Emerging Healthcare Issues: How Will They Impact Hospital Reimbursement? Part 2

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EMERGING HEALTHCARE TOPICS FOR DISCUSSION

**HITECH Act of 2009**
- Meaningful Use and EHR Incentive Programs

**Affordable Care Act of 2010**
- Hospital Value-Based Purchasing
- Bundled Payments
- Accountable Care Organizations
HOW IS HEALTHCARE CHANGING?

Meaningful Use and Hospital Value-Based Purchasing

Rewards Patient Volume

Bundled Payments

Provider Accountability

Patient Centered Medical Home

Accountable Care Organization

Rewards Patient Outcomes
BUNDLED PAYMENTS
IT’S NOT A NEW CONCEPT

1987
- Dr. Johnson and Ingham Medical Center

1991
- Medicare’s Participating Heart Bypass Center Demo

1993
- Medicare’s Cataract Surgery Alternate Payment Demo

2006-2007
- Geisinger Health System’s ProvenCare
- PROMETHEUS Payment, Inc.

2009
- Fairview Health Services
- Blue Cross Blue Shield of Mass.
- Medicare’s Acute Care Episode Demo
BUNDLED PAYMENTS EXAMPLE
WHAT’S INCLUDED AND HOW IS IT PRICED?

High Cost Episode of Care

Low Cost Episode of Care

Agreed Upon Price per Episode of Care
Facility + Professional = $31,200

= Physician Visit

= End of Episode of Care
MEDICARE BUNDLED PAYMENTS FOR CARE IMPROVEMENT INITIATIVE

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
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<tbody>
<tr>
<td>Retrospective</td>
<td>Retrospective</td>
<td>Retrospective</td>
<td>Prospective</td>
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<tr>
<td>Acute Care Hospital Stay Only</td>
<td>Acute Care Hospital Stay + Post-Acute +</td>
<td>Post-Acute Only</td>
<td>Acute Care Hospital Stay + Readmissions</td>
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<tr>
<td>All MS-DRGs</td>
<td>Readmissions</td>
<td>48 bundle definitions to choose from</td>
<td>48 bundle definitions to choose from</td>
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<tr>
<td>Minimum discount of 0% in the</td>
<td>48 bundle definitions to choose from</td>
<td>Minimum discount of 3% regardless of days</td>
<td>Minimum discount of 3.5% for ACE Demo</td>
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<td>first 6 months to 2% in Year 3</td>
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<td>(30, 60, or 90)</td>
<td>MS-DRGs and 3% for all others</td>
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<tr>
<td>Episode Name</td>
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<td>------------------------------------------------------------------------------</td>
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<tr>
<td>1 Acute myocardial infarction</td>
<td>25 Major bowel</td>
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<td>2 Amputation</td>
<td>26 Major cardiovascular procedure</td>
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<td>3 Atherosclerosis</td>
<td>27 Major joint replacement of the lower extremity</td>
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<tr>
<td>4 Automatic implantable cardiac defibrillator generator or lead</td>
<td>28 Major joint upper extremity</td>
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<td>5 Back and neck except spinal fusion</td>
<td>29 Medical non-infectious orthopedic</td>
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<tr>
<td>6 Cardiac arrhythmia</td>
<td>30 Medical peripheral vascular disorders</td>
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<tr>
<td>7 Cardiac defibrillator</td>
<td>31 Nutritional and metabolic disorders</td>
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<tr>
<td>8 Cardiac valve</td>
<td>32 Other knee procedures</td>
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<td>9 Cellulitis</td>
<td>33 Other respiratory</td>
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<tr>
<td>10 Cervical spinal fusion</td>
<td>34 Other vascular surgery</td>
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<tr>
<td>11 Chest pain</td>
<td>35 Pacemaker</td>
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<tr>
<td>12 Chronic obstructive pulmonary disease, bronchitis/asthma</td>
<td>36 Pacemaker Device replacement or revision</td>
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<td>13 Combined anterior posterior spinal fusion</td>
<td>37 Percutaneous coronary intervention</td>
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<tr>
<td>14 Complex non-Cervical spinal fusion</td>
<td>38 Red blood cell disorders</td>
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<td>15 Congestive heart failure</td>
<td>39 Removal of orthopedic devices</td>
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<td>16 Coronary artery bypass graft surgery</td>
<td>40 Renal failure</td>
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<td>17 Diabetes</td>
<td>41 Revision of the hip or knee</td>
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<td>18 Double joint replacement of the lower extremity</td>
<td>42 Sepsis</td>
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<tr>
<td>19 Esophagitis, gastroenteritis and other digestive disorders</td>
<td>43 Simple pneumonia and respiratory infections</td>
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<tr>
<td>20 Fractures femur and hip/pelvis</td>
<td>44 Spinal fusion (non-Cervical)</td>
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<td>21 Gastrointestinal hemorrhage</td>
<td>45 Stroke</td>
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<td>22 Gastrointestinal obstruction</td>
<td>46 Syncope and collapse</td>
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<tr>
<td>23 Hip and femur procedures except major joint</td>
<td>47 Transient ischemia</td>
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<tr>
<td>24 Lower extremity and humerus procedure except hip, foot, femur</td>
<td>48 Urinary tract infection</td>
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BUNDLED PAYMENTS RISKS

