



# Payment Reform in the Trump/Price Era

*February 15, 2017*

# Contents

- 1 About Archway Health
- 2 Payment Reform Market Update - Post Election
- 3 Bundled Payment Program Management
- 4 Keys to Success
- 5 Getting Started

---

01

# ABOUT ARCHWAY HEALTH

# Archway Overview



100% Focused on Bundled Payment - its all we do

Founded in 2014 with offices in Boston and NYC

*Our team has been active in BPCI since its inception in 2011*



Backed by AthenaHealth & Coverys - large medical malpractice insurance company



Active in all of the CMS bundled payment programs - BPCI, CJR, OCM, EPM

*Convener in the BPCI program*

Built a comprehensive, one stop shop bundled payment platform



Working with dozens of customers & hundreds of providers across the country

Real results - all of our partner hospitals & physicians are earning significant savings



Expanding beyond CMS into the commercial and self-insured employer markets

# Our Bundled Care Perspective

Over the year's we've developed a clear perspective on the the bundled care market and the keys to success.

1. **Bundled care has shifted from niche to a major strategic priority**
  - *Orthopedics, Oncology, Cardiology, MACRA APMs, Advanced BPCI*
2. **The commercial market has started to become much more active in the last 6 months**
3. **Program management should stretch across clinical service lines**
  - *Avoid multiple teams, tools, & systems in each clinical area*
4. **Specialist engagement is essential**
  - *Specialist innovation & gainsharing drive the best results*
5. **Integrate care management & claims data to track performance**
  - *Don't wait for claims data run out*
6. **Crawl, Walk, Run**
  - *Pick a few discrete opportunities to focus on at a time, don't "Boil the ocean"*
7. **C suite vision & Ops team action**
  - *Success requires a combination of top level leadership and operational focus*

# Our Results

Our comprehensive, straightforward approach has helped provider organizations achieve significant savings in their BPCI programs.

## Archway BPCI Net Payment Reconciliation Amounts (NPRA)

Q2 '15 - Q1 '16

*Private & Confidential*

Customer Name	Volume	Target Price	Actual Costs	Net Savings \$'s	Gross Savings %	Net Savings %	Net Savings/Case
Ortho Convener A	218	\$6,049,101	\$5,533,461	\$515,641	11.2%	8.3%	\$2,365
Ortho Convener B	513	\$13,237,933	\$11,533,834	\$1,704,098	15.4%	12.5%	\$3,322
Community Hospital A	2,503	\$73,713,474	\$68,891,988	\$4,821,486	8.4%	6.4%	\$1,926
Community Hospital B	584	\$16,066,978	\$14,346,599	\$1,720,379	12.5%	10.5%	\$2,946
SNF Convener A	539	\$7,054,859	\$6,411,577	\$643,282	11.8%	8.9%	\$1,193
SNF Convener B	61	\$912,461	\$908,343	\$4,119	3.4%	0.4%	\$68
<b>Total</b>	<b>4,418</b>	<b>\$117,034,806</b>	<b>\$107,625,802</b>	<b>\$9,409,004</b>	<b>9.9%</b>	<b>7.8%</b>	<b>\$2,130</b>

