Unpacking Payment Bundles
Justin D. Moore

Health care consists of 2 predominant drivers: the science behind the services provided to restore, maintain, or improve health; and the economics of paying the rehabilitation professionals and facilities that deliver these essential services. The confluence of science and economics has made the health care delivery system in the United States a complex one, with varied stakeholders and interests. To best manage this system, policy makers deploy strategies and tactics with an aim to get the best health outcome for the dollar spent.1

With many factors impacting the delivery of health care and how health care services are paid, policy makers are in a constant search to align best practice with the right economic incentives. Policy makers use legislation, regulation, and other policies to try to achieve alignment through efforts aimed at managing the benefit via (1) controls on patient access, (2) risk mitigation through cost-containment strategies for the payer, or (3) penalties and incentives to drive the rehabilitation professional’s behavior and practice.

The growth in health care spending in the past couple of decades has led to a growing need to reorganize the system to reduce cost, increase access, improve care coordination, and improve quality—and ultimately has led to reforms to shift costs to patients, manage payment through cost containment, or redesign care delivery. Bundling is a policy strategy that combines cost containment with delivery system reforms centered on care coordination and patient outcomes.

What Are Bundled Payments?
Bundled payments are the consolidation of payment for a continuum of health care services for a defined population with a specified diagnosis or clinical condition for a specific episode of care.2

Bundled payment methodologies aim to strike a balance between fee-for-service and capitated payment models. They also seek to reduce the incentives of fee-for-service models when fragmented care has the potential to drive higher utilization and capitation or when incentives can drive a lack of services or underutilization that could jeopardize patient outcomes.

Bundled payment methodologies seek to increase care coordination, achieve greater efficiency in care delivery, and ensure high-quality care with the goal of improved patient outcomes at a lower cost. This approach to organizing payment and tying it to specific measures of performance is a system-level application of the value definition of outcomes per dollars spent.

Bundled payment methodologies have been part of the US health care system since the 1970s with the diagnostic-related groups (DRGs) that were developed by Yale University.2 Case-rates, such as global surgery period-type payments or global obstetrical care payment, are another type of bundled payment methodology.3 These initial bundles did not align payment with patient outcomes, thus limiting their potential to create value for the health care system or to assess system performance.

In 2007, the Commonwealth Fund and Robert Wood Johnson Foundation sought to augment bundled payment methodologies with patient outcomes and incentives to better coordinate care, resulting in an innovative payment model called the PROMETHEUS model. This model packages payment around a comprehensive episode of care that covers all patient services related to a single illness or condition. Payment amounts are based on the resources required to provide care as recommended in well-accepted clinical guidelines.3 This generation of bundled payment combined the science of guidelines, evidence, and outcomes with economics by organizing resources utilized at a determined rate of payment.

Where Are Bundles Being Implemented?
In addition to innovative bundled payment models such as PROMETHEUS and initiatives by integrated health care systems and innovative commercial payers, Medicare has begun to initiate bundled payments through 2 programs authorized by the Patient Protection and Affordable Care Act.

The Bundled Payments for Care Improvement (BPCI) program3,6 outlines 4 models of care in which payments for the health care services that beneficiaries receive during an episode of care are aggregated. Health care organizations agreeing to participate in this initiative enter into payment arrangements that include financial and performance accountability for episodes of care. The BPCI’s payment structure is fee for service and has retrospective payment adjustments. The goal is to improve the quality and coordination of care and do so at a lower cost to Medicare. These models offer the ability to pilot test different models and assess their characteristics for future development of bundled payment programs.

The Comprehensive Care for Joint Replacement Model (CJR)—which will begin on April 1, 2016, after the publication of a final rule on November 16, 2015—is mandatory for acute care hospitals that provide elective hip and knee replacements (MS-DRG 469 and 470) in 67 metropolitan statistical areas (MSAs). The CJR model would bundle the inpatient stay with all related health care services, such as physical therapy, for 90 days from discharge. Hospitals would be accountable for providing care, managing the coordination of care across nonhospital settings and providers, and meeting delineated quality standards. The model pays facilities and pro-
Point of View: Unpacking Payment Bundles

The development of bundled payments under Medicare signifies that these payment methodologies will be a part of the evolving payment landscape in which rehabilitation professionals must navigate to provide care and best serve their patients and the payer community. Rehabilitation professionals have a responsibility to advance these models by contributing to the design of care pathways, contributing to the teamwork that will drive care coordination, embracing standardized data collection and outcomes reporting, and providing good stewardship of labor and other financial resources.

