



## The Shift to Value-Based Program

# Aligning Physicians and Patient Care Redesign through Internal Cost Savings

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**Presentation Summary:** In this presentation you will hear how BPCI-A can promote physician alignment and standardize patient care redesign pathways. The continued expansion of value-based care models such as BPCI-A has broadened the opportunities for hospitals and physicians to improve collaboration and alignment. We will discuss the framework for impactful internal cost savings programs including program design, legal outline and utilization of waivers, governance and compliance, selecting quality measures, incorporating technology to support the program, engaging physicians and aligning financial incentives, and standardizing patient care redesign pathway and protocols.

# Agenda

- **Value-Based Care – The Fusion5/O&M Partnership**
- Bundled Payments – A Value-Based program
- Internal Cost Savings (ICS) – A Tale of Two Opportunities
- Role of Technology in ICS Success

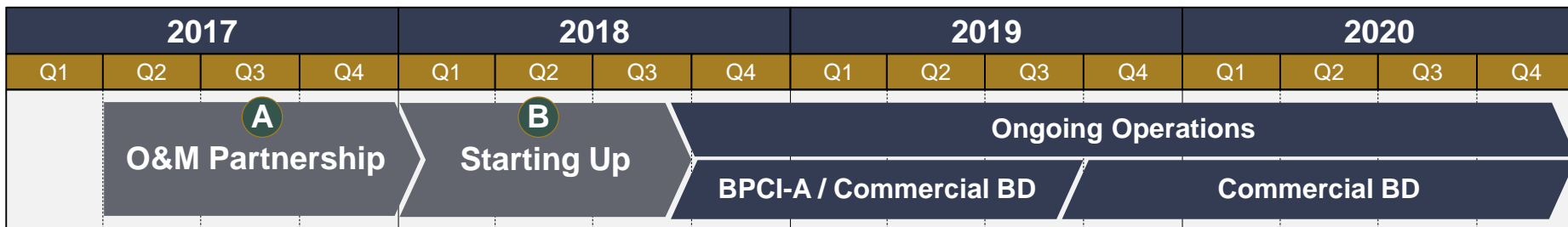
# Fusion5 was founded to help providers achieve success in the shift to value-based care



*Fusion5 builds partnerships to maximize Value-Based Payment opportunities by simplifying complexity and creating sustainable solutions that enhance the ability to improve outcomes in the evolving healthcare landscape.*

# We entered the VBC market with BPCI-A, but positioned the company to provide broader VBC solutions

## A Brief History of Fusion5



### A O&M Partnership Development

- The founders pursued strategic investors with strong provider relationships to partner and build a VBC services organization
- Team ultimately chose O&M because of their distribution relationships, strategically aligned leadership, and value-based offerings in an evolving healthcare delivery landscape

