

The Bundled Payments for Care Improvement Initiative at FirstHealth Moore Regional Hospital

Cindy McDonald

Since passage of the Patient Protection and Affordable Care Act of 2010, the health care industry has been developing payment models for Medicare beneficiaries that move beyond fee-for-service programs. One of the latest models offers hospitals and physicians incentives to improve the quality of care provided to Medicare beneficiaries while decreasing costs, by standardizing care to avoid unnecessary readmissions, tests, and procedures. The Bundled Payments for Care Improvement (BPCI) Initiative was recently launched by the Center for Medicare & Medicaid Innovation, which was created by the Affordable Care Act. The initiative provides 4 different payment models (4 different ways of bundling payments), all of which are designed to encourage doctors, hospitals, and other health care providers to work together to better coordinate care for Medicare patients. If these providers meet certain quality standards and save money, they are eligible to share these savings with the federal government. These BPCI initiatives include retrospective acute care (hospital stay only), retrospective acute and post-acute care episodes, retrospective post-acute care only, and prospective hospital care only [1].

Under a fee-for-service reimbursement system, providers of health care services receive a set fee for each unit of service provided to a patient. There is no incentive to decrease costs, because the more services a provider delivers, the more reimbursement that provider receives. New payment models will focus on outcomes and cost rather than volume. With payment bundling, providers receive their customary payment under the current reimbursement methodologies, but there is an annual reconciliation of payments and costs to the program against the established bundle fee for an episode of care. Based on this reconciliation, the hospital assumes the financial risk for the costs of care and is eligible to share any extra savings with its providers. Participating providers can choose among 48 episodes of care and decide the types of episodes of care for which they want to receive bundled payments [1].

FirstHealth Moore Regional Hospital, a 395-bed, not-for-profit hospital in Pinehurst, North Carolina, is participating in this BPCI beginning in January 2014. FirstHealth chose coronary artery bypass grafting (CABG), cardiac valve replacement, hip replacement, and knee replacement as the types of episodes for which they would accept bundled payments. Although FirstHealth and its cardiac and orthopedic surgeons have worked collaboratively in service lines for years, they applied for the BPCI because they wanted an opportunity to work more closely together and to share the savings generated by their cost-reduction efforts. The BPCI provided a framework for aligning incentives.

A set of metrics and standardized order sets for each type of episode for which payments would be bundled was developed collaboratively by FirstHealth and the participating surgeons and staff members. For example, the standardized order set of tests and procedures for CABG and valve-replacement procedures will follow evidence-based practices. Patients who are selected for these procedures must be cleared for surgery based on cardiac and medical condition risk assessments and physician recommendations. Care Maps created by the Centers for Medicare & Medicaid Services (CMS) will be used to standardize the processes of care for each bundle. Computerized provider order entry will be used to track adherence to the Care Maps. All patients in both groups will be followed to ensure that the order set is adhered to; patients will be monitored for risk assessments, complications, readmissions, and emergency department visits, and follow-up phone calls will be made up to 30 days after hospital discharge. A similar process has been developed with orthopedic surgeons for hip-replacement and knee-replacement patients.

As the costs for complete episodes of care were studied, it became apparent that maximizing quality and efficiency of care would require aligning incentives across the continuum of care, including post-acute care. Accordingly, providers of post-acute care were added to the organiza-

both compared with our past performance and compared with other hospitals.

Vidant Medical Center's performance on VBP measures is depicted in Table 2. As a result of its performance on each of these measures, the medical center is in a good position to earn back incentives in the VBP program. In fact, Vidant Medical Center ranks among the top 25 in North Carolina for number of VBP points earned.

The disciplined and proactive approach to improvement

that Vidant Medical Center has taken since 2007 has paid off in terms of better quality and positive financial results. Increasing transparency, reporting outcomes and process information, setting stretch targets, instilling greater leadership accountability, and engaging patients and families have proved effective in elevating the performance of this academic medical center with more than 900 beds. The quality methods used are scalable and can be effective in organizations of any size. **NCMJ**

tions participating in the bundled payment. FirstHealth and its surgeons have also been working closely with acute rehabilitation facilities, skilled nursing facilities, and home health providers to develop discharge protocols that achieve the best outcomes for patients.