Implications for Rehabilitation Professionals

The application of bundling will be limited to defined episodes of care and will not encompass the full spectrum of patient populations. The potential of bundling is primarily in diagnostic categories that are predictable and initiated by an event such as a specific injury, surgery, or procedure. Chronic conditions—from diabetes to low back pain—present complications for bundled payments but still need to be addressed with innovative payment reforms.

Rehabilitation professionals will be faced with managing multiple payment methodologies in the future, including bundled payments. Regardless of the percentage of payments that rehabilitation professionals have received via bundled methodologies, there are many implications that are applicable to other payment methodologies and that are advisable for tomorrow’s practitioners.

1. Adoption of Standardized Data Collection, Including Patient Assessment and Outcomes Reporting

These data will provide a common platform for communication across the care team—an indicator for overall performance as well as individual provider performance—and will facilitate quality improvement for the further development of care pathways. In the CJR model, this implication is seen in the integration of patient measurement tools, such as the use of the National Institute of Health’s Patient Reported Outcomes Measurement Information System (PROMIS) as a component of participation in this bundled payment methodology. Data also will need to be captured in a standardized system such as a registry, with the potential for robust analytical support and software to allow both the investigation of performance indicators and the process improvement that is essential to care flow processes and resource allocation and utilization.

2. Utilization of Clinical Practice Guidelines as an Integral Part of the Care Pathway

Providing expectations to the care team regarding the services of rehabilitation professionals will further standardization of practice, enhance accountability, and measure adherence as an indicator of performance and predictability in resource allocation. Currently, integrated health systems involved in bundled payment methodologies utilize published guidelines to design care pathways to delineate the role of rehabilitation professionals and the portion of the payment that they will be paid for the outcomes that they will be held accountable to deliver. Further development of clinical practice guidelines will only facilitate the inclusion of rehabilitation professionals in the development of the care pathways that are a fundamental part of bundled payment methodologies.

3. Development of System-Level Skills and Competencies for Participating in Team-Based Care

The core competencies for interprofessional education and practice are one example of this implication of bundling. One of the core competencies under the domain of roles and responsibilities that is critical to the success of bundled payment methodologies is: “Use the knowledge of one’s own role and those of other professions to appropriately assess and address the healthcare needs of the patients and populations served.”

Knowing if, when, and in what role rehabilitation professionals are involved in the continuum of service comprising a bundle is essential for success at a patient, system, and provider level.

4. Application of Business Acumen to Understand the Costs of Resources Needed to Provide Services Consistent With Care Pathways That Are Developed

The management of resources is essential to best deploy limited access in the most efficient and effective fashion. Currently, rehabilitation utilizes productivity measures that are antiquated and drive volume over performance measures that are in the value framework. Transitioning away from “units billed per patient” to “outcome achieved at what cost” is essential and requires measurement beyond a service-level mentality.

Unpacking the bundle at the level of the rehabilitation professional not only will articulate and demonstrate the value we provide the care team involved in these payment methodologies but will provide opportunities for continued refinement and enhancements in the care pathway, efficient resource allocation and utilization, and improved patient outcomes. The 4 implications above represent a first step in combining the evolving science and economics that intersect in a performance-based health care system.

Bundled payments offer opportunities and challenges for rehabilitation professionals. Those who are willing to integrate best practice to achieve the best outcome—and who can provide stewardship of financial resources to do so at the lowest cost—will stand to show and generate value in our health care system. As renowned surgeon and author Atul Gawande states, “Better is possible. It does not take genius. It takes dili-
Bundled payments will continue to evolve and expand in our health care system to meet our shared aim to generate better value, better health, and a better system for caregivers, patients, and payers alike.

J.D. Moore, PT, DPT, Public Affairs Unit, American Physical Therapy Association.


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References


