Making CJR Work for You

A Roadmap for Successful Implementation of Medicare Bundles

https://innovation.cms.gov/initiatives/cjr
Key Takeaways

You’re the payer
Executive leadership is essential
Opportunity is in post-acute
Doing the right thing is most profitable
“…HHS goal of 30 percent traditional FFS Medicare payment through alternative payment models by the end of 2016… 50 percent by the end of 2018”

HHS Press Office 1-26-15
Sample Hospital

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Program</td>
<td>100%</td>
<td>$113,000,000</td>
</tr>
<tr>
<td>Anchor Stay</td>
<td>44%</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Post-Acute</td>
<td>56%</td>
<td>$63,000,000</td>
</tr>
<tr>
<td>Ambulatory</td>
<td>4%</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>HHA</td>
<td>5%</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Readmissions</td>
<td>13%</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>IRF</td>
<td>9%</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>LTAC</td>
<td>4%</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>SNF</td>
<td>18%</td>
<td>$20,000,000</td>
</tr>
</tbody>
</table>
The CJR program
What it means to you
What to do right now
Understanding the data
Post-acute networks
Agenda

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The Program

Comprehensive Care for Joint Replacement

MANDATORY

Bundled payment for lower extremity joints
MS-DRG 469 & 470 – w/ & w/o CC/MCC
Medicare FFS beneficiaries
DRG + 90 days post-discharge
All Part A and Part B (some exceptions)
Hospitals only
The Program

Only hospitals in one of 67 MSAs

- MSA: Metropolitan Statistical Area
- Census Bureau designation
- CMS used only for selecting hospitals

Target pricing is region-based
The Program

**Included services**
- Physicians' services
- Inpatient hospitalization (including readmissions)
- Inpatient Psychiatric Facility (IPF)
- Long-term care hospital (LTCH)
- Inpatient rehabilitation facility (IRF)
- Skilled nursing facility (SNF)
- Home health agency (HHA)
- Hospital outpatient services
- Independent outpatient therapy
- Clinical laboratory
- Durable medical equipment (DME)
- Part B drugs
- Hospice

**Excluded services**
- Acute clinical conditions not arising from existing episode-related chronic clinical conditions or complications of the LEJR surgery
- Chronic conditions that are generally not affected by the LEJR procedure or post-surgical care
The Program

Timing

• Begins April 1, 2016
• 5 “year” program
• 2016 is 9 months (Apr 1 – Dec 31)
• Phase-in of risk, targets, requirements
The Program

Payment

• FFS “as usual” for all parties
• Retrospective reconciliation (annual)
• Total episode spend – target price = ?
• <0 means you get $
• >0 means you owe $
The Program

Total episode spend over ~90 days
  • CMS totals all claims for:
    • DRG + SNF + HHA + DME + Part B

Target price
  • CMS determines/revises 2x/yr
  • Based on history (you and your region)
# The Program

<table>
<thead>
<tr>
<th>CMS Spend (Claims Paid)</th>
<th>Target Price</th>
<th>Result</th>
</tr>
</thead>
</table>

[Image: The Aristone Group]
## The Program

<table>
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<tr>
<th>CMS Spend (Claims Paid)</th>
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<td>$18,000</td>
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<td>CMS pays you $2,000</td>
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<td>$18,000</td>
<td>$20,000</td>
<td>CMS pays you $2,000</td>
</tr>
<tr>
<td>$21,000</td>
<td>$20,000</td>
<td>You pay CMS $1,000</td>
</tr>
</tbody>
</table>

**Shared Savings Model**
The Program

Target price

- Variable over the program lifetime
- Phase-in: 33% - 100% on regional spend
- Based on 3 year historical data
- Stratified to accommodate fractures
- Discounted for CMS “cut”

<table>
<thead>
<tr>
<th>CJR Target Baseline Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>Jan 12-Dec 14</td>
</tr>
</tbody>
</table>
The Program
The Program

In addition……

• Based on BPCI Model 2
• Stop-loss & stop-gain phased in
• CMS takes up 3% off the top
• Could be as little as 1.5% based on…..
• Your achievement of quality metrics
# The Program

<table>
<thead>
<tr>
<th>Upside cap</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5% of target</td>
<td>10% of target</td>
<td>20% of target</td>
<td>20% of target</td>
<td>20% of target</td>
</tr>
</tbody>
</table>
## CJR Reconciliation Payments

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
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<td>20% of target</td>
<td>20% of target</td>
<td>20% of target</td>
</tr>
<tr>
<td>Downside*</td>
<td>None</td>
<td>10% of target</td>
<td>20% of target</td>
<td>20% of target</td>
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</tr>
</tbody>
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The Program

