



# Integration of Episodes into Total Cost of Care Models

November 9, 2023

AMERICA'S  
PHYSICIAN  
GROUPS 

# Housekeeping Items

Please keep your microphone muted.



Type questions in the Q & A box or raise your hand to be unmuted.



The meeting materials will be sent to all registrants.



This webinar will be recorded and sent to all registrants.

# Hosts



Valinda Rutledge  
EVP Advocacy  
and Education



Jennifer Podulka  
VP of Federal  
Policy

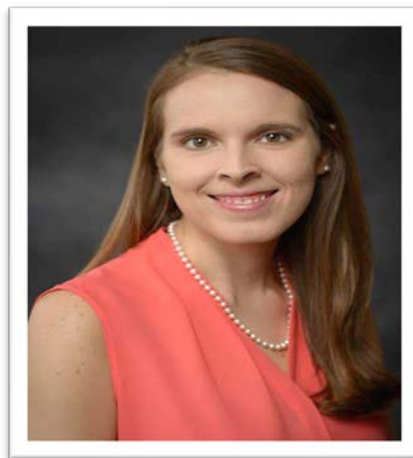
# Speakers



Sarah Fogler  
Deputy  
Director of  
Patient Care  
Models  
Group



Anna  
Goldman,  
Technical  
Advisor



Pamela Pelizzari,  
Principal  
Milliman



Dave Terry,  
CEO  
Valendo Health

# Today's Agenda

- Welcome- Valinda Rutledge 5 min
- Overview of Model- Sarah Fogler/Anna Goldman - 20 min
- Value of Integration - Valinda Rutledge-10 min
- Using Data to Maximize the Value of Specialty Integration- Pamela Pelizzari -10 min
- High Quality Value Based Specialty Partnerships- Dave Terry-10 min
- APG Next Steps Jennifer Podulka- 5 min



# Overview of Model

Sarah Fogler

# Deep Dive on CMS's Plans to Integrate Episodes into Total Cost of Care Models

Thursday, November 9, 2023

# CMMI Specialty Strategy

1	Enhance Specialty Care Performance Data Transparency	Short-term Long-term
2	Maintain Momentum on Acute Episode Payment Models and Condition-Based Models	Short-term Long-term
3	Create Financial Incentives within Primary Care for Specialist Engagement	Short-term Long-term
4	Create Financial Incentives for Specialists to Affiliate with Population-based Models and Move to Value-Based Care	Long-term

Blog Post: [CMS Innovation Center's Strategy to Support Person-centered, Value-based Specialty Care](#)



1

Enhance Specialty Care Performance Data Transparency

2

Maintain Momentum on Acute Episode Payment Models and Condition-Based Models

### Phase 1 (2024)

#### Element 1

- **Shadow Bundles:** delivered to ACOs (MSSP & ACO REACH) for the 34 BPCIA episodes, including monthly episode level files, target prices, and quarterly summary report
- **Specialist Profiles:** Identify initial set of specialty-specific quality measures and cross-cutting cost/utilization measures to deliver to MCP participants via dashboard

#### Element 2

- **GUIDE (Dementia Care) Model:** Launches July 1, 2024
- **BPCI Advanced Extension:** 2-year extension begins January 1, 2024
- **CJR Model** Ends December 31, 2024.
- **Rulemaking for Mandatory Episode Model\***

### Phase 2 (2025)

#### Element 1

- **Shadow Bundles:** continue monthly bundle data for the 34 BPCIA episodes and explore additional quality and cost data
- **Specialist Profiles:** Explore additional opportunities to share specialty-specific measures across other models and initiatives

#### Element 2

- **BPCI Advanced Extension:** 2-year extension ends December 31, 2025

### Phase 3 (2026+)

#### Element 1

- **Shadow Bundles:** Align shadow bundles methodology with new episode model
- **Specialist Profiles:** Make specialty-specific measures available via the MCP dashboard and deliver specialty-specific measures to other models and initiatives

#### Element 2

- **Mandatory Episode Model Launches\***



\* Tentative and may be subject to change

3

Create Financial Incentives within Primary Care for Specialist Engagement

4

Create Financial Incentives for Specialists to Affiliate with Population-based Models and Move to Value-Based Care