• Selecting episode definition, episode length, and payment discount
• Administering claims for prospective models
• Determination of gains or losses
• Waivers and gainsharing agreements
• Care redesign plans
• Beneficiary inducement
• Business and financial arrangements
• Physician engagement plans
BUNDLED PAYMENTS – WHAT SHOULD INTERNAL AUDIT MONITOR?

• Contracts
• Definitions of data to reporting of data
• Reimbursement
• Financial modeling and budgets
• Tracking of patient’s pathway through episode of care
• How costs are separated between typical and avoidable
ACCOUNTABLE CARE ORGANIZATIONS
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WHAT ARE THEY?

• Groups of doctors, hospitals, and other health care providers who come together contractually to:
  o Deliver high quality care
  o Coordinate care across a spectrum of care settings
  o Serve a specific patient population

• Rewarded for keeping health care costs lower while meeting performance standards on quality of care
ACCOUNTABLE CARE ORGANIZATIONS
COMMON PAYMENT ARRANGEMENTS

Fully Capitated
• Providers contract to provide defined health services to a specific patient population for a predetermined capitation fee

Risk Pools
• Both favorable and unfavorable financial results are shared among providers with final settlements typically occurring at the end of each contract term

Shared Savings
• Parties agree to share risk through risk pools designated to pay incentives to providers who meet contractual metrics such as cost control
IMPORTANCE OF INFORMATION

• Enabling effective care coordination across the continuum to develop a community of providers that actively collaborate in treating patients
• Connecting system participants through real-time interoperable information exchange
• Linking EHRs to support population health and payment systems
• Analyzing and reporting based on quality measurement requirements
• Providing patients with the right information to accept responsibility for ongoing care
ACCOUNTABLE CARE ORGANIZATIONS PROGRAMS

- Medicare Shared Savings
- Advanced Payment ACO Model
- Pioneer ACO model
MEDICARE SHARED SAVINGS PROGRAM (MSSP)

• A separate legal entity to coordinate care for Medicare fee-for-service beneficiaries
• Three-year agreements with CMS
• Entity must have at least 5,000 attributed beneficiaries
• Continue to receive traditional Medicare fee-for-service payments with two shared savings models to choose from
# MSSP MODELS

**Track 1 – Less Risk, Lower Reward**
- Share in savings only with **no** downside risk
- Eligible to receive up to 50% of savings from the reduction in cost compared to benchmark
- Payments capped at 10% of benchmark
- Minimum savings rate is a sliding scale based on the number of assigned beneficiaries
- Subject to reporting and performance on 33 quality measures

**Track 2 – More Risk, Higher Reward**
- Share in both savings and losses
- Eligible to receive up to 60% of savings from the reduction in cost compared to benchmark but liable for up to 40% of the loss
- Payments capped at 15% of benchmark. Losses capped at 5%, 7.5%, and 10% for years 1, 2, and 3 respectively
- Minimum savings rate is a flat 2%
- Subject to reporting and performance on 33 quality measures
DATA MANAGEMENT TOOLS

• Identity Management
• Patient Registries
• Predictive Modeling
• EHR Integration
• Reminder Systems
• Episode of care analytics
MSSP RISKS

• Management of data - Data sharing capabilities for internal quality and cost reporting
• Accurate data submission
• Conflict of Interest within participants
• Hierarchical Condition Category (HCC) Coding
• Appropriate accounting treatment for recognizing revenue under ACO arrangements
• Obtaining timely and accurate data to estimate the shared savings
• Mandatory Compliance Program
WHAT SHOULD INTERNAL AUDIT MONITOR?

• Revisit the risks and control testing
  o Tone at Top
  o Inventory all data systems and sources that form the basis for clinical data and document process flow
  o Data definitions
    ▪ Confirm data definitions are consistent with reporting standards
    ▪ Verify that data definitions cannot be manipulated by users
  o Consistency
  o Accuracy
  o Completeness
  o Recalculation and testing of risk areas
THANK YOU!

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