# The Automation of Episode of Care Payments

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# Company Overview

**Powering Integrated Healthcare Management®**

**Health Care Technology Solutions** – the leader in serving payer's needs

**2,500+ Employees** – in 12 offices across the country and offshore

**~$500 million Revenue** – for full year 2010

**$70 million R&D** – annual investment in product and service innovation

**Deep Penetration** – 60% of all commercial insurance is processed by TriZetto systems

**Medicare Advantage -** 45 customers with 7 million lives

**Managed Medicaid -** 60 customers with 12.5 million lives

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# CMS Disclaimer

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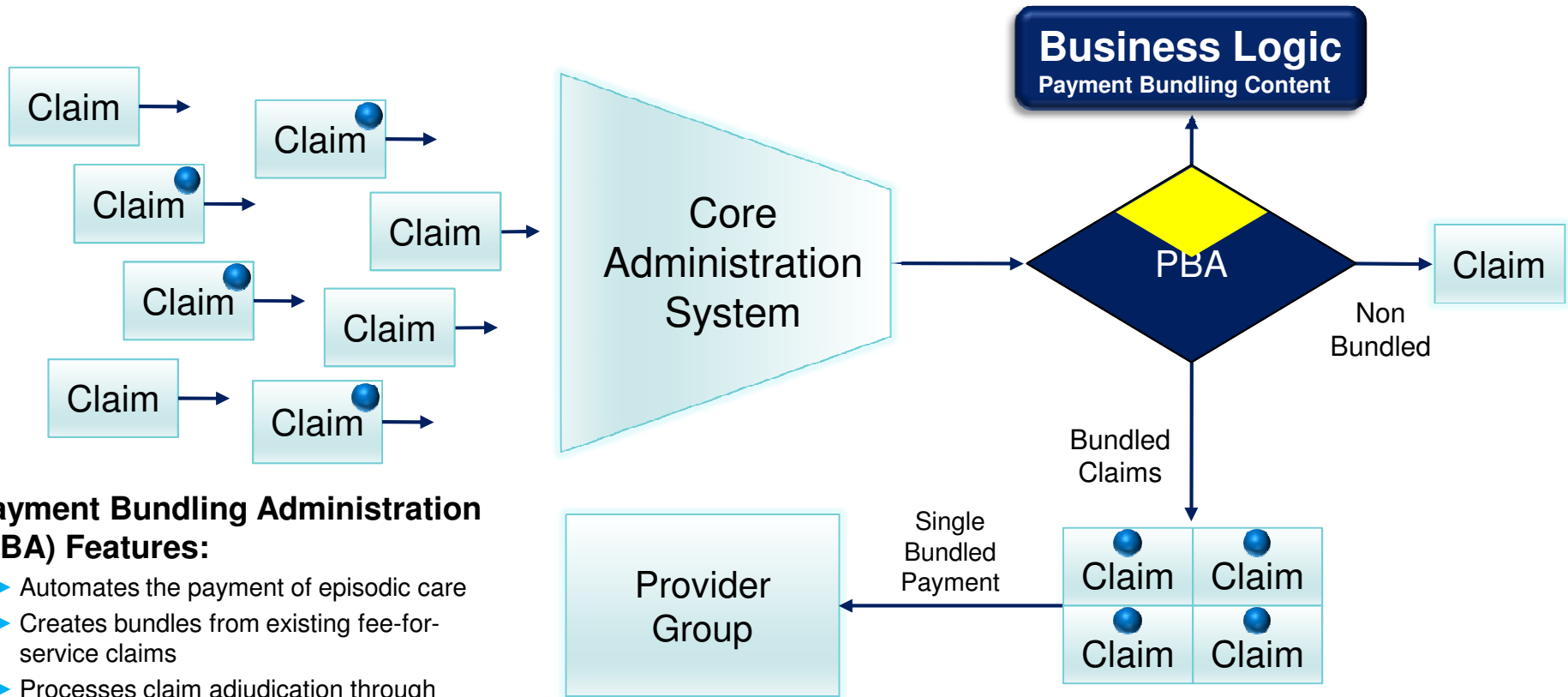# NetworX Payment Bundling Administration