## Phase 1 (2024/2025)

### Element 3

Specialty care integration within the **MCP model**

- Track 1: MCP Data Feedback Tool to identify high-value specialists
- Track 2: Collaborative Care Arrangements and MCP e-Consult (MEC) code to facilitate integration through electronic communication
- Track 3: Ambulatory Co-Management (ACM) code to facilitate short-term co-management of chronically ill patients

## Phases 2 & 3 (2026-2027)

### Element 4

Design & implement financial incentives to integrate specialists into ACOs

- **Hospital-affiliated ACOs:** Consider mandatory sub-population condition and procedure-based spending targets
- **Physician-affiliated ACOs:** Consider voluntary track to encourage specialists to meet sub-population condition and procedure-based spending targets
- **Other potential mechanisms:** alignment algorithms that are more inclusive of specialists; embedded specialist-focused payment models targeting chronic conditions; establishing clear upstream conservative pathways to encourage high-value surgical referral

# Why Share Shadow Bundle Data?

*When surveyed\*, **95% of ACO respondents** were likely or very likely to **utilize shadow bundles data to support better specialty engagement***

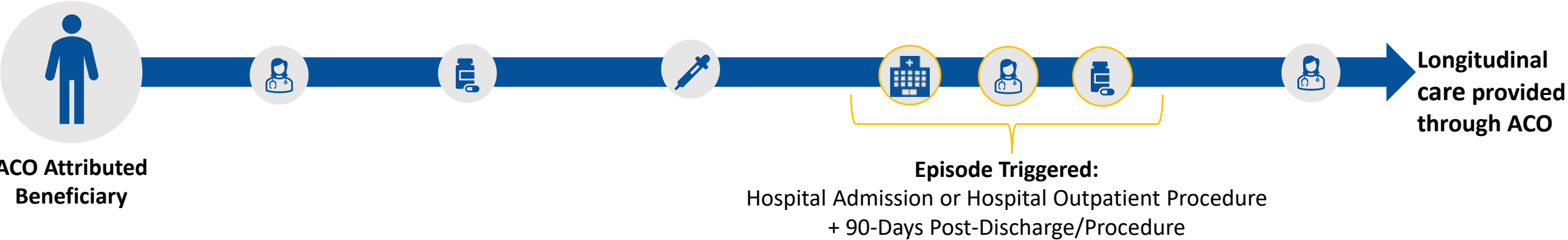
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- ✓ To provide a deeper view of specialist performance
- ✓ To support your ACO's ability to engage with specialists
- ✓ To enable you to base referral decisions on specialist performance
- ✓ To create the opportunity to utilize episodes of care to engage specialists and share savings

\* CMMI survey to ACO REACH and Medicare Shared Savings Program (SSP) ACOs in spring 2023

# What is a shadow bundle?

- Shadow bundles are Medicare **claims data** for items and services and their associated payments constructed into discrete procedural- and/or condition-specific acute episodes of care.
- Episodes are constructed based on a consistent set of rules for **ACO-attributed beneficiaries** who meet the criteria to trigger an episode.
- **Benchmark Prices** are incorporated to measure performance and provide opportunity for sharing savings with providers.



# Shadow Bundles Data

## Episodes will be constructed using:

- ✓ Modified Bundled Payments for Care Improvement Advanced (BPCI Advanced)\* methodology
- ✓ ACO-attributed beneficiaries
- ✓ No reconciliation process

*\*Expected shadow bundles methodology at least through remainder of BPCI Advanced model (ending 2026)*

# File Overview

ACOs will receive **three different shadow bundle files** to provide varying levels of detail and provide all components necessary to operationalize a shadow bundle

## Episode Level Files (Monthly)



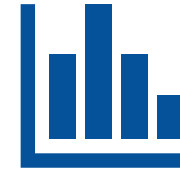
ACOs will receive **raw claim-level** and **episode-level files**. This data will include trigger codes, beneficiary information, spending, and whether the episode meets episode-level exclusions.

## Benchmark Prices (Annually)



ACOs will receive a **prospective Benchmark Price** summary report based on historical baseline data as well as ACH Benchmark Price file which assists ACOs with insufficient volume in the baseline period. Benchmark Prices will be updated to reflect changes in payment systems occurring during the Fiscal Year/Calendar Year corresponding to the Performance Year for which the benchmark is set.

## Summary Report (Quarterly)



ACOs will receive **reports** that **summarize** their clinical episodes, spending at various levels, and specific beneficiary details and characteristics. These reports will be constructed using the monthly files.