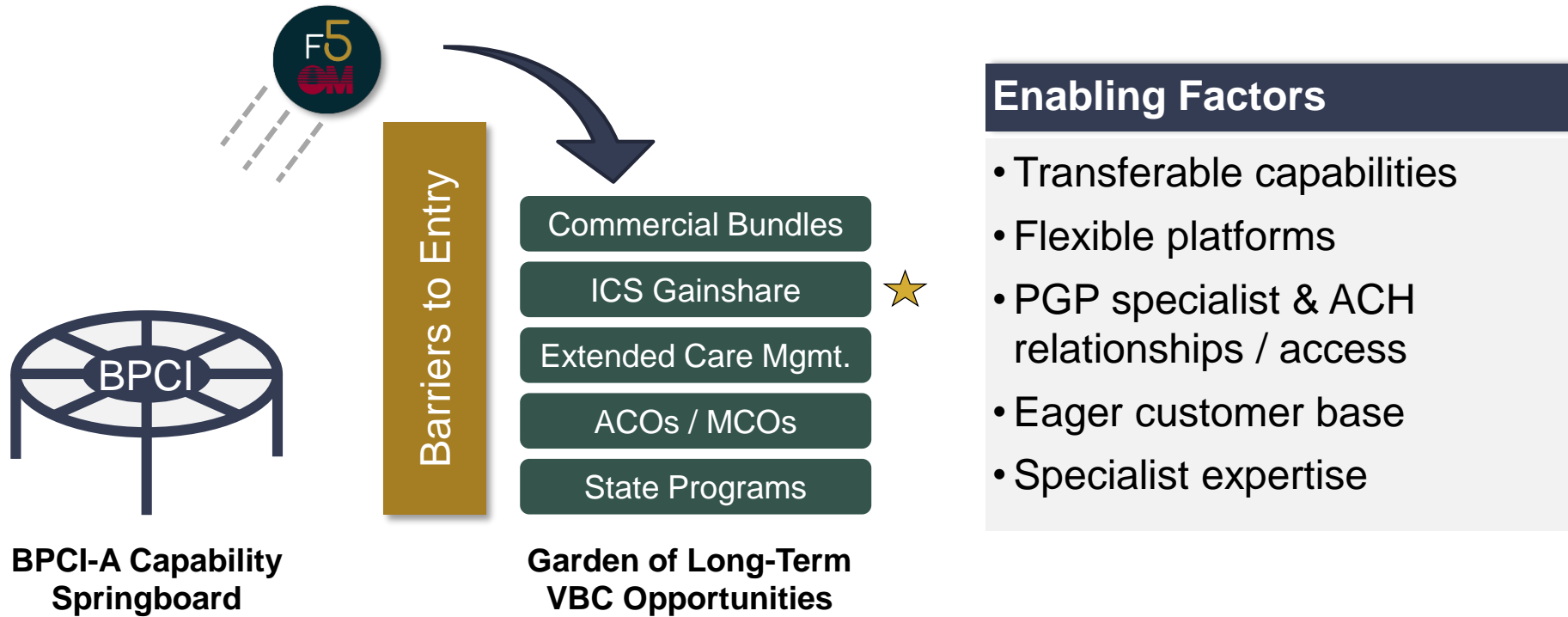
### B Starting Up

- We took a long term view in designing our platform to ensure our system was scalable and sufficiently flexible to meet BPCI-A customer needs, and to enable growth in VBC more broadly
- Our market leading platform was launched in record time, and positioned the company as a market leader in the BPCI-A program

The F5 leadership team leveraged their experience in BPCI to enter the VBC market as a Bundled Payment Convener, but designed the organization, with O&M, to be far more

# The capabilities developed by F5 and O&M for BPCI-A are foundational to VBC broad market opportunities

## BPCI-A as a Foundational Enabler of Accessing New VBC Markets



★ Today's Deep Dive

# Value based care is here to stay – providers must prepare for and adapt to the evolving landscape

## Recent Notable Value-Based Care Market Activity

Not exhaustive

Humana Launches National Value-Based Model for Maternity Care April 2018

UnitedHealth CEO: 150M members will be in value-based care arrangements by 2025 June 2018