## Key Features

► **Pay provider group a single payment at the time of service delivery (that covers multiple providers for services over time)**

► **Work with existing provider/payer processes, including authorizations, existing provider payment claims stream, and benefits processing**

► **Support numerous and different definitions of payment bundles**

- Allow changes or customization to bundle design
- Includes pre-configured bundles from national sources

► **Support different models of payment bundling (reference pricing, bundles with warranties, implement during, before, or after adjudication)**

► **Designed to integrate into any payer's core claims system**

► **Can support multiple claims systems used by a payer**

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# Payment Bundling Administration (PBA)



**Payment Bundling Administration (PBA) Features:**

► Automates the payment of episodic care

► Creates bundles from existing fee-for-service claims

► Processes claim adjudication through claim repricing

► Potentially integrates with any claims adjudication system

► Contains powerful rules engine for automating bundle definitions

► Handles pre-admission, post-discharge services and warranty care

**Episodes are created and paid prospectively, at the time of care delivery**

● Related Services

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# Sample screen – Bundle Definition Rules

## Edit Bundle Definition

Define or modify qualifiers and rules that identify what claims qualify for a payment bundle, and link the payment bundle to a specific bundle type.

| General Info | Qualifier Groups | Rules |

Rule sets define the business rules to use for automatically creating patient events. Rules are shared by all bundle type rules, so changes apply to all bundle types that use the rules.

**ID:** 104          **Name:** Cardiac Valve with MCC

**Rules**

+ Add    ⁄ Edit    🗑 Delete    ↑ Up    ↓ Down    ⟳ Refresh

Action

Surgeon (Active/Complete)
Effective 01/01/2010 -
CPT- 4 Code Line from 33430 to 33430. Include claim in the payment bundle categorizing it as a **Surgeon** claim and price it to zero using an explanation of
**Included in Bundle Payment** . Patient Event update:

> Surgeon (Active/Complete)Effective 01/01/2010 - CPT- 4 Code Line from 33430 to 33430. Include claim in the payment bundle categorizing it as a Surgeon claim and price it to zero using an explanation of Included in Bundle Payment . Patient Event update:

Cardiovascular Surgery
Effective 01/01/2010 -
Qualifier Group: Post O[...]  categorizing it as a **Surgeon** claim and price it to zero using an explanation of
**Included in Bundle Payment** . Patient Event update:

Anesthesia (Active/Complete)
Effective 01/01/2010 -
Qualifier Group: Anesthesiologist . Include claim in the payment bundle categorizing it as a **Anesthesia** claim and price it to zero using an explanation of
**Included in Bundle Payment** . Patient Event update:

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# Sample screen – One Rule

*Rule sets define the business rules to use for automatically creating patient events. Rules are shared by all bundle type rules, so changes apply to all bundle types that use the rules.*

ID: 104                    Name: Cardiac Valve with MCC

## Edit Processing Rule

### Description

Description: Surgeon

Effective Dates: 1/1/2010    -

☑ Active

### Action Selection

Exclude Claim from Payment Bundle
Price to the Payment Bundle Amount
Price to a Percent of Allowed Amount
Price to an Amount
**Include in Payment Bundle**
Supplemental Code

☑ Complete

### Rule Information

⦿ Single Qualifier    ○ Group Qualifier

Qualifier Operation    CPT- 4 Code Line

From 33430    To 33430

### Action Information

Include claim in the payment bundle categorizing it as a  Surgeon    claim and price it to zero using an explanation of
Included in Bundle Payment  . Patient Event update:  do not update
Please note: No more rules will be examined for this set if it qualifies under these terms.

