BANKERS HEALTHCARE GROUP
Financing *for* Healthcare Professionals

Perfecting Your Practice Podcast
EPISODE 9: Succeeding with Bundles

Welcome to the *Perfecting Your Practice* podcast, where we will talk about finance for the healthcare professional and medical practice owner.

This series is brought to you by Bankers Healthcare Group, the leader in financing solutions for healthcare professionals. Since 2001, BHG has worked with more than 100,000 licensed practitioners to help them reach their financial goals. Perfecting Your Practice is designed to talk about ways you can invest in your career and practice in order to set yourself up for success.

Now, here's your host, Chris Panebianco, Chief Marketing Officer at BHG.

Chris P: Welcome back everyone, and thank you for once again tuning in to Perfecting Your Practice podcast. In this episode, we're talking with my good friend Earl Anderson from Tennessee Orthopaedics.

How are you, Earl?

Earl Anderson: I'm doing great today, Chris. Good to talk to you again.

Chris P: Well, it's great speaking with you again as well. We're very lucky to have you back on the podcast.

For our audience that may not have heard our previous podcast, Earl's got more than 30 years of experience in orthopedics. He's worked both as a clinician and an administrator in private practice and hospital settings. For the past 15 years, he's been at Tennessee Orthopedic, which has grown to become one of the largest orthopedic groups in the state of Tennessee. In addition, Earl's often tapped for his expertise and he is a featured speaker at the upcoming Becker's ASC conference in Chicago, June 14th to the 16th.

So, Earl, we're gonna talk about bundles, but if you could, give me a brief overview of what the BPCI bundling initiatives are, and a little bit more about the CMS Innovation Center.

Earl Anderson: Yeah, Chris. BPCI's a mouthful and it's also a lot to digest on the other side. BPCI was established by CMS through their Innovation Center several years ago as a way to introduce some new value-based care models. And again, that's sort of a, I shouldn't say but I will say, a little bit of a junk terms, but they introduced things like bundles and ACOs and some of these terms that we've heard out there as new payment models.

The bundle was structured in a way, and just to give you a high view of the bundle, it's structured such that for a given procedure that's driven by DRG codes, hospital in-patient codes, and the episode is defined as a period of time, normally a few days pre-op through, in our case with orthopedic bundles, 90 days post-op. And looking at target prices, they establish target prices from data that they have and that they send to the groups, and it's kind of a name-that-tune game. If you can come in under the target

price, you share in the savings, and if you come in over the target price, there is downside risk in it.

So, it's been an interesting model and one quite frankly that CMS has enjoyed success with.

Chris P: So, what is it that's driven the success of these bundles?

Earl Anderson: Yeah. It's been quite the journey. I'll drill this down to our group's experience. We started mid-2014 with the BPCR models. When we got the data, and if you heard the last podcast, we talked about data. Data is so critical in these bundles. Once we got the data, we saw some obvious low-hanging fruit in improving the cost cycle of this, and improving the patient experience. Two of those were the post-acute utilization and the length of stay, and then secondly in reducing readmissions and complications. And we saw immediately that if we could reduce and have an effect on those two factors, that there were some, number one, savings to realize, and number two, we could demonstrate quality, which BPCI does require you not only to reduce costs, but to show quality improvement.

Once our physicians and other providers became engaged, and I say once they became engaged, because that didn't happen on day one. But once that happened, this all played out as we suspected, and we did reduce post-acute length of stay by up to 40%, and reduced our readmissions.

What we've seen in the national data through groups like the Healthcare Finance Management Association, are savings of an average of $864 per episode, and length of stay in those post-acute settings reduced by an average of 1.3 days. What we also saw in our group was a much higher savings. We were able to save almost three times that much per episode. So, I think it's a reflection of the engagement of be it the physician group or the hospital or the entity that's involved in it. But obviously, there are some things that you can attack right away, right out of the shoot with these bundles.

Chris P: With letter of intent deadlines for BPCI Advanced, which has a projected rollout of October, it just passed on March 12th, but it also appears that the interest level's quite high. For those who may be entering BPCI for the first time, what is the best approach to succeed?

Earl Anderson: BPCI, I guess 1.0 is running out, and it will sunset later this year. BPCI Advance is a model with some tweaks, and letters of intent from providers have been sent in, and the data will be flowing back to the groups at that time.

I guess just to again tell you about our measures of success and the things that we did, participation in BPCI alone is not a guaranteed success. It's very important that you get stakeholder buy-in and that you realize that you're not only, that you have the capability of getting the upside, but there is very clear downside risk in these. And it is structured such that a few what we call bundle busters, or bad bundles, can really put you in the red on these, so you have to identify your key factors of success and your actionable data once you receive the data.