---

# 02

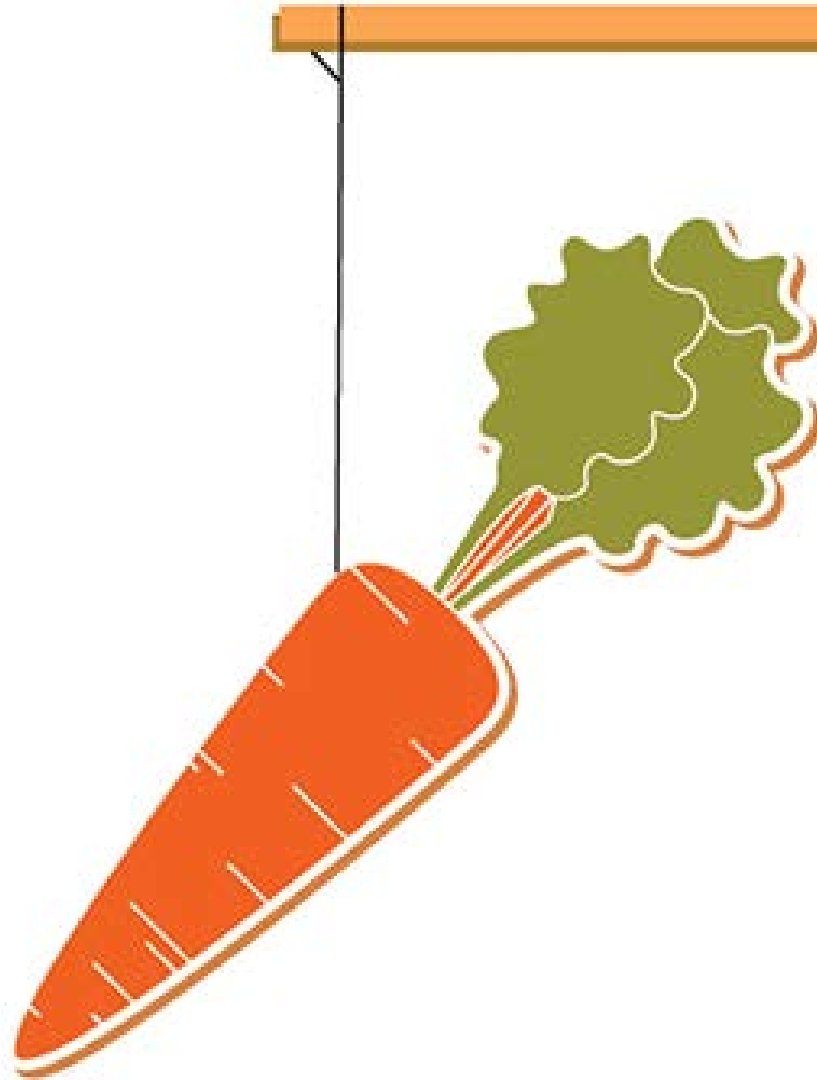
# BUNDLED PAYMENT MARKET UPDATE

# Payment Reform Market Update - Post Election





# Payment Reform Market Update - Post Election



# Payment Reform Market Update - Post Election

## Trump/Price Care Observations

- Good spot - “sequentially bi-partisan” bill
- Still have a long way to go
- Can’t drop 20 million people
- Most ACA elements are popular
- Industry starting to weigh in - also don’t want coverage to drop
- More power to the states
- Increased innovation from the commercial market
- MACRA is a really big deal

# Payment Reform Market Update - Post Election

## Trump/Price Care Predictions

- ACA taxes not going away
- Sizable incentives rather than small mandates
- Medicaid block grants
- Increased coverage
- More consumer choices
  - Less regulated benefit plan structures
  - More personal dollars in play - tax incentives, Health Savings Accounts
- More pressure on premium growth
  - More pressure on healthcare costs
- More bundled payment
  - MACRA Alternative Payment Models
  - Commercial programs
  - Medicaid programs

# Bundled Payment Market Update

CMS has 3 live BP programs, and 2 more that have been announced.