Value-Based Payment Adoption Drives 5.6% Reduction in Care Costs June 2018

NEW CMS BUNDLED PAYMENT MODEL RECRUITS 1,300 PROVIDERS Oct 2018



40+ States Have A Value-Based Reimbursement Adoption Strategy Nov 2017

Emory Healthcare, Walmart Team Up for an ACO, Bundled Payments April 2018

JP Morgan: Value-Based Care Will Guide Amazon, Berkshire Work April 2018

CVS-AETNA FORCING HOSPITALS TO RETHINK THEIR BUSINESS MODELS Oct 2018

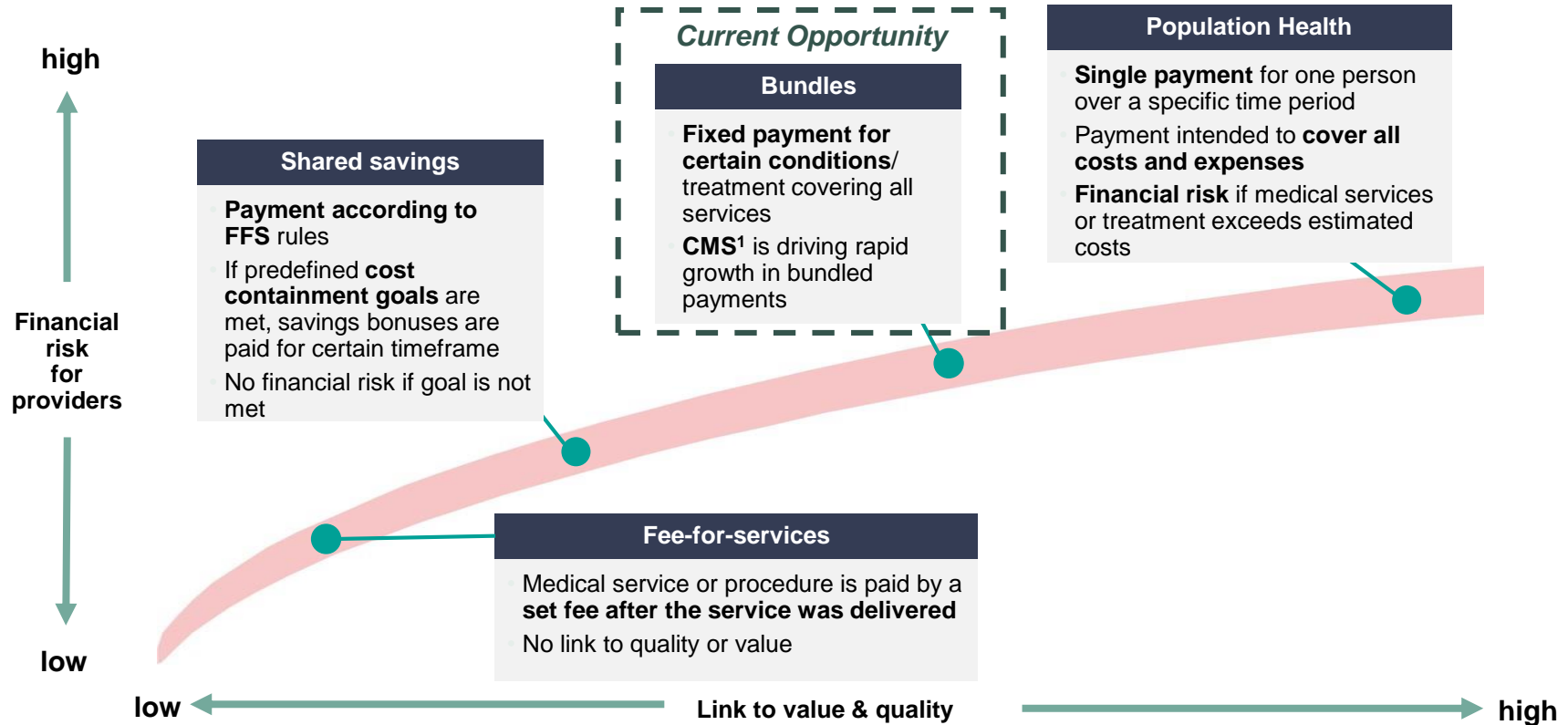
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# Bundles are being deployed to increase the link of care value & quality to payment

