

Medical Center

CHALLENGE

A large medical center that serves more than a million people participates in a bundled payment program across the health system. This includes at its skilled nursing facilities (SNFs), where it is used for non-elective hip replacement episodes of care. As part of the program, the medical center needed a way to reduce lengths of stay (LOS)—a key measurement for optimal bundled payment reimbursement—for patients who are transferred to one of the two SNFs after hip replacement surgery.

A bundled payment program is an alternative payment model designed to incentivize providers across the continuum to work together to reduce costs and improve outcomes for specific episodes of care. In this model, the total allowable price of an acute or post-acute episode of care is predetermined by the CMS.

There are two types of bundled payment models. In a retrospective plan, payers use a fee-for-service arrangement and reimburse providers directly based on the predetermined price of the episode of care. In a prospective bundled payment model, payers make a single payment to a third party that is responsible for paying each provider involved in the episode of care. In both types, provider payments are reduced if actual costs exceed the predetermined bundled payment price. Likewise, providers receive a portion of the savings if costs are lower than the predetermined price.

RESULTS

The medical center is pleased with the early results of the Adfinitas partnership and the impact of the ECIP on LOS for hip replacements, which has been significant.

Within the first three months of ECIP implementation, LOS for hip replacement patients assigned to Adfinitas was four days less than with other provider groups.

Because the medical center was able to see such quick, significant results with Adfinitas, they are looking to implement similar programs with Adfinitas for other diagnostic-related groups (DRGs) like congestive heart failure. The medical center has also started a collaborative palliative care program with Adfinitas, where Adfinitas providers will manage readmissions and LOS.

Bundled payment program information from NEJM Catalyst at <https://catalyst.nejm.org/doi/full/10.1056/CAT.18.0247>

SOLUTION

The medical center chose to partner with Adfinitas Health because of the company's reputation—Adfinitas is a preferred provider—and because they are already integrated within multiple facilities at the medical center. As part of this partnership, the medical center and Adfinitas created an Episode of Care Improvement Program (ECIP) to reduce LOS. All patients with hip replacements coming into the medical center's SNF were to be assigned to an Adfinitas provider.

ECIP action steps included:

- Kickoff meetings to identify program scope, target population, and workflows
- Weekly huddles
- Real-time hip fracture clinical pathway implementation
- Evaluate test of change
- Follow-up meetings