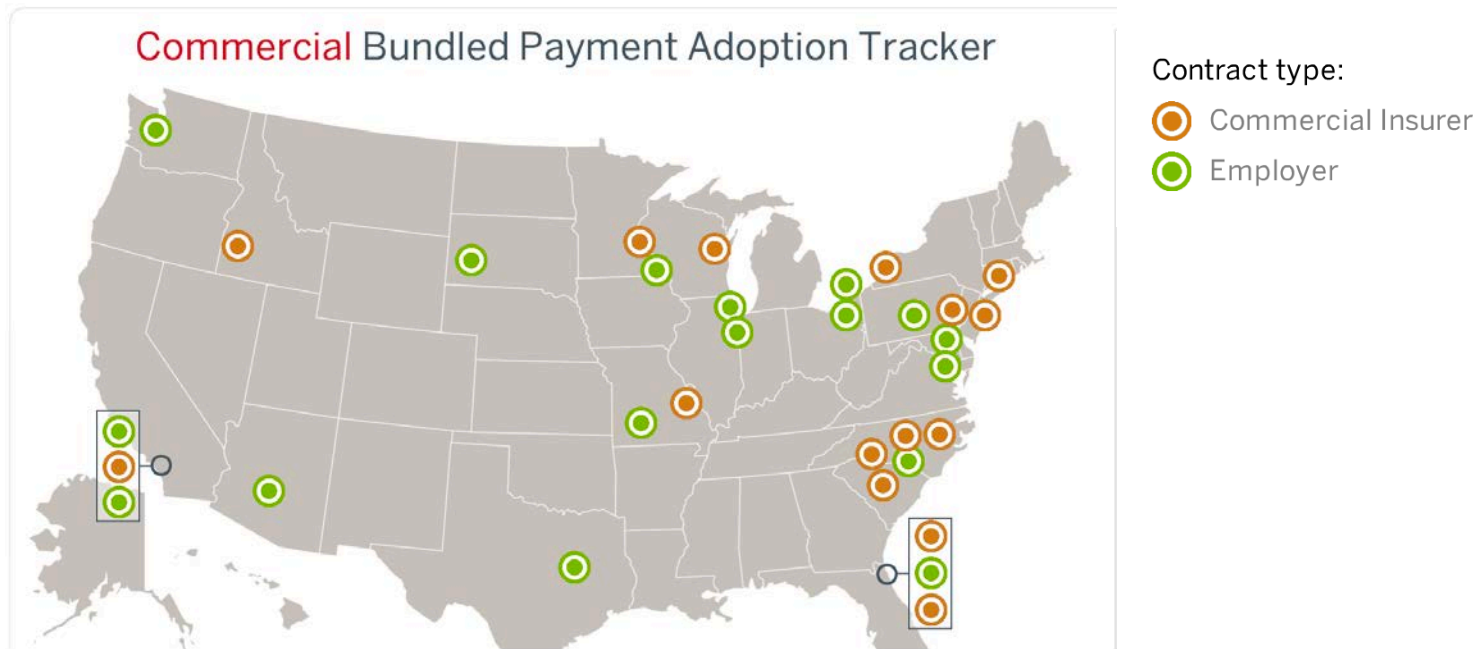
## CMS Bundled Payment Program Overview

	BPCI	CJR	OCM	EPM	Advanced BPCI
Vol or Man?	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary
Providers	1,457	767	196	1,200	TBD
Market \$'s	\$10B	\$4B	\$2B	\$6B	TBD
Start Date	Q4 '13	Q2 '16	Q3 '16	Q3 '17	Early '18
End Date	Q4 '18	Q1 '21	Q2 '21	Q4 '21	5 years
Clinical Focus	Many	Joints	All Oncology	AMI, CABG	Many
Episode Initiators	Hospitals, Specialists, Post-Acute	Hospitals	Specialists	Hospitals	Specialists
Notes	Many providers earning gains	Hospitals slow to move	Very big deal for Onc groups	Hosps. seem motivated	Targeted to meet MACRA APM requirements

# Bundled Payment Market Update

Commercial market activity has started to pick up significantly in the last 6 months.