Identifying, and again, I'm being repetitive, but looking at this low-hanging fruit on the post-acute side, utilization, length of stay, readmissions, complications, but then also there are some things that you're gonna have to do to manage these bundles. We hired care navigators, people who basically serve as air traffic controllers throughout this episode. They're monitoring the patient's activity in the acute setting and the post-acute setting, both on where they are, what the costs are, what the quality metrics are throughout that process, and we also had to invest in software for those care navigators to monitor the process through the episode. That is a critical investment for anyone who's gonna enter in to these episodes.

Then next, our physicians sat down together and those who were doing total joints said, "We need to establish some care pathways that are consistent and that we can comply to." And that's a work in progress, but that has been a significant help to our group, and to our care navigators in monitoring those patients throughout the process.

And then last, but certainly not least, it is absolutely critical that if you own these bundles, that you are able to clinically align with the providers across the episode. And those would be the physician, the acute care setting, the post-acute care setting, home health, outpatient PTs, [sniff 00:08:51], and anyone else who may be involved in that process. If you can't communicate, and if you don't have a two-way communication with those providers, you're really putting yourself at risk in these bundles.

Chris P: The word that comes to mind to me is precision. This seems like a finely tuned machine that's taken years and years, and a lot of people to really come together to make it happen. It's great to hear that there's a lot of positive momentum. In your opinion, Earl, what's the future of bundles?

Earl Anderson: Wow, Chris, when you talk about the future of anything in healthcare, it's almost like going to the horse track and closing your eyes and picking the horse you think's gonna win. It's very tough to predict the future of anything in healthcare, but to take a stab at it, I think the BPCI model, and this is why they're going to BPCI Advance, but the BPCI model currently looks at the episode retrospectively. In other words, they look at all the claims paid across the episode, and then there's a true-up at the end. I think over time, as the target prices continue to reset and get lower and lower and lower, it's like a game of limbo. How low can you go, and you're gonna, kind of the meat on the bone's gonna sort of go away there. But until they do, there are some other opportunities beyond what I meant to have mentioned early. There is ongoing standardization of protocols in costs.

A lot of what's coming into play these days is site of service differentials. In other words, taking procedures that have been done traditionally in the inpatient setting, and shifting them to an outpatient setting, mainly through ambulatory surgery centers, which obviously is a huge cost savings to the payer and to the patient. And then lastly, the one stakeholder in all of this that we have to pull into this equation is the patient. Patient engagement is a huge ... They have to participate in their own care, and they have to understand what this means. There are now new mechanisms, new softwares, and programs, and things that are being rolled out now that pull the patient into that. Where we are able to communicate, our care managers communicate directly with the patient. We hear from them on how they're doing, and if they have a small problem, instead of

going to the ER, they come to our care navigator and we're able to monitor that and manage that so much more effectively. That's a huge piece of this moving forward.

But I think to pull out the crystal ball a little bit, Chris, beyond retrospective bundles, we're starting to see the emergence of prospective bundles where either the payer or the provider are constructing these bundles on the front end, and determining the price. And some of that's even being played out directly to the consumer through some price transparency. There are providers out there today who list on their website, "This is how much it cost you to get a colonoscopy. This is how much it costs you to have a knee scope." And not only having the price transparency available to the patient, but also having again, the mechanisms by which the patient can pay and offering the alternatives in the financing options to those patients.

So, bundles, it has been a success for BPCI. I mean, for CMS, but I think it's gonna roll into some other models, such as HCOs and clinically integrated networks. How that plays out, I don't know. It's gonna be interesting to see over the next few years.

Chris P: That's great. And it seems to me like TOC is out ahead of the curve and they've got great leadership in looking at all that, and obviously earlier, you're a voice for the industry being featured at the upcoming ASC conference from Becker's in June. I can't thank you enough for coming on the podcast today and sharing with our listeners what the future holds. Again, the momentum seems very positive, and we'll hope to stay in touch with you over the next few months, and see what the changes look like, and have you come back on the show and give an update to where TOC is, and what you see for the industry.

Earl Anderson: I'd be happy to do it, Chris, and I think my last parting advice is if you're in this BPCI program, and you've applied for BPCI Advance, from now until October, it's all about the data.

Chris P: That's great. I really appreciate it, Earl. Our listeners appreciate it. If you'd like to keep the conversation going, or if you have any questions, would like to chat with Earl or follow-up, please shoot me an email at ChrisP@BHG-inc.com or feel to connect with me or Earl Anderson on LinkedIn. Once again, thanks a lot, folks. Thank you for joining Perfecting Your Practice. I look forward to talking to you again soon.

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