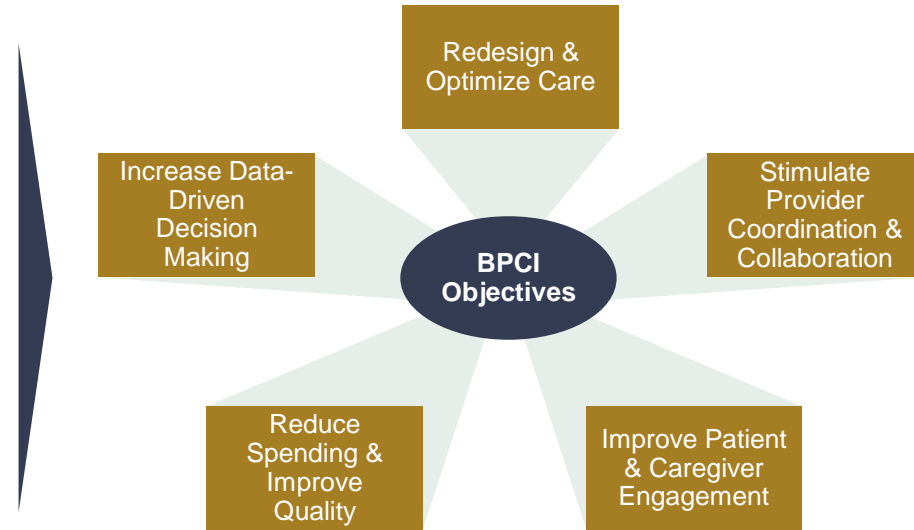
## Major Alternative Payment Models



# The CMS Bundled Payments for Care Improvement (BPCI) program first launched in 2013

## BPCI-A Fundamentals

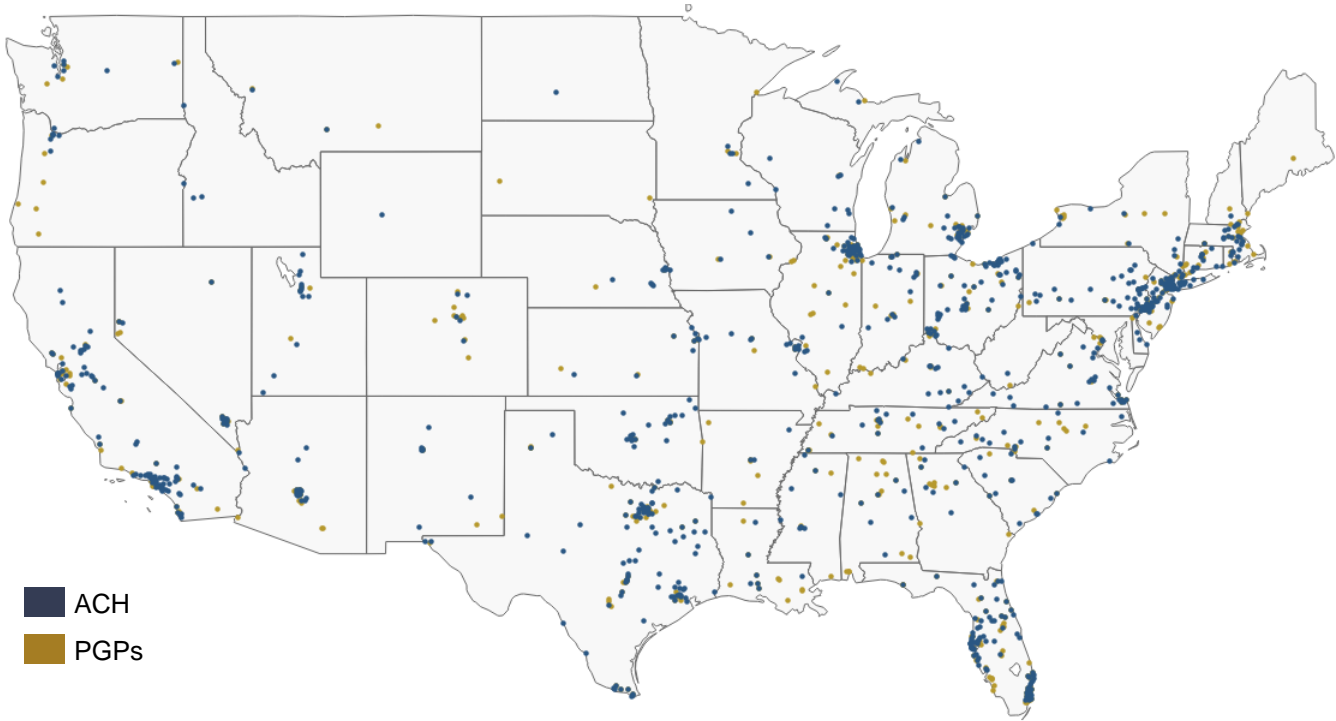
- The Center for Medicare and Medicaid Innovation (CMMI) developed the BPCI initiative to increase the link of quality and value to care:
  - A single “bundled” price is set for the acute and post-acute care associated with an episode
  - The episode initiator is accountable for managing episode costs within the “bundled” price
- The BPCI program first launched in 2013 with a 5-year demonstration – based on the program’s success, BPCI-Advanced is set to launch October 2018 for an additional 5-years



**“BPCI Advanced builds on the earlier success of bundled payment models and is an important step in the move away from free-for-service and towards paying for value”**

# BPCI-A has seen strong participation from providers nationwide accounting for >\$15B in episode spend

## BPCI-A Participant Overview



■ ACH  
■ PGPs

**>\$15B**  
Medicare spend

**>500K**  
episodes

**700+**  
ACH sites

**580+**  
PGPs

Source: CMS BPCI-A Participant Analytical File; Fusion5 analysis

# BCPI-Advanced utilizes upside/downside financial risk to incentivize low-cost, high-quality care

## BPCI-A Program Snapshot

<b>Model</b>	<ul style="list-style-type: none"> <li>Advanced Alternative Payment Model per CMS</li> <li>Single, bundled payment that covers the acute care and 90-day post-acute care for select episodes</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>Claims filed and paid using FFS</li> <li>FFS claims reconciled against the bundled payment target twice per year to quantify savings earned</li> </ul>
<b>Participants</b>	<ul style="list-style-type: none"> <li>Physician Groups</li> <li>Hospitals</li> <li>Third-Party Conveners (Providers and Non-Providers)</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>Upside/Downside financial risk versus target pricing</li> <li>Quality / Outcome metric thresholds</li> </ul>
<b>Timing</b>	<ul style="list-style-type: none"> <li>The five (5) year program launched October 1<sup>st</sup>, 2018</li> </ul>