## Commercial Bundled Payment Activity



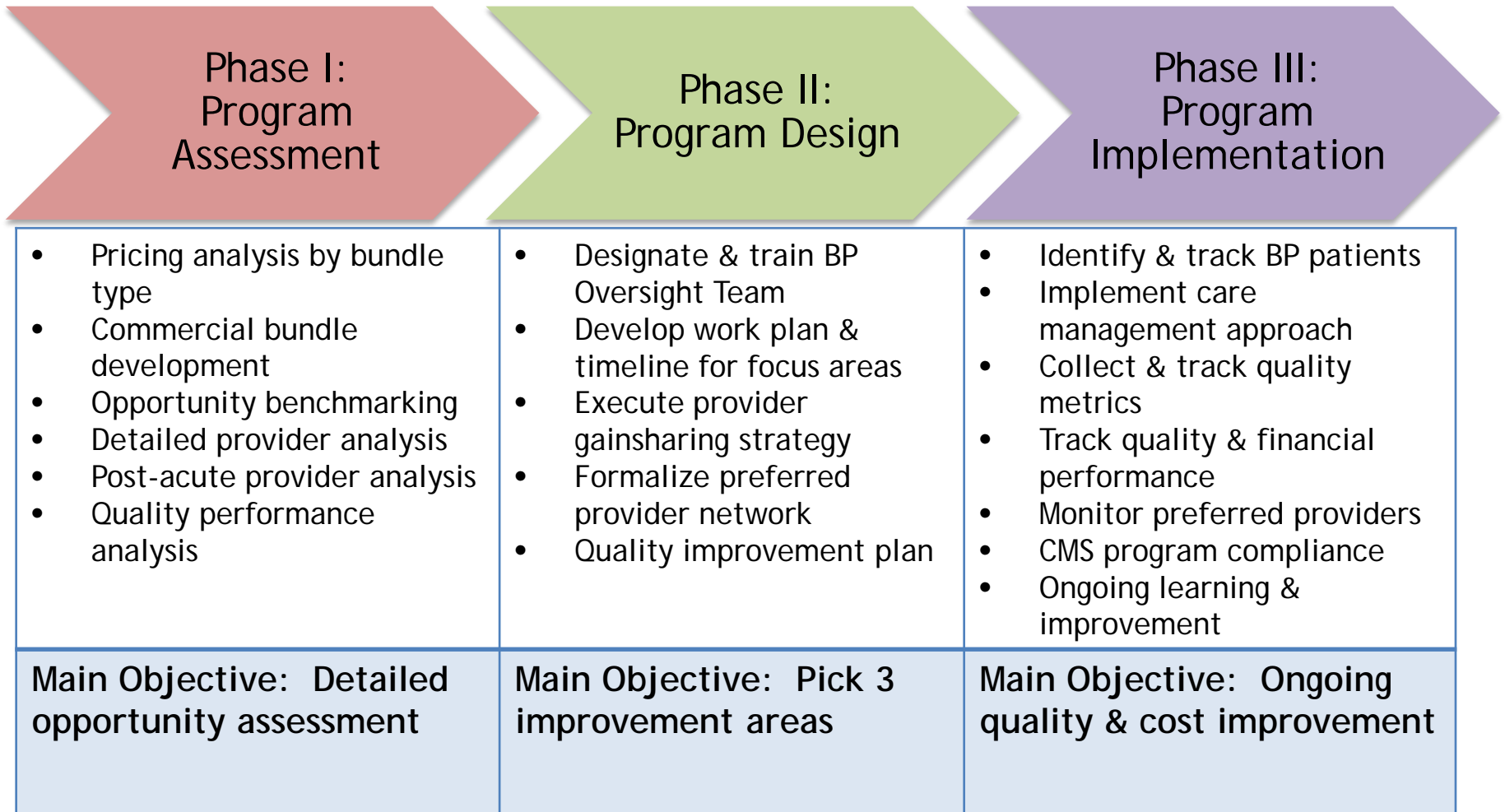
Advisory Board Commercial Bundle Tracker. <https://www.advisory.com/Research/Health-Care-Advisory-Board/Resources/2013/Commercial-Bundled-Payment-Tracker#lightbox/0/limited> so far, with some pockets of activity.