# Benchmark Prices

Each provider receives a unique Benchmark Price (BP) for each Clinical Episode Category. Benchmark Prices are comprised of components to account for:



**Historical spending adjustment of ACHs in the baseline period** by calculating risk- and peer-standardized Clinical Episode spending in the four-year historical baseline period



**Patient case mix** (i.e., patient severity outside the provider's control)



**Persistent differences in patient case mix adjusted spending across peer groups** (i.e., hospitals with similar characteristics) over the entire baseline period



**Projected trends** in spending among the hospital's peer group

1

# Enhance Specialty Care Performance Data Transparency

Short-term  
Long-term

## Measure selection to create a *comprehensive* view of specialist performance

**QUALITY**  
Quality measures selected by specialty to represent strongest performing specialists on critical quality of care

**COST**  
Expenditure measures reflecting specialist spend to help identify lower cost providers

**UTILIZATION**  
Utilization measures to support identification of providers with strong track record of avoiding hospitalizations and unnecessary ED visits as well as top volume providers by procedure

CROSS-CUTTING ACROSS ALL SPECIALTIES

- Comprehensive Set of Measures**
- ✓ Allows for measures to be represented as market level or for attributed beneficiaries
  - ✓ Fostering engagement through a combination of measures that are meaningful to both primary care and specialists
  - ✓ Focus on MVP measures for alignment across agency initiatives
  - ✓ Measures that can support specialty reporting across variety of models and reporting designs





# Value of Integration

Valinda Rutledge

# Current State

- Declining adoption of ACOs (456 in 2023-lowest level)
- Average ACO Composition: 24% PCP/45% specialists/31% NPP
- Specialists' participation in ACO varies
- Over 50% of FFS Inpatient Stays were: Circulatory, Musculoskeletal, Respiratory, Infectious Disease
- Encounters with specialists account for majority of FFS encounters while PCP encounters have dropped
- Medicare beneficiaries are more likely to have a problem, finding a new primary care provider than a specialist

# Value of Participating

Data will be game changer

Specialists are a critical component of the ACO in care transformation and achieving shared savings

Has been difficult in measuring specialist performance and giving feedback

New partnerships between Specialists/PCP will emerge

Transition between acute care episode and longitudinal care will become more seamless

# Using Data to Maximize the Value of Specialty Integration

**Pamela Pelizzari**  
**Principal & Healthcare Consultant**

[Pamela.Pelizzari@milliman.com](mailto:Pamela.Pelizzari@milliman.com)

NOVEMBER 9, 2023



**Okay, I'm convinced.**

- **Clinical efficiencies among specialists can lead to total cost of care savings.**
- **Efficient specialist networks can be leveraged across payers.**
- **Successful shadow bundles in the Medicare program may have spillover impacts on my commercial value-based arrangements.**

**...so now what?**



# A word of caution: Does specialty success equal overall success?



**Specialists may be optimizing episode-based care...**



**...but that may not be enough to generate overall total cost of care savings.**

# Key analysis opportunities to maximize your potential for success



**Assess potential of contract / program**

*How am I performing, and how well could I be performing?*



**Negotiate terms**

*What financial parameters will give me the best chance of success?*



**Optimize arrangement**

*Which specialists have historical experience that suggests potential for savings?*