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# *Sample screen – Sample Bundle*

TRIZETTO Payment Bundling Administration

You are logged in as Joe Payer
Help   Sign Out

| Get Started | Patient Events | Re-evaluate Claim Review | Payment Bundles | Administration |

There are no sub-categories for this item

## Patient Bundle Details

| | | | |
|---|---|---|---|
| **Patient Event ID:** | 380 | **Claimant ID/Name:** | 210621423 / |
| **Bundle Type Description:** | Cardiac Valve with MCC | **Administrative Provider ID/Name:** | 471235555 / Central Dupage Hospital |
| **Processing Date Window:** | 11/20/2010 - 1/14/2011 | | |

**Patient Bundles**

❌ Delete

| Claim Number | Provider ID | Provider Name | Category Code Description | Total Charges | Pre-Bundle Price | Payment Bundle Price |
|---|---|---|---|---|---|---|
| 123456789 | 471235555 | Central Dupage Hospital | Hospital | $46,500.00 | $28,200.00 | $38,000.00 |
| 234567890 | 991122334 | Dr. Anna Thesia | Anesthesia | $3,000.00 | $1,500.00 | $0.00 |
| 345678901 | 887766554 | Dr. Cardyo Surrj | Surgeon | $25,000.00 | $15,000.00 | $0.00 |
| 456789012 | 887766554 | Dr. Cardyo Surrj | Surgeon | $350.00 | $200.00 | $0.00 |
| 567890123 | 776655443 | Dr. Ray D. Ologee | Radiologist | $500.00 | $200.00 | $0.00 |
| 678901234 | 443322110 | Dr. Haas P. Tollist | Hospitalist | $350.00 | $175.00 | $0.00 |

**Supplemental Data**

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# Version 1 Features

| | |
|---|---|
| **Defining Bundles** | ▪ Pre-configured bundles from Integrated Healthcare Association, CMS Acute Care Episode<br>▪ Users can create or customize bundles<br>▪ Multiple bundle definitions can exist for a single administrative provider or a single condition<br>▪ Allows many variables to be used, not just diagnosis and procedure, but age, total price, place of service, and over 40 other variables |
| **Processes Existing Authorizations and Claims** | ▪ Can reprice claims to create prospective bundles and payments<br>▪ Can operate during claims adjudication, pre-adjudication, or post-adjudication |
| **Recognizing Bundles** | ▪ Create Patient Events from either Approved authorizations or pre-event notifications (web service call)<br>▪ Create Patient Events from Claim<br>▪ Both in combination |
| **Warranties** | ▪ Can include services pre and post inpatient or other "typical" date window<br>▪ Can conditionally change what is included based upon a warranty occurring<br>▪ Can change pricing based upon warranty occurring |
| **Altering Pricing** | ▪ Can price more than total or authorized – pay administrative provider<br>▪ Can price to zero<br>▪ Can price 100% of allowed and include in the bundle – seepage<br>▪ Can price a portion of the allowed and include in bundle – seepage |
| **Bundle Management** | ▪ Can re-evaluate claims based on new progress or information in the episode<br>▪ Can determine automatically when an episode should be discontinued (outlier or specific acuity) and re-process claims for fee-for-service |
| **Utilization and Quality Measurement** | ▪ Completely customizable<br>▪ Can identify specific quality events (surgical site infection) and utilization events (obtained rehab)<br>▪ These events can be used by the system to further change the way bundles are created and what is included or not |
| **Associated Provider Management and Seepage** | ▪ Can keep lists of affiliated providers by administrative provider<br>▪ Can reuse lists across multiple bundles<br>▪ Can handle seepage in various ways |

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# Attributes that can be used in Payment Bundling

## Patient Attributes
► Patient DOB ► Sub-group
► Age ► Class
► Group ► Plan

## Provider Attributes
► Provider type
► Provider related facility
► Provider specialty

## Claim Attributes
► Claim type
► Type of Bill
► Allowed charges
► Total charges
► Original considered charge
► Place of service

## Derived Attributes of Quality and Utilizations
► Quality measures from claims data - example: surgical site infection
► Utilization measures from claims data – example: billed amount of hip pin

## Clinical Attributes

► Procedure code(s)
► DRG code
► APC code
► Revenue Code(s)
► Diagnosis Code(s)
► Modifiers

► Number of Days Post Discharge
► Number of Days Post Procedure
► Number of Days Prior Admission and Number of Days Post Discharge
► Number of Days Prior Procedure and Number of Days Post Procedure
► Number of Days Prior to Admission

► Number of Days Prior to Procedure
► On Admission Date
► On Discharge Date
► Rehab Days Post Discharge
► Rehab Days Post Procedure

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# When to Bundle and When to Make Payments?