---

# 03

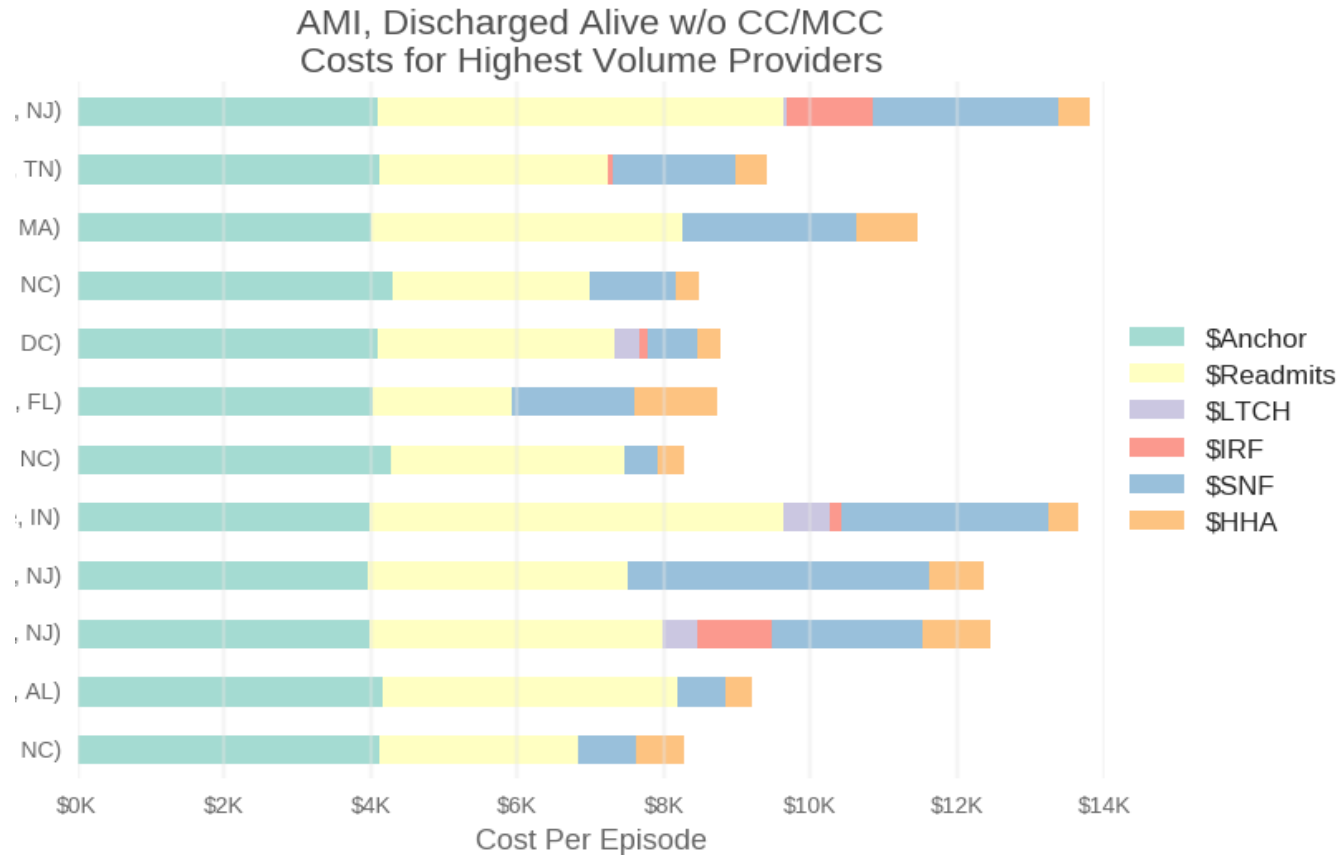
# BUNDLED PAYMENT PROGRAM MANAGEMENT

# Bundled Payment Program Management



# Bundled Payment Program Management - Variation

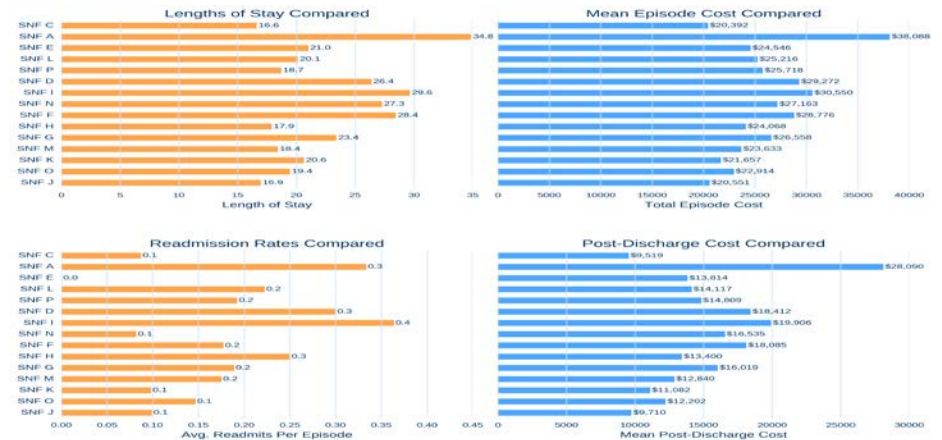
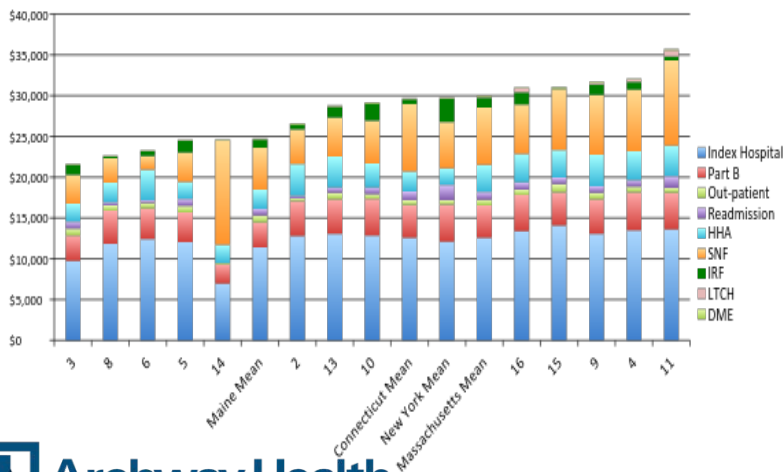
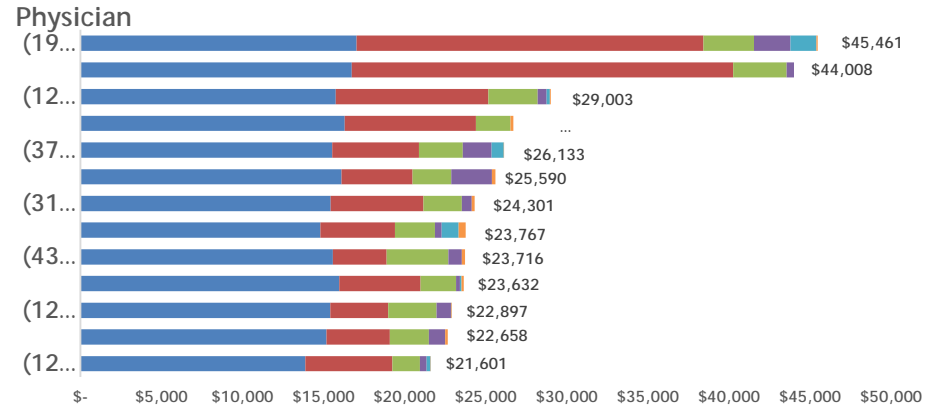
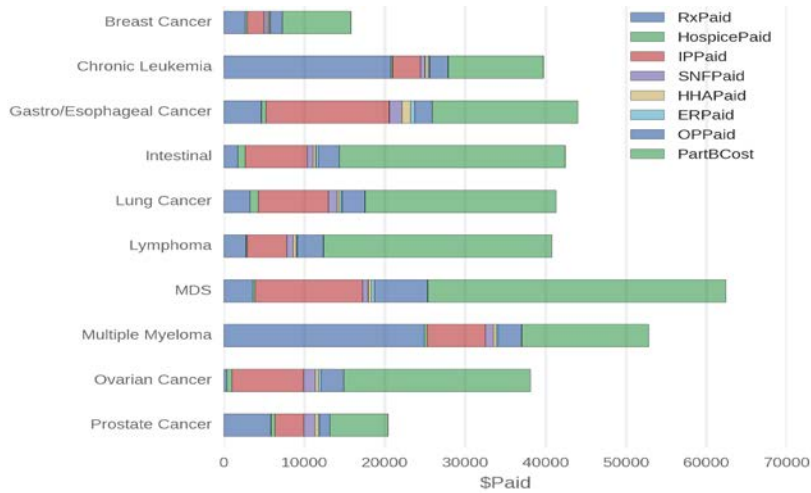
At Archway we have conducted detailed analytics across all types of bundled payment programs...