**Continuously assess progress**

*How can I track progress in real-time?*

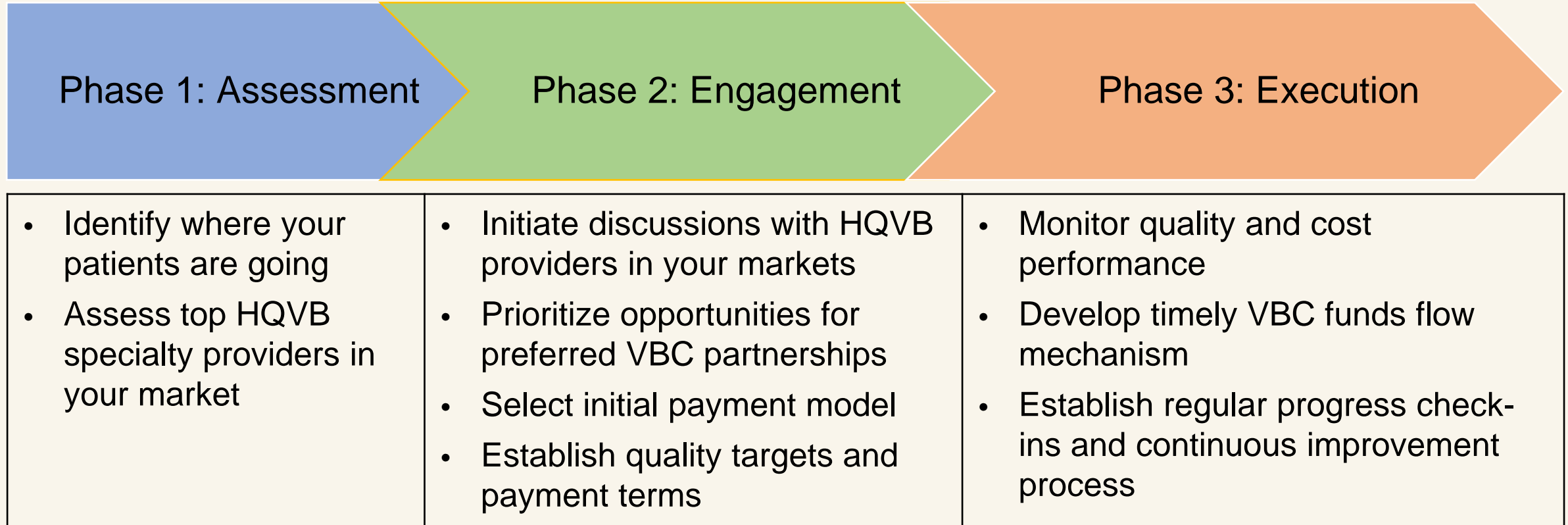
# High Quality Value Based Specialty Partnerships- Real World Application

Dave Terry, CEO and Co-Founder of Valendo Health



# High Quality Value Based Specialty Partnerships

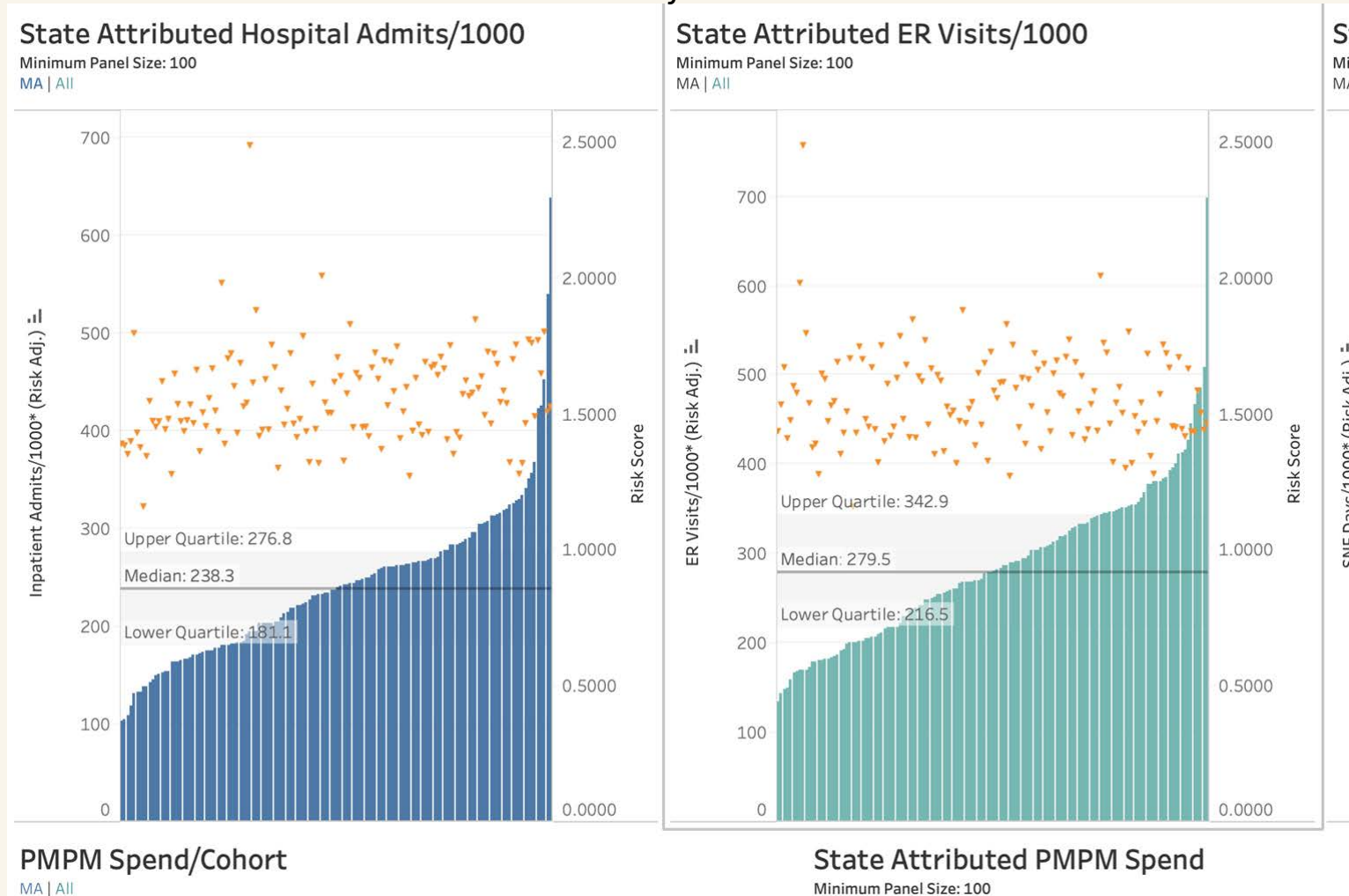
## 3 Phase Partnership Development Process