**Episode Initiator**

- A PGP or Hospital who participates in the program and initiates episodes at the acute-care setting

**Convener**

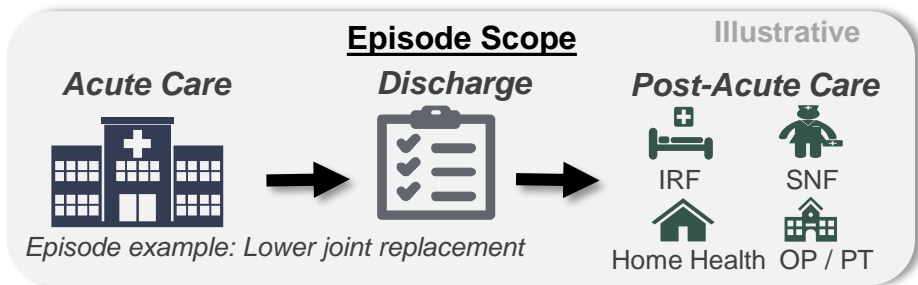
- Partners with Episode Initiators to facilitate coordination and assume portions of risk / reward

**Non-Convener**

- Provider participant who bears risk/reward for themselves

# The BPCI-A Program offers providers two savings opportunities via Episode Mgmt. and ICS Gainshare

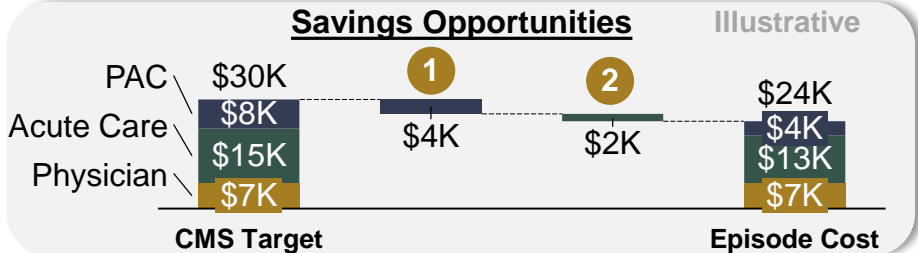
## BPCI-A Program Overview & Savings Opportunities



### High-Level Payment Model

- CMS sets single “target” payment that covers acute and post-acute care within 90-days post acute discharge
- Providers earn savings by managing cost below episode target and meeting quality measures

### Savings Opportunities



### 1 Post-Acute Utilization (Episode Mgmt.)

- Savings achieved by reducing utilization in the post-acute setting for in-scope episodes by deploying:
  - Cost / quality effective discharge disposition and clinical pathways
  - Improved coordination in the post-acute setting
  - Reduced readmissions and adverse outcomes driven by patient engagement and care mgmt.

### 2 Internal Cost Savings (ICS)

- Scope can include any quantifiable hospital costs attributable to procedures performed by physician
- Hospital and physicians collaborate on implementing savings strategies (e.g. renegotiating implant costs)
- Costs are tracked over the program performance period and reconciled with baseline to determine internal cost savings
- Hospital shares savings with the physician as per ICS contractual arrangements

Fusion5 and Owens & Minor are uniquely positioned to reduce “total cost of care” through a joint ICS program



Technology and experience lead the path to success in value-based programs

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# What is ICS Gainsharing?

- It's an incentive plan that aligns providers by providing a means to receive benefits directly as a result of cost-saving measures that they initiate or participate in between an acute care hospital setting and a provider
- Typical in-scope costs for ICS include medical supplies, surgical packs, sterilization, devices and implants

## Examples of Internal Cost Savings



- Negotiating lower device costs with vendors



- Reduction in medical supply waste through improved inventory tracking



- Using generic surgical supplies without comprising quality



# BPCI Advanced Gainsharing Guidelines

## Value and Mechanics

### All Payments continue under FFS

- Hospitals and Physicians will continue to be paid by MS-DRG/CPT at the current Medicare schedule
  - No changes to existing billing and payment procedures
  - No discount required

### Creating Alignment

- Hospital and Physicians can implement a sharing arrangement to create greater alignment for cost and quality
- Participating physician groups and partner hospitals may implement program under CMS/OIG legal waivers for Stark, Civil Monetary Penalty and Anti-Kickback laws