# Bundled Payment Program Management - Variation

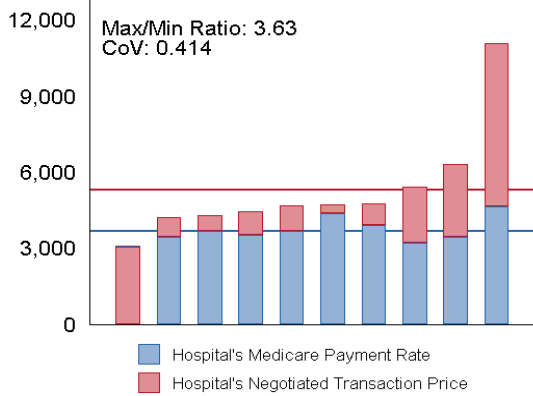
...in our experience variation exists in all types of clinical areas...



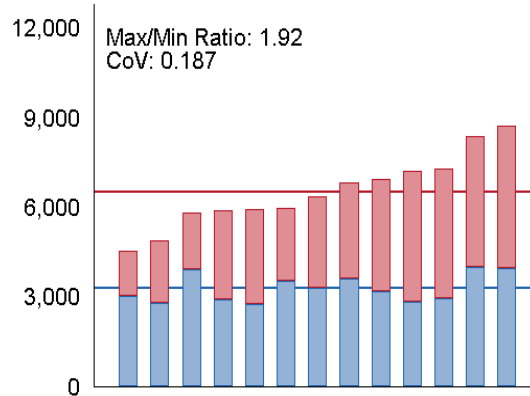
# Bundled Payment Program Management - Commercial

...and across payor types.