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<tr>
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<td>20% of target</td>
</tr>
<tr>
<td>* Exceptions</td>
<td>None</td>
<td>3% of target</td>
<td>5% of target</td>
<td>5% of target</td>
<td>5% of target</td>
</tr>
</tbody>
</table>

Spend > 2sd from the mean are excluded
Quality issues

- Quality results = $
- Composite Quality Score determines discount
- Higher discount = less $ for you
### CJR Composite Quality Scoring

<table>
<thead>
<tr>
<th>Quality Category</th>
<th>Maximum Points</th>
<th>Score Allocation</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSCR for THA/TKA (NQF #1550)</td>
<td>10</td>
<td>50%</td>
<td>Based on hospital's decile performance nationally</td>
</tr>
</tbody>
</table>
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</tr>
<tr>
<td>HCAHPS (NQF #0166)</td>
<td>8</td>
<td>40%</td>
<td>Based on hospital's decile performance nationally</td>
</tr>
</tbody>
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<td>8</td>
<td>40%</td>
<td>Based on hospital's decile performance nationally</td>
</tr>
<tr>
<td>THA/TKA outcomes</td>
<td>2</td>
<td>10%</td>
<td>Voluntary yr 1-3, may be mandatory yr 4-5</td>
</tr>
</tbody>
</table>
The Program

<table>
<thead>
<tr>
<th>Performance Percentile (national)</th>
<th>THA/TKA Complications</th>
<th>HCAHPS Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;= 90th</td>
<td>10.00</td>
<td>8.00</td>
</tr>
<tr>
<td>80-90th</td>
<td>9.25</td>
<td>7.40</td>
</tr>
<tr>
<td>70-80th</td>
<td>8.50</td>
<td>6.80</td>
</tr>
<tr>
<td>60-70th</td>
<td>7.75</td>
<td>6.20</td>
</tr>
<tr>
<td>50-60th</td>
<td>7.00</td>
<td>5.60</td>
</tr>
<tr>
<td>40-50th</td>
<td>6.25</td>
<td>5.00</td>
</tr>
<tr>
<td>30-50th</td>
<td>5.50</td>
<td>4.40</td>
</tr>
<tr>
<td>&lt;30th</td>
<td>0.00</td>
<td>0.00</td>
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</tbody>
</table>
## The Program

### CJR Discount Structure

<table>
<thead>
<tr>
<th>Composite Quality Score</th>
<th>Quality Category</th>
<th>Eligible for Reconciliation Payment</th>
<th>Eligible for Quality Incentive Payment</th>
<th>Discount for Reconciliation Payment</th>
<th>Discount for Repayment Year 1</th>
<th>Discount for Repayment Years 2-3</th>
<th>Discount for Repayment Years 4-5</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 4.0</td>
<td>Below Acceptable</td>
<td>No</td>
<td>No</td>
<td>3.0%</td>
<td>N/A</td>
<td>2.0%</td>
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<td>3.0%</td>
</tr>
<tr>
<td>4.0-6.0</td>
<td>Acceptable</td>
<td>Yes</td>
<td>No</td>
<td>3.0%</td>
<td>N/A</td>
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<td>2.0%</td>
<td>3.0%</td>
</tr>
<tr>
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<td>Acceptable</td>
<td>Yes</td>
<td>No</td>
<td>3.0%</td>
<td>N/A</td>
<td>2.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>6.0-13.2</td>
<td>Good</td>
<td>Yes</td>
<td>Yes</td>
<td>2.0%</td>
<td>N/A</td>
<td>1.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
## The Program

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<td>3.0%</td>
</tr>
<tr>
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<td>Acceptable</td>
<td>Yes</td>
<td>No</td>
<td>3.0%</td>
<td>N/A</td>
<td>2.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>6.0-13.2</td>
<td>Good</td>
<td>Yes</td>
<td>Yes</td>
<td>2.0%</td>
<td>N/A</td>
<td>1.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>&gt;13.2</td>
<td>Excellent</td>
<td>Yes</td>
<td>Yes</td>
<td>1.5%</td>
<td>N/A</td>
<td>0.5%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>
The Program

Data

- CMS will provide several data sets
  - Aggregated data on target pricing (automatically)
  - Claim level data on target pricing (on request)
  - Monthly (?) updates on performance
- Process for data request not yet defined
- Target pricing data available prior to launch
- Privacy issues and patient opt-out
The Program