# Components of an ICS Gainsharing Program

- Administration
- Operations



- Align on contract structure with gainsharing parties
- Agree on sharing arrangements
- Execute contract

- Identify data source and collection method for ICS
- Develop baseline of all costs within scope for the baseline year
- Re-baseline costs as stipulated in contract

- Governance, structure, approval process
- Set program targets, QPTs and KPIs to monitor progress
- Develop standardized protocols to achieve program goals

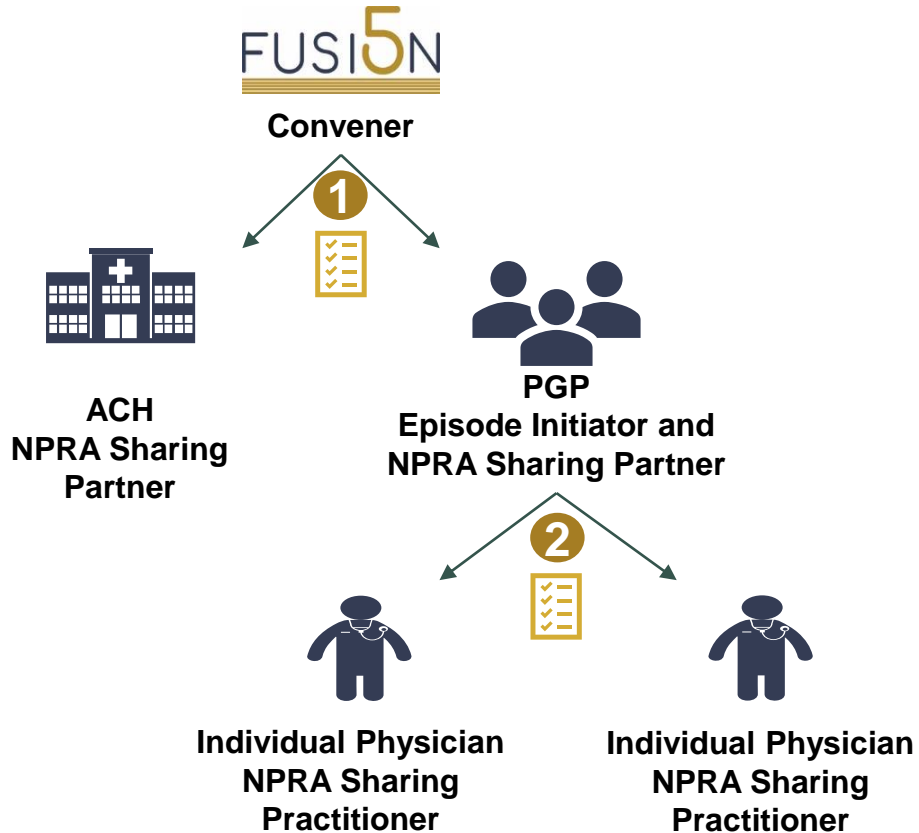
- Deploy cost saving activities – sourcing events, efficient supplies utilization etc.
- Train clinicians on cost saving protocols

- Track costs by supply type at the physician and episode level
- Implement real-time actions to mitigate high cost practices and risks

- Reconcile actual cost with program baseline to determine savings pool
- Distribute funds to participants as per agreement

**Providers will require significant level of support to successfully develop and implement an ICS program**

# BPCI Advanced Roles and Sharing Arrangements



## Sharing Arrangements

- 1 NPR A Sharing Arrangement** – an arrangement between the Participant and an NPR A Sharing Partner pursuant to which: (1) the NPR A Sharing Partner may contribute Internal Cost Savings and (2) make payments to the NPR A Sharing Partner from the BPCI Advanced Savings Pool
- 2 Partner Distribution Arrangement** – means an arrangement between a PGP NPR A Sharing partner and an Sharing Group Practice Practitioner pursuant to which the PGP NPR A Sharing Partner may share a Partner Distribution Payment with the NPR A Sharing Group Practice Practitioner

