Episode of Care Payment as a Driver of Integration

May 17, 2011
The Integrated System

Priority Health

Spectrum Health Medical Group

The Sweet Spot

Spectrum Health Hospital
Bundled Payment for Episodes of Care

- Focus on driving out waste + quality
- Collaboration and coordination across the health care system
- Patient-centered risk adjustment
- Data-driven process
- Standardized IT engine for transparent results
- Scalability
Episode of Care Condition Selection

Potentially Avoidable Complications Rate Comparisons

Priority Health PAC Rates

- CHF
- COPD
- DM
- Asthma
- HTN
- CAD
- AMI
- Stroke
- Pneumonia
- Hip
- Knee
- CABG
- Colon
- Bari

Number of Observations:
- CHF: n=1,293; Min $=2,555,000
- COPD: n=842; Min $=38,000
- DM: n=25,820; Min $=4,106,000
- Asthma: n=16,316; Min $=829,000
- HTN: n=30,937; Min $=1,447,000
- CAD: n=6,656; Min $=1,487,000
- AMI: n=199; Min $=411,000
- Stroke: n=285; Min $=902,000
- Pneumonia: n=182; Min $=356,000
- Hip: n=112; Min $=227,000
- Knee: n=704; Min $=1,011,000
- CABG: n=169; Min $=527,000
- Colon: n=142; Min $=1,447,000
- Bari: n=275; Min $=400,000
Episode of Care Condition Selection

Total Costs Across Episodes

- **PAC**
- **Typical**
Team-based Healthcare Energizes Management of Illness and Sickness

(THEMIS)
THEMIS Integration Teams

STRUCTURE for COORDINATING AND PRIORITIZING CLINICAL INTEGRATION ACROSS the SPECTRUM HEALTH SYSTEM

Spectrum Health System Clinical Integration Committee

THEMIS Primary Care and Ambulatory Integration Team
- Executive Sponsor
- Project Manager
- Team Members

THEMIS Acute and Post-Acute Care Integration Team
- Executive Sponsor
- Project Manager
- Team Members

THEMIS Children’s Health Integration Team
- Executive Sponsor
- Project Manager
- Team Members

THEMIS Community Medicine Integration Team
- Executive Sponsor
- Project Manager
- Team Members

THEMIS Integrated Access Integration Team
- Executive Sponsor
- Project Manager
- Team Members

THEMIS Care Management Integration Team
- Executive Sponsor
- Project Manager
- Team Members

THEMIS Telemedicine Integration Team
- Executive Sponsor
- Project Manager
- Team Members

Special Project
- Executive Sponsor
- Project Manager
- Team Members

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- Executive Sponsor
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- Team Members

Project, program or initiative ideas which cross two or more Spectrum Health entities – brought forward by any entity, staff member, physician or department within the System
Risks, rewards and challenges

- Bundled payments are complicated
- Bundled payment for patient-centered episodes of care is a “game changer”—requiring material changes in both the financing & delivery of patient care across multiple settings
- Transition to the future state has implications for capacity management
- An integrated health system is well positioned for this type of payment reform program—bundled payment can be a major driver of collaboration across a system
- Episode of care bundled payments fit well with accountable care
- Broader adoption of payment reform programs are necessary to optimize success