to acceptance and adoption. Specifically, the white paper focuses on three detailed clinical areas: elective joint replacement, maternity care, and coronary artery disease (CAD).



CLINICAL AREAS



**ELECTIVE JOINT
REPLACEMENT**



**MATERNITY
CARE**



**CORONARY ARTERY
DISEASE**

EPISODE RECOMMENDATIONS

Total hip and knee replacements are among the most commonly performed surgical procedures today. According to the U.S. Centers for Disease Control and Prevention, over one million such procedures are performed each year across all payers. Given the high volume of these surgeries, there remains a significant level of unwarranted variation in both

patient outcomes and costs of care across providers and geographic areas. This variation, along with the availability of quality measures, the ability to empower consumers, and – for elective procedures – the existence of evidence-based care guidelines, make elective joint replacement a great candidate for episode payment.

Episode Definition

Defined as elective and appropriate total hip or total knee replacement due to osteoarthritis.

Episode Timing

Begin pre-procedure and end 90 days post-discharge. However, accountability for functional improvement and performance measurement goes beyond 90 days.

Patient Population

Use risk and severity adjustment to account for age and complexity of the broadest-possible pool of patients.

Services

Include all services needed by the patient that are related to the joint replacement procedure.

Patient Engagement

Engage patients in shared care planning, use of shared decision-making tools, transparency of performance and the payment model, access to full health records, care coordination, and patient-reported quality measures.

Accountability Entity

The accountable entity should be chosen based on readiness to re-engineer change in the way care is delivered to the patient and to accept risk. Shared accountability may be required, given that a patient will likely be cared for by a number of practitioners across multiple settings.

Payment Flow

Consider a prospectively established price paid as one payment to the accountable entity or consider an upfront fee-for-service (FFS) payment to individual providers within the episode with retrospective reconciliation and a potential for shared savings/losses.

Episode Price

Strike a balance between provider-specific and multi-provider/regional utilization history.

Type and Level of Risk

The goal should be to utilize both upside reward and downside risk.

Quality Metrics

Prioritize use of metrics that support the goals of the episode, including measures of clinical outcomes and patient reported outcomes, for use in payment, accountability, quality scorecards, and other tools to communicate with and engage patients and other stakeholders.

For a full list of recommendations and additional resources go to:
<https://hcp-lan.org/groups/cep/ejr-final>

MOVING FORWARD

The LAN white paper reflects the latest thinking from leading experts in the field of health care payment and offers recommendations for developing CEP models. The paper serves as an important resource for providers, payers, employers, patients, consumer groups, health experts, and

state and federal government agencies taking action on APMs nationwide. These recommendations encourage greater alignment in the field to increase adoption toward the goals of tying 30% of U.S. health care payments to APMs by the end of 2016 and 50% by 2018.

ABOUT THE LAN

PURPOSE

The Health Care Payment Learning & Action Network (LAN) aims for:



BETTER CARE



SMARTER SPENDING



HEALTHIER PEOPLE

MISSION

To accelerate the health care system's transition to alternative payment models (APMs) by combining the innovation, power, and reach of the private and public sectors.