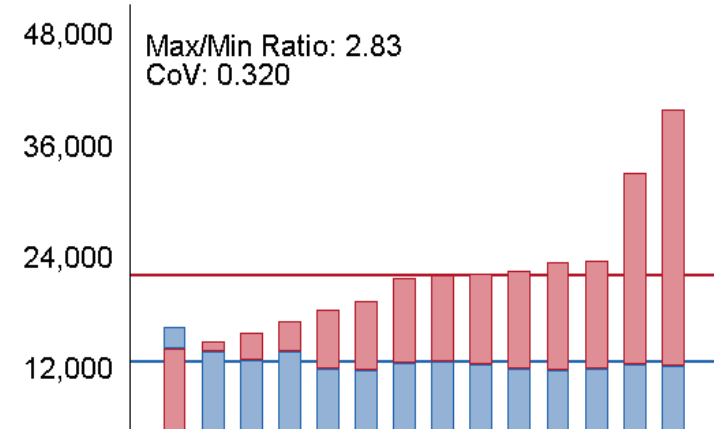
Hospital Prices for Vaginal Delivery  
Boston, MA HRR, 2008-2011



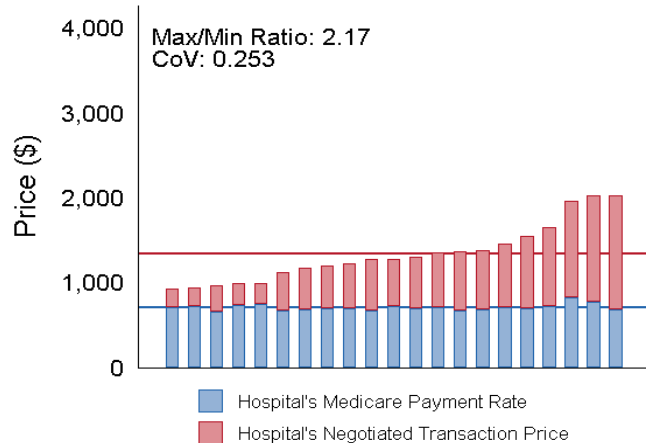
Hospital Prices for Vaginal Delivery  
Baltimore, MD HRR, 2008-2011



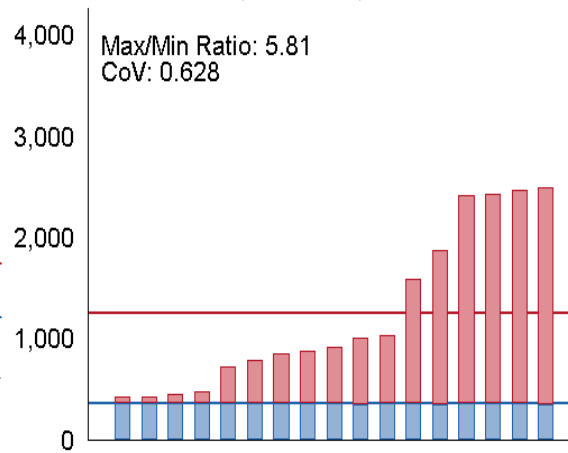
Fort Lauderdale, FL HRR, 2008-2011



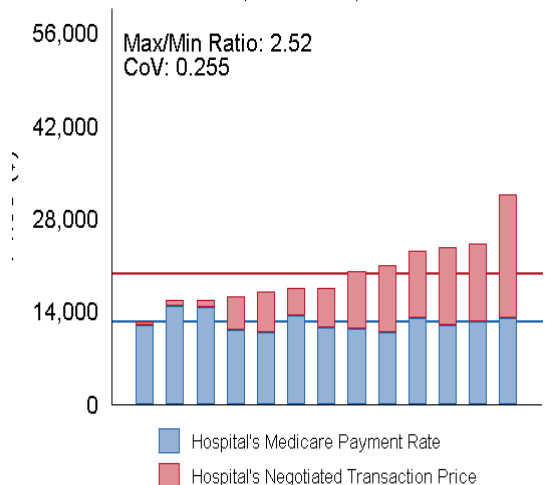
Hospital Prices for Colonoscopy  
Boston, MA HRR, 2008-2011



Hospital Prices for Lower Limb MRI  
Miami, FL HRR, 2008-2011



Hospital Prices for PTCA  
Atlanta, GA HRR, 2008-2011



---

# 04

# KEYS TO SUCCESS

# Keys to Success - Specialist Engagement

In our experience the most effective bundle care programs drive clinical innovation through specialist engagement.