# High Quality Value Based Specialty Partnerships

## Data Example: Endocrinologist Hospital & ER Utilization Rates

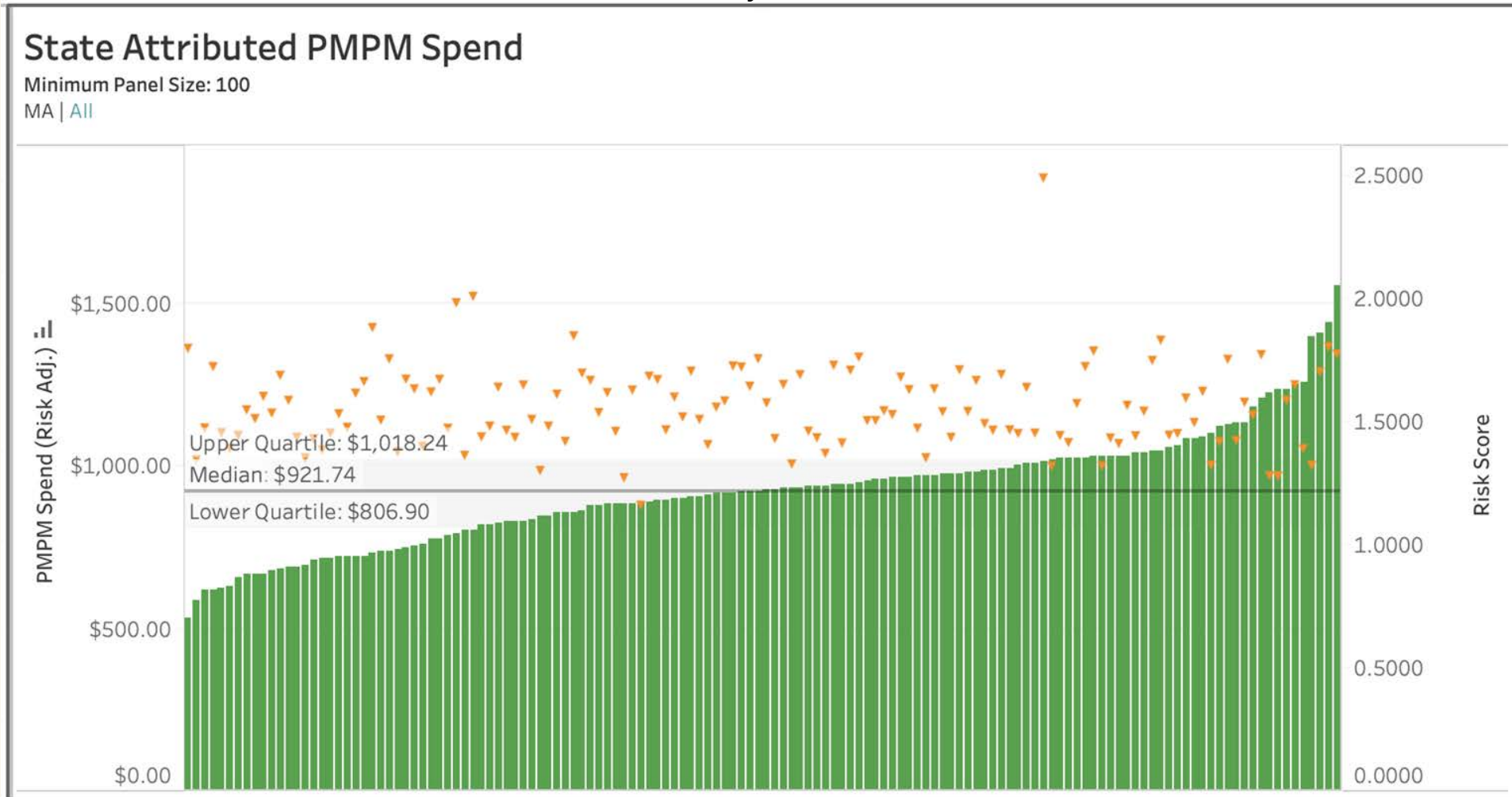
*Risk Adjusted*



# High Quality Value Based Specialty Partnerships

## Data Example: Endocrinologist PMPM Spend

*Risk Adjusted*



# High Quality Value Based Specialty Partnerships

## Range of HQVB Specialty Partnership Models

Payment Model	Specialty Partner Characteristics
<b><i>Selective FFS</i></b>	<ul style="list-style-type: none"><li>• Little to no experience with Value Based Care (VBC)</li><li>• Hard to engage</li><li>• Easy to get appointments</li></ul>
<b><i>Specialty Specific P4P</i></b>	<ul style="list-style-type: none"><li>• Limited risk experience</li><li>• Eager to move into VBC</li><li>• Wants to collaborate &amp; improve</li></ul>
<b><i>Shadow Bundle</i></b>	<ul style="list-style-type: none"><li>• Eager to move into VBC</li><li>• Risk averse</li><li>• Has influence over downstream providers</li></ul>
<b><i>Bundled Payment</i></b>	<ul style="list-style-type: none"><li>• VBC experience</li><li>• Risk tolerant</li><li>• Financial strength</li></ul>
<b><i>Carve-Out</i></b>	<ul style="list-style-type: none"><li>• Significant VBC experience</li><li>• Large, full service specialty organization</li><li>• Financial strength</li><li>• Data analytics capabilities</li></ul>

# Dave Terry Bio



Dave Terry is a healthcare delivery and reimbursement expert with over 20 years of experience working with provider organizations of all types to help them develop successful risk arrangements. Currently he is the CEO and Co-Founder of Valendo Health, a new