FACT SHEET

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.

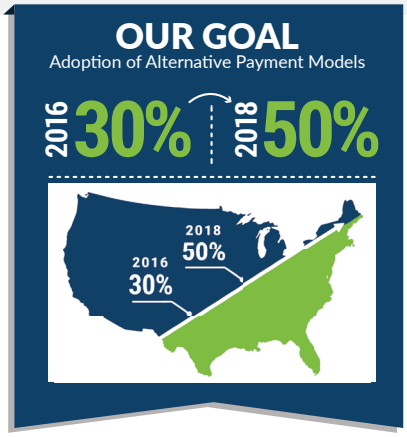
Quality Metrics

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.

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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, significant resources are spent on maternity care, but they are not resulting in optimal outcomes for women. Part of this is due to the fact that prenatal care, labor and birth, and postpartum care are often payed 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.

Episode Definition

Defined as maternity care, including prenatal care, labor and birth, and post-partum care for women and newborns.

Episode Timing

Begin 40 weeks before birth and end 60 days postpartum (for women) and 30 days post-birth (for infants).

Patient Population

The population is women and newborns who are lower risk.

Services

Include all services provided during pregnancy, labor and birth, and postpartum for women and newborns.

Patient Engagement

Engage women and their families in all three phases of the episode (prenatal, labor and birth, and postpartum/newborn).

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

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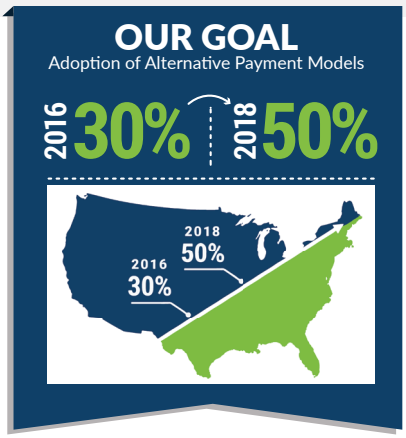

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EPISODE RECOMMENDATIONS

Coronary artery disease (CAD) is the most common type of heart disease in the United States. Individuals living with CAD are often managing several health issues at once and experiencing care and treatment across more than one health setting. Currently, each setting receives separate payments for the services they provide and there are few incentives to support better care coordination, care management, or lifestyle changes in order to reduce expensive acute care and potentially preventable, costly, interventions. The lack of coordination may result in a higher rate of adverse drug events, greater hospital admissions and re-admissions, increased diagnostic errors, and more. People with CAD need a more comprehensive approach to managing their conditions and striving for positive outcomes that help prevent the need for procedures.

Episode Definition

Defined as CAD condition care, and – if needed – CABG and PCI, for patients diagnosed and under active management for CAD for consecutive 12-month periods to reflect that CAD is often a life-long condition.

Episode Timing

For patients with a CAD condition, the 12-month episode may begin at various points after diagnosis. For patients undergoing a procedure, the episode begins pre-procedure (e.g. 30 days) and ends 30-90 days post-discharge.

Patient Population

Patients diagnosed with CAD and in the same health plan for 12 months; within the CAD-condition patient population, the episode also includes patients that require a PCI or CABG.

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.

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.

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.

Services

Include core services for CAD management (e.g., lifestyle changes, medication management, and secondary prevention) and procedural care (e.g., pre-operative diagnostics, drugs and devices, care transition support, and post-acute care including cardiac rehab).

$ Episode Price

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Type and Level of Risk

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Quality Metrics

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

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