## Processing Mode

► **Pre-adjudication repricing**

► **Prospective episode creation during adjudication**

► **Post-adjudication, pre-payment episode creation**

► **Retrospective**

## Payment Timing

► **Retrospectively, 3-12 months after care**

- This is a supplement or an adjustment made to fee-for-service (FFS)
- Typically a population-based payment

► **Prospectively, at the time the care is delivered**

- This replaces the individual fee-for-service payments made to all the providers
- Typically, a payment for an individual patient
- This method is preferred by providers (85%) and payers (74%)
- Better associates the incentive directly to providers in order to change provider (physician) behavior

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# *Retrospective Vs Prospective Payment*

NetworX Payment Bundling Administration can process payments either prospectively or retrospectively. Prospective is preferred by both payers and provider. TriZetto is the only solution on the market today that offers prospective payment bundles.

| Prospective Payment | Retrospective Payment |
|---|---|
| **More effective at transforming care.** The immediate nature of prospective payment creates a stronger incentive for physicians to change their behavior. | More than a year might pass before physicians receive the incentive for current actions. This approach focuses on a population and is not patient-centric. |
| **More direct ROI for the payer.** The contract terms set the fixed discount that the payer gains when care is delivered. | Cannot determine what, if any, savings will occur until long after care is delivered. It requires 1 -2 years for the payer to establish ROI. |
| **Greater certainty about the cost of care.** The cost of the whole episode is fixed and can be budgeted by the health plan. | The costs of episodes are highly variable; this is a gainshare approach, where the amount of savings to be shared, if any at all, is unknown. |
| **Reduced payer and provider tension.** There is no question about what is being included or excluded or how the figures are created. | Because the process involves a great deal of complexity and a "black box" approach to the analysis, a high degree of trust must exist between the providers and the payer. |
| **More immediate feedback to providers.** | Information about the bundles does not arrive until months— sometimes more than a year—after service delivery, delaying the processes of quality and efficiency improvement. |

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# Summary of TriZetto Technology

| | |
|---|---|
| **Under your episode payment software who gets the money?** | Many models are supported; payment can go to a single administrative provider, or multiple case rates may be paid to multiple providers, or providers may continue to receive fee-for-service |
| **How do you make payments to non-integrated providers?** **Does your technology break up episodes into payments to multiple providers?** | Yes, we can.  We also will provide technology to providers so they can "unbundle" a payment |
| **Can your technology implement withholds?** | Yes.  Withholds are useful in both prospective and retrospective payment systems |
| **What happens when the cost of providing care during an episode exceeds the budgeted amount?** **What happens when it is less than the budgeted amount?** | Many models are supported.  In the basic prospective global case rate, providers fully bear the risk and the gain, less any negotiated discount to the payer |

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# Summary of TriZetto Technology (Cont'd)

| | |
|---|---|
| **How does your system deal with leakage (e.g., a readmission in a non-affiliated hospital)?** | Our systems identifies and tracks leakage as the care is delivers and can assist in recovery of leakage payments from the provider group, if desired |
| **Does your system have the ability to modify payments based on performance on a quality scorecard?** | Yes, the system has a powerful ability to impact payment based on quality; either static scorecards or specific performance (as measurable by a claims stream) during a live episode |
| **What are the most important factors that affect the speed of implementing your system in a particular health plan?** | Capability of the core claims system to call our software; priority of initiative with a plan's IT staff; existing provider willingness to adopt payment bundling; standards for bundle definitions |

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# Capabilities of MAC Claims Administration

**The MACs have never enjoyed a financial incentive to substantially upgrade their claims system technology**

**The limitations of the MAC claims processing capability and extensibility is and will continue to be an inhibition for innovation**

**This is true for all areas of innovation, not just payment bundling**

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# *Recommendations to CMMI*

▶ **Focus on the process and behavioral barriers to innovation within the Federal government**

▶ **Create incentives for MACs to update the technology used to process traditional Medicare**

| Provide commercial plan applicants waivers to regulations inhibiting payment innovation, such as the OIG prohibition on Gainsharing | Allow Medicare Advantage and managed Medicaid populations to be included in commercial initiatives for Payment Bundling | Use CMMI resources, along with the resources of commercial plans, to studiously measure quality |

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