# Providers can choose to participate in one of the two ICS sharing program options

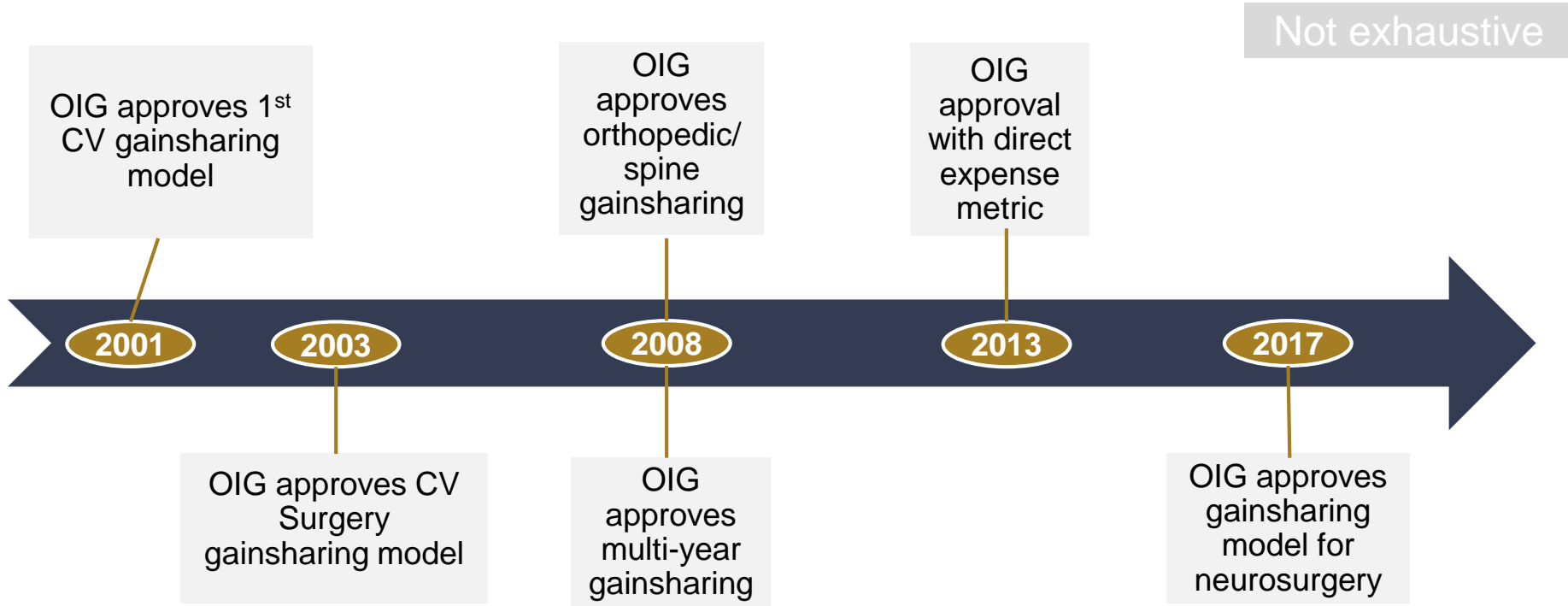
## 1 CMS BPCI-A Hospital ICS Sharing

- Must comply with CMS terms and OIG initiative waivers
- Savings derived only from program attributed Medicare beneficiaries
- Physician savings subject to 50% cap of Part B allowable
- Positive Medicare savings (NPRA) required

## 2 All-Payer Sharing

- Must comply with published OIG guidance
- Must include savings from all patients in targeted clinical episodes
- Episodes determined by DRG or Procedure codes
- Savings not subject to BPCI-A 50% cap
- Positive NPRA not required

# OIG approval history for gainsharing models



# ICS Gainsharing Program Comparison

	BPCI-A ICS Model	All-Payer Model
<b>Scope</b>	Limited to BPCI-A attributed episodes	All cases in targeted episodes
<b>Physician Cap</b>	50% of Part-B allowable spend	Previous 12 month collective case volume
<b>Payment Eligibility</b>	Practice must have positive NPRA	Eligibility defined by parties
<b>Quality</b>	Substantially based on quality measures	Substantially based on quality measures
<b>Payment Frequency</b>	Semi-annual	Annual
<b>Baseline Term</b>	Term of BPCI-A initiative	Rebased annually ( <i>use stairstep savings model</i> )
<b>Funding</b>	First dollar funding up to cap	50/50 split after Hospital recoups investment
<b>Oversight</b>	Third-party	Third-party
<b>Overall</b>	BPCI-A regulated and restricted	Open to widespread inclusion and negotiation

General arrangement scope. Individual arrangements may vary.

