

In our [last article](#), we outlined the key benefits of [participating in bundled payments](#), in light of the fact that CMS is expected to announce its new Bundled Payments for Care Initiative (BPCI) model later this summer. There, as [elsewhere](#), we discussed the ways in which bundles have been shown to improve patient outcomes, reduce readmissions, and streamline care delivery, while lowering overall costs of care. For our BPCI partners, that amounts to a gross savings of more than 8 percent, on average, for 90-day episode expenditures with a more than 15 percent reduction in the number of days that patients stay in skilled nursing facilities. Under BPCI, these savings occurring in the post-discharge period are returned to the health system as revenue as a reward for participation in the program.

Here, we're taking a look at what interested organizations need to do to begin 'cracking the code' of bundled payments, so to speak — the steps they need to take to both assess their readiness for participation and prime their organization for success under the bundled payment model. BPCI, and presumably the upcoming model of BPCI, are complex programs, but with the right guidance and preparation, health systems can reliably achieve success under them. As providers look to opportunities to participate in the new Medicare bundled payment model that is expected to begin in 2018, the earlier preparations begin, the better. Here's what you need to know.

First, Define the Opportunity

Healthcare organizations need to get a sense of the potential scope of their bundled payments project, and that starts with defining the episodes of care that will become your focus. In general, high-volume, high-cost episodes that require post-acute services, beyond lower extremity joint replacements such as CHF, COPD, CABG, and AMI, make for ideal candidates in our experience. We recommend plugging potential episode groups into our [BPCI calculator](#), which will give you an initial assessment of the incremental revenue your organization may stand to gain by participating in the program.

Digging deeper, your health system should also analyze its Medicare data, ideally over multiple years, to better understand historic utilization and cost patterns for specific episodes. This enables your organization to more precisely identify areas where greater efficiencies and better care coordination can be achieved. With these details in mind, you will have a much clearer picture of the potential financial and clinical impact of bundled payments.

Identify and Align Your Stakeholders

Of course, you need to carefully prepare your organization for the changes ahead in order to successfully launch a bundled payments program. First and foremost, this includes identifying the executive champion who will be instrumental in lifting project off the ground. Bear in mind, however, that a successful bundled payment program requires input spread across departments and specialties, which points to the creation of a cross-functional steering committee, with interests from executive, clinical, and financial stakeholders firmly represented.

A secondary, but no less important step, is to make tangible efforts to educate the stakeholders who will be involved throughout your health system. As bundled payments require a high level of organizational coordination, it's best to ensure that the board, key leadership as well as key physicians, case management, and other stakeholders throughout the continuum of care (who will ideally have connected workflows), are fully briefed on your strategy — from initial preparation through eventual execution.

Work to Understand Your Market Context

It's helpful to work to understand which physician groups, health systems and other providers in your market who are, or will soon be, participating in similar value-based care arrangements, including ACOs, bundles, or other alternative payment models.

Understanding your market dynamics will offer alignment and potential partnership opportunities. Additionally, there may be operational investment synergies, reimbursement synergies (such as MACRA, TCM, CCM, etc.) and other initiatives that can be leveraged through your participation in bundled payments.

It's also essential to begin searching for ideal post-acute care (PAC) providers within your market. As PAC providers will necessarily become close partners as part of bundled payments, you should begin gathering performance data to determine which, with their relative strengths and weaknesses, will be the best match for your patients' needs.

Next Steps: Determine the Assets You Need in Care Redesign

With the big-picture items of bundled payments in starker relief, it's a good time to consider other factors that will place your organization on the strongest possible path to success.

As [Deloitte](#) has observed, organizations participating in bundled payments have found the investment in data and analytics to be critical to achieving their cost-reduction and patient outcome goals, which often comes through partnership with a convener. In this regard, in our experience in managing over 40,000 BPCI payment episodes annually, we have found several capabilities to be essential:

- An ability, through evidence-based analytics, to identify the highest-risk patients at the earliest point in their hospital stay, in order to deploy the appropriate resources.
- Post-acute clinical decision support technology that's integrated seamlessly into a single discharge planning workflow.
- An ability to discharge patients into the most clinically appropriate PAC — those with resources that will maximize their recovery, over the shortest possible time frame.
- Visibility into utilization of services in post-acute facilities to ensure that patients are receiving the most efficient and clinically appropriate care based on valid severity-adjustment.

While participating in bundled payments can be a complicated endeavor, health systems nationwide have proven them to be a reliable way to transform how patients experience post-acute care, reduce total costs of healthcare, and most importantly, improve outcomes for patients. At the same time, they have also been shown to work well alongside, or as a stepping stone to, other alternative payment models. With the next iteration of CMS' BPCI model announcement expected soon, we urge health systems to begin preparing for this important step on the road to value-based care.

^[1] *The statements contained in this document are solely those of the authors and do not necessarily reflect the views or policies of CMS. The authors assume responsibility for the accuracy and completeness of the information contained in this document.*