Gainsharing
- Allowable with “CJR collaborators”
- Providers/suppliers supporting the program
- Care redesign efforts during the episode
- Portion of reconciliation amount or…
- Internal cost savings
- Contract in place prior to patient care
- Upside and downside risk (some limits)
The Program

Waivers

- SNF 3-day rule – starts in year 2
- Home health visits
- Telehealth

CMS & OIG joint statement

- Protects gainsharing arrangements
The Program

Other

- Beneficiary incentives allowable
  - >$25 must be “documented”
  - Technology must be <= $1,000
  - Items >$50 returned to the hospital after episode

- Post-acute care options
  - Must provide a “complete list” to patient
  - Preferred provider network is not prevented
The Program

Compared to BPCI

• Regional target pricing
• Hospitals only
• Quality measures required for gainsharing
• CMS discount as low as 1.5%
Agenda

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Game changer

- Responsibilities extend beyond discharge
- New business/care models
- Synergies with other value-based models
- Competitors as collaborators
What It Means

Mandatory

- No opt-out for you
- Need to respond now (not tomorrow)!
- Risky to interpret year 1 as ramp-up
- April 1, 2016 is sooner than you think
Extended care

- 90 days post-discharge
- Care settings are unfamiliar
- Creating partnerships will be a challenge
- Following patients is hard
What It Means

Financial implications

- Risk management
- Measuring exposure
- Skill sets; e.g., analytics
- Managing new resources and requirements
What It Means

Care reengineering
- Pathways, protocols, alignment
- Working with post-acute partners
- Ongoing education challenge
- Care navigator role
What It Means

Data/analytics

- Challenge to existing capabilities
- Likely require outside products/services
- Merging with internal data warehouse/systems
- Deployment of data to users (real time)
Agenda

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What it means to you
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What To Do Right Now

Top to-do’s

• Planning
• Gainsharing arrangements
• Post-acute network
What To Do Right Now

Planning

• Hire/contract/appoint/conscript a leader
• Acquire industry knowledge/lessons learned
• Establish a working team
• Get an analytics partner
## What To Do Right Now

Tactical planning

<table>
<thead>
<tr>
<th>0-30</th>
<th>30-60</th>
<th>60-90</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What To Do Right Now

Tactical planning
Organizational alignment
What To Do Right Now

Tactical planning
Organizational alignment
Bundle evaluation
What To Do Right Now

Tactical planning
Organizational alignment
Bundle evaluation
Care process reengineering
What To Do Right Now

Tactical planning
Organizational alignment
Bundle evaluation
Care process reengineering
Contracting
What To Do Right Now

Tactical planning
Organizational alignment
Bundle evaluation
Care process reengineering
Contracting
Post-acute care network
What To Do Right Now

Tactical planning
Organizational alignment
Bundle evaluation
Care process reengineering
Contracting
Post-acute care network
Performance metrics
What To Do Right Now

Tactical planning
Organizational alignment
Bundle evaluation
Care process reengineering
Contracting
Post-acute care network
Performance metrics
What To Do Right Now

Gainsharing arrangements

• Identify partners (surgeons)
• Begin discussions
• Establish terms
• Draft/execute contracts
Gainsharing contract considerations

- Oversight, gainsharing, quality issues
- Payments must be quality based
- Negotiate quality measures and thresholds
- Providers may be in other programs
- Co-management, professional service arrangements, medical directorships
Gainsharing contract considerations
• What happens to unallocated $?
• Payments off the top
• Who owns the data?
Post-acute network

- Identify key partners (SNF, HHA)
- Review historical usage patterns
- Establish formal selection/integration process
- Determine selection criteria/metrics
Agenda

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The CJR program
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Understanding The Data

Key drivers for your strategy

- Availability of data
  - Internal and payer systems
  - Experiential
- It’s all about post-acute spend
- Ability to drive positive change
- Volume creates leverage
Understanding The Data

Average Episode Payments by Setting

- Baseline
- Qtr 1 2013
- Qtr 2 2013
- Qtr 3 2013
- Qtr 4 2013
- Qtr 1 2014
- Qtr 2 2014
- Qtr 3 2014

Legend:
- Index Admit
- Professional
- Readmission_Professional
- Readmission
- SNF
- HHA
- Outpatient
- IP Psych
- Hospice
- IP Rehab
- DME
- Transfer
Understanding The Data

Pays for ~3% here

~3%

Savings here
Understanding The Data

- **1-30 Days**
  - Readmission
  - Readmission Professional
  - Professional
  - SNF
  - HHA
  - IP Rehab
  - Outpatient
  - DME

- **31-60 Days**
  - Readmission
  - Readmission Professional
  - Professional
  - SNF
  - HHA
  - IP Rehab
  - Outpatient
  - DME