Improving care transitions across settings is a critical component of the care redesign effort. Challenges include ineffective communication, medication errors, lack of physician follow-up, and poor coordination of services. These challenges often lead to rehospitalization and reduced quality of life. Building on the Institute for Healthcare Improvement's Triple Aim initiative, FirstHealth developed an innovative transitional care model that addresses these challenges. The core philosophy of this model is to provide patients with the tools, skills, and support to effectively manage their care as they move from one setting to another, particularly after hospital discharge. Based on its experience with this method, FirstHealth plans to establish a position for a transitions nurse at FirstHealth Moore Regional Hospital; this individual will address patient needs during an acute hospitalization episode, ease transitions, and coordinate care across the continuum.

Beneficiary and caregiver engagement are also key elements of the BPCI, and encouragement of such engagement is embedded throughout the care redesign model. FirstHealth will use Insignia Health's Patient Activation Measure (PAM), which assesses a patient's skills, knowledge, and confidence in managing his or her own health care. PAM assessments will allow physicians and practitioners to develop individualized care plans that provide a patient-centric approach to care while efficiently applying resources.

All participating providers will enter into a contractual agreement with the CMS that defines the terms and conditions for participation, including roles and responsibilities of all parties, eligibility requirements, and specific criteria and methods for determining shared saving payments. Finally, clear language indicating voluntary participation will be included, along with a description of the conditions under which participation can be terminated.

As the parties have moved through the development and pilot phases of the BPCI, key lessons have been learned. Primary among these are the need for communication and transparency and a willingness to make changes based on historical cost data and evidence-based outcome measures. **NCMJ**

Cindy McDonald, RN, MSN, FACHE vice president, Quality, FirstHealth of the Carolinas, Pinehurst, North Carolina.

Acknowledgment

Potential conflicts of interest. C.M. is an employee of FirstHealth of the Carolinas.

Reference

1. Center for Medicare & Medicaid Innovations. Centers for Medicare & Medicaid Services. Bundled Payments for Care Improvement (BPCI) Initiative: General Information. <http://innovation.cms.gov/initiatives/Bundled-Payments/index.html>. Accessed May 5, 2013.

Electronically published August 1, 2013.

Address correspondence to Ms. Cindy McDonald, FirstHealth Moore Regional Hospital, 155 Memorial Dr, Pinehurst, NC 28374 (CMcDonald@firsthealth.org).

N C Med J. 2013;74(4):340-341. ©2013 by the North Carolina Institute of Medicine and The Duke Endowment. All rights reserved. 0029-2559/2013/74414

TABLE 2.
Vidant Medical Center's Scores and State and National Rankings on Hospital Value-Based Purchasing Program Measures

Variable	December 2011 update ^a	May 2012 update ^b	July 2012 update ^c
Clinical process of care measures			
Score	47.47%	55.45%	65.45%
Rank within state	43rd of 84	40th of 85	31st of 85
Rank within nation	1,312th of 3,044	1,136th of 3,061	821st of 3,069
Patient experience of care measures			
Score	66.00%	65.00%	64.00%
Rank within state	8th of 84	9th of 85	13th of 85
Rank within nation	255th of 3,044	284th of 3,061	328th of 3,069
Total performance score			
Score	52.89%	58.32%	65.02%
Rank within state	33rd of 84	27th of 85	23rd of 85
Rank within nation	728th of 3,044	612th of 3,061	448th of 3,069

^aThe December 2011 update was for the fourth quarter of Federal Fiscal Year (FFY) 2011; data collection dates were April 2010 through March 2011.

^bThe May 2012 update was for the first quarter of FFY 2012; data collection dates were July 2010 through June 2011.

^cThe July 2012 update was for the second quarter of FFY 2012; data collection dates were October 2010 through September 2011.

Source: Internal hospital data provided in a quarterly report from the North Carolina Hospital Association.