company focused on partnering with Endocrinologists to move their population of diabetes patients into value based care arrangements. Valendo is the 4th value based specialty care business he's helped to start, prior businesses include Archway Health, a bundled payment convener and innovative underwriter of stop-loss insurance products for providers taking risk, and Remedy Partners, a market leader in the Medicare bundled payment programs. Previously he was a Partner at the Chartis Group and a risk management executive within the Partners Healthcare System (now Mass General Brigham).

In addition to being a successful entrepreneur, Dave is a frequent speaker and thought leader in the areas of healthcare delivery, payment reform, and value-based performance, and he serves as an advisor to companies developing value based specialty care strategies through his company HQVBC Advisors.

He holds a BA from Columbia and an MBA from Harvard.



# APG Next Steps

Jennifer Podulka

# APG Next Steps

- Provide additional opportunities for members to learn more about CMMI's plans to integrate episodes into TCOC models
- Educate members on how to access new information and design an analysis plan
- Share best practices in implementing analyses
- Explore new ways to align specialty care in TCOC models
- Improve transitions from acute to longitudinal care

# Keep Up To Date

Contact us Valinda Rutledge at [vrutledge@apg.org](mailto:vrutledge@apg.org)  
Jennifer Podulka at [jpodulka@apg.org](mailto:jpodulka@apg.org)

Join us MA Coalition November 14 2:00 ET  
ACO REACH Coalition November 30 4:00 ET  
MSSP Coalition December 7 noon ET