- **61-90 Days**
  - Readmission
  - Readmission Professional
  - Professional
  - SNF
  - HHA
  - IP Rehab
  - Outpatient
  - DME
Understanding The Data

Average Episode Payments by Setting

Index Admit | Professional | Readmission Professional | Readmission | SNF | HHA | Outpatient | IP Psych | Hospice | IP Rehab | DME | LTC | Transfer

Baseline | Qtr 1 2013 | Qtr 2 2013 | Qtr 3 2013 | Qtr 4 2013 | Qtr 1 2014 | Qtr 2 2014 | Qtr 3 2014

Average Episode Cost:
- $0
- $5,000
- $10,000
- $15,000
- $20,000
- $25,000
- $30,000
Understanding The Data

Average Episode Payments by Setting

- Baseline
- Qtr 1 2013
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- HHA
- Outpatient
- IP Psych
- Hospice
- IP Rehab
- DME
- LTC
- Transfer
## Understanding The Data

<table>
<thead>
<tr>
<th>First Post Discharge Setting</th>
<th>Episode Count</th>
<th>Total Net Episode Payments</th>
<th>Average Net Payment Per Episode</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHA</td>
<td>170</td>
<td>$3,330,864</td>
<td>$19,593</td>
</tr>
<tr>
<td>Hospice</td>
<td>1</td>
<td>$15,511</td>
<td>$15,511</td>
</tr>
<tr>
<td>IP Rehab</td>
<td>14</td>
<td>$703,390</td>
<td>$50,242</td>
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<tr>
<td>Readmission</td>
<td>2</td>
<td>$69,583</td>
<td>$34,791</td>
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<tr>
<td>Self-Care</td>
<td>2</td>
<td>$42,098</td>
<td>$21,049</td>
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<tr>
<td>SNF</td>
<td>143</td>
<td>$4,701,915</td>
<td>$32,881</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>332</strong></td>
<td><strong>$8,863,362</strong></td>
<td><strong>$26,697</strong></td>
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</table>
## Understanding The Data

<table>
<thead>
<tr>
<th>SNF</th>
<th># Episodes</th>
<th>Total Payment</th>
<th>Average Payment</th>
<th>Readmissions</th>
<th>Readmission Rate</th>
</tr>
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<tbody>
<tr>
<td>SNF 1</td>
<td>80</td>
<td>$785,461</td>
<td>$9,818</td>
<td>6</td>
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Understanding The Data

Sample Readiness KPIs / Data Sets

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<tr>
<td>List of SNFs, HHAs, others, discharges patterns, quality ratings, readmission rates, LOS</td>
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</table>
Agenda

The CJR program
What it means to you
What to do right now
Understanding the data
Post-acute networks
Agenda

The CJR program
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Bundles are about post-acute spend

- This is the source of your profit
- Efforts should be focused here
- Strategy is in optimizing that spend
  - Direct post-acute care utilization
  - Readmissions
### Post-Acute Networks

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Percentage</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Program</td>
<td>100%</td>
<td>$113,000,000</td>
</tr>
<tr>
<td>Anchor Stay</td>
<td>44%</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Post-Acute</td>
<td>56%</td>
<td>$63,000,000</td>
</tr>
<tr>
<td>Ambulatory</td>
<td>4%</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>HHA</td>
<td>5%</td>
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<tr>
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<td>13%</td>
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</tr>
<tr>
<td>IRF</td>
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<td>LTAC</td>
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<tr>
<td>Other</td>
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Key post-acute partners

- SNF, HHA, IRF
- Your own ED (and other EDs)
- Community resources
- Partner’s effect is bundle specific
- Optimizing utilization is the goal
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SNF Referrals

SNF 1
SNF 5
SNF 9
SNF 13
SNF 17
SNF 21
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SNF 29
SNF 33
SNF 37
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SNF 45
SNF 49
SNF 53
SNF 57
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Why a post-acute network?

- Ensures best quality/performance
- Creates standardized/compliant care
- Develops competition toward improvement

How to create the network?

- Formal selection process
- Internal input to performance metrics
- Open to everyone
Post-Acute Networks

Challenges
- Timeframe
- Internal pushback
- External pushback

Sample performance criteria
- Reduction in LOS
- Reduction in readmissions
- Adherence to our protocols/pathways
Post-Acute Networks

Special considerations

- Understanding of PAC drivers
- Limitations and capabilities
- Hospital support of PAC needs
- Integration; e.g., your staff in their facility
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Questions?

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(248) 613-7166

The Aristone Group