# All ICS Arrangements are Dependent on Quality

Measure	Description	Define Numerator (specify the exclusion and inclusion criteria)	Define Denominator (specify the exclusion and inclusion criteria)	Sources of Data	Measure Period	Comparison Standard
<b>Beneficiary Notification</b>	Percentage of patients receiving beneficiary notification documentation	Number of patients meeting criteria	Number of beneficiaries engaged in included episodes in specified timeframe	eFusion Suggested Target-75%	Rolling 12 Month Average	Site Specific, Meet or Achieve Baseline Performance; Baseline Performance Defined as Most Recently Available 12 Months of Data
<b>Mortality Rate</b>	Percentage of patient mortality within 15 days of included procedure (procedure related mortality only)	Number of patients meeting criteria	Number of Discharges in specified timeframe	Claims Data, Hospital Suggested Target-3%	Rolling 12 Month Average	Site Specific, Meet or Achieve Baseline Performance; Baseline Performance Defined as Most Recently Available 12 Months of Data
<b>Patient Engagement with Care Plan</b>	Percentage of patients informed and consenting to comprehensive care plan. Care plan encompasses entire care continuum and care transitions	Number of patients meeting criteria	Number of patients in program	eFusion Suggested Target-70%	Rolling 12 Month Average	Site Specific, Meet or Achieve Baseline Performance; Baseline Performance Defined as Most Recently Available 12 Months of Data
<b>Prophylactic antibiotic - initiation</b>	Prophylactic antibiotic received with 1 hour prior to surgical incision	Number of patients meeting criteria	Number of Discharges in specified timeframe	Hospital Suggested Target-90%	Rolling 12 Month Average	Site Specific, Meet or Achieve Baseline Performance; Baseline Performance Defined as Most Recently Available 12 Months of Data
<b>Complication – Sepsis/Septicemia/Shock during index admission</b>	Percentage of patients diagnosed with sepsis/septicemia/shock during index admission	Number of patients meeting criteria	Number of Discharges in specified timeframe	Hospital Quality Dept, Coding, Claims Data Suggested Target-5%	Rolling 12 Month Average	Site Specific, Meet or Achieve Baseline Performance; Baseline Performance Defined as Most Recently Available 12 Months of Data
<b>Complication – DVT</b>	Percentage of patients diagnosed with DVT during index admission	Number of patients meeting criteria	Number of Discharges in specified timeframe	Hospital Quality Dept, Coding, Claims Data Suggested Target-5%	Rolling 12 Month Average	Site Specific, Meet or Achieve Baseline Performance; Baseline Performance Defined as Most Recently Available 12 Months of Data

# Fusion5 + O&M can develop a ICS solution for hospitals that covers a combination of 3 key offerings

## Key Services

### 1 Program Oversight & Management

- Develop ICS contract arrangement between PGP and Hospitals
- Provide guidance on cost baselining, quality metrics, savings distribution and general program setup
- Perform ongoing program tracking, reporting and committee review
- Reconcile costs with baseline and distribute savings to sharing partners

### 2 Cost Baselining

- Define data source for ICS and develop detailed cost baseline
- Ensure costs are tracked appropriately and provide periodic reports
- Perform cost analysis relative to baseline to determine ICS savings at reconciliation periods

### 3 Real Time Cost Tracking and Saving Solutions

- Offer tools for cost tracking and management at the episode/procedure level
- Identify and deploy cost saving solutions



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# A joint O&M – F5 core project team can help accelerate the development of a robust ICS offering

## ICS Project Objectives

### Objective



- Identify value proposition for ICS
- Integrate technology to identify and enhance savings
- Align providers through positive financial opportunities



SurgiTrack<sup>SM</sup>

eFusion

# Integration of Data Collection Strategies can lead to enhanced savings opportunities

	Fusion5	Owens & Minor
1 Program Oversight & Management	✓	
2 Cost Baselineing	✓	 <p>Part of the Owens &amp; Minor Family</p>
3 Real Time Cost Tracking and Saving Solutions	✓	  <p>Part of the Owens &amp; Minor Family</p>

# Fusion5 and our provider partners utilize a proprietary, integrated, and flexible care management platform

## eFusion Snapshot

*The Patient & Population Information You Need, right at your Fingertips*

- 1 Efficient Clinical Workflow & Patient Stratification Tools
- 2 Highly Configurable for Bundled Programs & Care Redesign
- 3 Easily View & Manage Multiple Staffing Models
- 4 Customizable Patient Education & Resources Tools

