Clinical Episode Payment (CEP) models are a specific type of Alternative Payment Model (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.

Currently, the cost of maternity care varies significantly by payer (commercial or Medicaid), by type of birth (vaginal or cesarean section), and by setting (hospital or birth center). Too often, women are not experiencing optimal outcomes in maternity care despite the significant resources spent. Part of this is due to the fact that prenatal care, labor and birth, and postpartum care are often paid for and delivered as three distinct periods, when in reality, they are all three phases of one episode in a woman’s life.

Episode payment is a lever to incentivize coordination across practitioners and settings where the full spectrum of maternity services are provided, with the goals of improving patient care, increasing coordination across services and providers, and lowering health care costs. The LAN's maternity care episode payment recommendations are built around accelerating the use of episode payment for maternity care in a way that could have a significant impact on both the short- and long-term health of women and children across the U.S.
MATERNITY EPISODES OF CARE

**Patient Population**
The population is women and newborns who are lower-risk, as well as women who may be at elevated risk due to conditions with defined and predictable care trajectories.

**Type and Level of Risk**
Ultimate goal is both upside reward and downside risk, with strategies in place to mitigate risk, encourage provider participation, and support inclusion of a broad patient population.

**Episode Definition**
Episode includes maternity and newborn care for the majority of pregnancies that are lower risk, as well as for women with elevated risk conditions for which there are defined and predictable care trajectories.

**Episode Price**
The episode price should balance single and multiple providers and regional utilization history. It should reflect the cost of services needed to achieve the goals of the episode payment model.

**Quality Metrics**
Prioritize use of metrics that support the episode goals, 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.

**Payment Flow**
Payment flow – either retrospective reconciliation or prospective payment – depends on the unique characteristics of the model’s players.

**Accountable Entity**
Accountable entity chosen based on readiness to both 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 may be cared for by multiple practitioners across multiple settings.

**Episodic Timing**
Episode begins 40 weeks before the birth and ends 60 days postpartum for the woman, and 30 days post-birth for the baby.

**Interaction Between Multiple APMs**
Consider the context of the broader strategic goals when deciding whether to implement multiple payment models and address the operational issues that arise when two entities may have responsibility for the costs of care for one patient.

**Data Infrastructure**
Understand and develop the systems that are needed to successfully operationalize episode payments.

**Regulatory Environment**
Understand relevant state and/or federal regulations and how they may impact the design and implementation of episode models.