

California Maternity Episode Bundled Payment Project

Opportunity

Over the past several years, maternity care has been in the national spotlight with rising rates of cesarean deliveries and early elective deliveries. Cesarean delivery rates have increased from 21% in 1997 to 32% in 2009 with no documented benefits to mothers or babies as a result of this increase. Multiple barriers exist to reversing the steady increase in the cesarean delivery rate, including a lack of: timely data on cesarean delivery rates; information sharing with providers and patients about the risks to mothers and babies from cesarean deliveries; training and quality improvement modules for providers and hospitals on how to safely reduce non-medically necessary cesarean deliveries; and financial incentives that promote consideration of the medical necessity and appropriateness of performing a cesarean delivery over a vaginal delivery.

With the emergence of maternity care as an area of high opportunity for payment reform and quality improvement, the Pacific Business Group on Health (PBGH) is implementing a Maternity Episode Bundled Payment Pilot. With funding from the Robert Wood Johnson Foundation, the pilot aims to reduce non-medically necessary cesarean delivery rates, improve health outcomes for moms and babies, and ultimately reduce costs.

Pilot Components

The pilot approach is based on research on national best practices and design work conducted by leading health care improvement specialists, and is a public-private partnership around a four-pronged approach. The approach includes the following key components:

- **Payment reform:** An episode bundled payment for maternity care
- **Technical assistance** in implementing the payment for participating hospitals and medical groups
- **Quality improvement programs** for participating hospitals and medical groups to align the culture of labor and delivery with medically appropriate practices
- **Patient engagement and education** about safe and effective deliveries

Project Team

Several organizations are collaborating on this pilot:

- The **Pacific Business Group on Health (PBGH)** is a non-profit employer coalition with a mission to improve the quality and availability of health care while moderating costs.
- The **California Quality Collaborative (CQC)**, a virtual entity within PBGH, is a quality improvement organization dedicated to advancing the quality and efficiency of patient care in California.
- The **Integrated Healthcare Association (IHA)** will lead the definition of the maternity bundle under the auspices of its AHRQ-sponsored bundled payment initiative.
- The **California Maternal Quality Care Collaborative (CMQCC)** is a maternity quality improvement organization providing clinical expertise to IHA in defining the maternity payment and contributing quality improvement content to support clinical providers.
- **Cynosure** is a hospital quality improvement organization contributing to the definition of the bundle and engaging hospitals in the project.

Pilot Participants

Working with one or more commercial health plans and a Medi-Cal managed care plan, three hospitals within California will participate in the pilot. PBGH is in discussion with health plans now, and hospitals will be selected that have strong relationships and a high portion of members from the selected plans.

Hospitals will also likely see the strategic benefits of investing in new hospital-physician partnerships, have a commitment to quality improvement, and be ready improve their patient care processes and gain experience with new reimbursement methods, in preparation for both increasing ACO business and the launch of the California Benefits Exchange in 2014.

Project Timeline

The initial pilot will be scheduled to run for three years, from 2012-2015. Because this program is a pilot— meaning the program is constantly being measured and modified—program results will be continually be gathered and monitored. We will assess expansion of the pilot once the three-year test period is complete.

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