Inno-  
vation

- Better ways to care for acute & chronic patients
- New perspective on costs & outcomes
- Optimal provider, patient, payor alignment

Specialist  
Engagement

- Biggest driver of improvement
- Deep understanding of data
- Aligned incentives

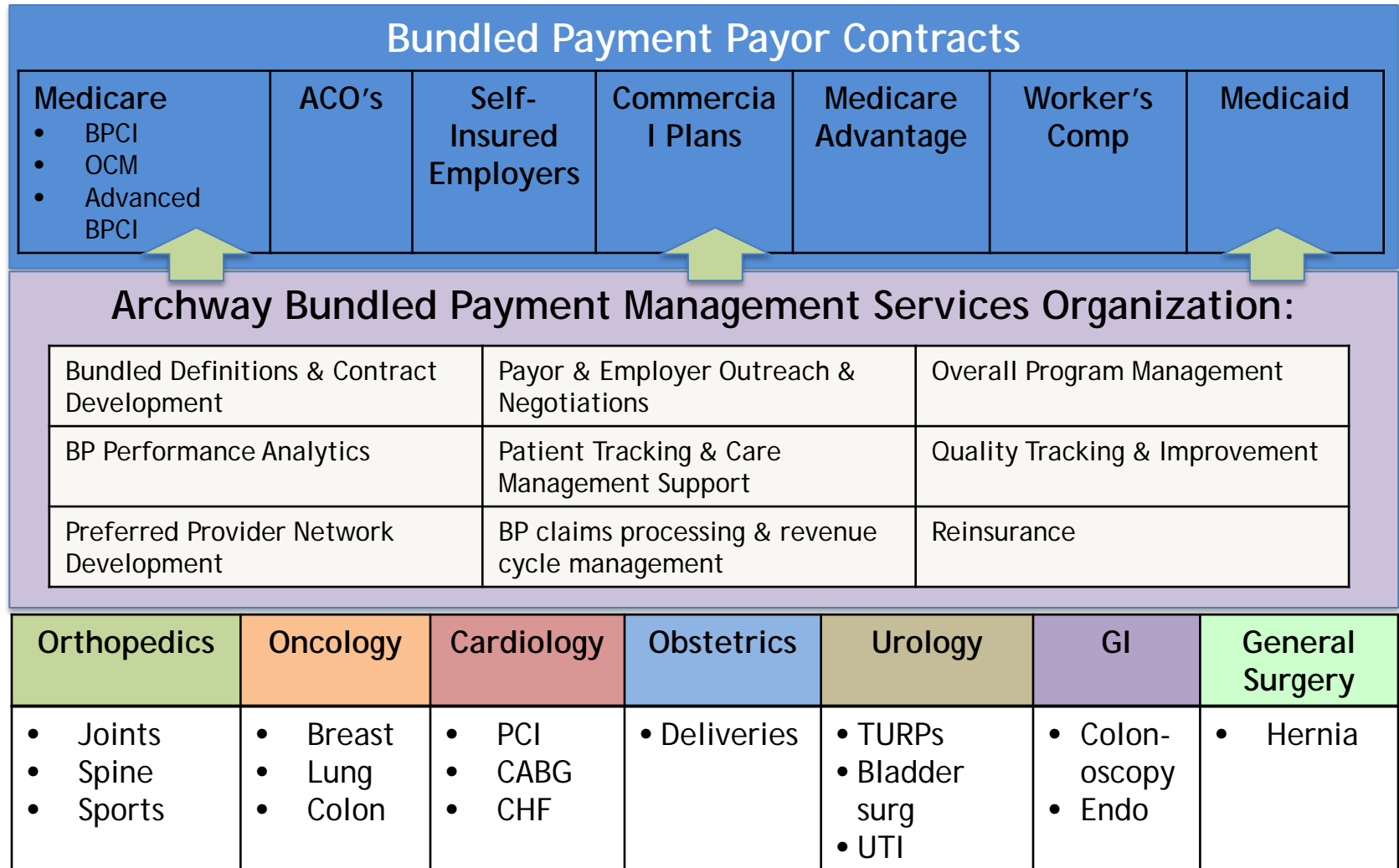
Data Analytics

- Identify opportunities & risks
- Prioritize areas for improvement

Accountable Incentives -  
BP Contract

- Basic requirement
- Creates new incentives for accountability & improvement

# Keys to Success - Specialty Networks



---

# 05

# GETTING STARTED

# Getting Started

- Believe at the C-Suite
- Designate Bundled Payment Operations Team
- Think through your overall bundled payment strategy
- Identify priority payor and specialty partners
- Identify 3 priority focus areas
- Just get going!