Dignity Health Leverages Bundled Payments to Achieve Value-Based Care Goals

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Introduction

As the healthcare industry transitions from volume- to value-based care, many health systems are participating in voluntary pilot programs to pioneer care innovation and develop repeatable strategies for success. Since 2014, with two facilities, and 2015, with an expanded program, Dignity Health has partnered with naviHealth, to take part in the Centers for Medicare and Medicaid Services (CMS) and Bundled Payments for Care Improvement (BPCI) initiatives. Now in its fifth year in the BPCI program, Dignity Health has seen tremendous success in improving the quality of patient care across the care continuum, while generating year-over-year savings.

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Dignity Health: Taking a Proactive Approach to Care

"The strategies used by Dignity Health and naviHealth to jointly align hospitals, physicians and post-acute care (PAC) providers to deliver the most clinically appropriate care to the right patient at the right time, have created a best practice model for providers nationwide."

Dignity Health, one of the nation's largest health care systems, is a 22-state network of more than 9,600 physicians, 63,000 employees, and over 400 care centers, including hospitals, urgent and occupational care, imaging centers, home health, and primary care clinics. Headquartered in San Francisco, Dignity Health is dedicated to providing compassionate, high-quality, and affordable patient-centered care with special attention to the poor and underserved.

Dignity Health has been a consistent advocate for healthcare transformation and innovation, and historically has been a strong supporter of the transition from fee-for-service payment models to value-based care. As such, Dignity Health has actively sought participation in value-based initiatives, such as BPCI. For Dignity Health, the BPCI program represented an exciting opportunity to innovate for care improvement. By optimizing the patient journey after discharge and by closely aligning providers along the care continuum, Dignity Health believed that they could deliver a patient-centric care experience that enhanced the quality of care delivered to the patients they serve.

Overview of the BPCI Program

BPCI is one of the Medicare Alternative Payment Models (APMs) — such as accountable care organizations and the patient-centered medical home — that have been developed by the Center for Medicare and Medicaid Innovation (CMMI) since 2012. There are four models in the BPCI program, and this case study represents BPCI Model 2. The goals of BPCI are aligned with efforts to transition away from traditional fee-for-service models to value-based care, and as such, aim to improve the quality of care delivered to patients, while controlling or reducing costs of that care. By 2018, CMS plans to have 50% of their payments tied to such APMs.

The Bundled Payment Model

One defining feature of BPCI is that hospitals and their optional partners in the program, called conveners, are held jointly accountable for patient outcomes throughout an 'episode of care', which spans from an inpatient stay in an acute care hospital, through post-acute care and includes all related services, for up to 90 days after hospital discharge. Under BPCI, these hospital-convener partnerships, such as Dignity Health and naviHealth, are held to a historical average spend, adjusted for numerous factors, across the episode of care. In other words, where care delivery was once fragmented among many largely disconnected acute and post-acute partners, BPCI strongly incents partners like Dignity Health and naviHealth to closely align providers across the entire care continuum after a patient discharges from the acute hospital. Success under BPCI stems heavily from the ability of partners like Dignity Health and naviHealth to understand what patient success looks like, drive clinical improvements across the patient journey, and smoothly transition patients to the care environments best suited to their unique needs. By streamlining the care experience with evidence-based tools and strategies and engaging closely with all stakeholders, providers and conveners can achieve value-based goals under BPCI.

The Value of a Convener Partner

"Success in a BPCI program requires organizations to have a clear understanding of what quality patient outcomes look like, how to measure them, in what way the patient journey of care should unfold, and by what means the health system can align providers across the continuum of care to definitively achieve their agreed-upon goals."

One key consideration for any health system when considering participation in BPCI is the financial risk associated with program participation. Although Dignity Health has an extensive history of success with traditional fee-for-service payment systems — which reimburse doctors and hospitals for the quantity of services delivered — value-based care models like BPCI tie payment explicitly to the quality of care delivered during an episode of care. Moreover, providers are required to take responsibility for patients and their outcomes for up to 90 days after they discharge from the hospital.

In the case of BPCI Model 2, acute facilities and their convener partners share a retrospective fee for a single episode of care — defined as spanning from admission through 90 days after discharge (called the readmission risk period) — while delivering on robust quality metrics and improving patient outcomes. As a result, providers are exposed to a degree of financial and operational risk, should they have difficulty in transforming care and driving effective clinical improvements. However, the significant opportunities for care improvement and cost reduction more than outweigh these risks, provided health systems take a strategic approach to BPCI participation.

For providers like Dignity Health, conveners have an opportunity to play a critical role in ensuring program success. While many conveners simply play the role of data processors, operating on a strict fee-for-service basis, others, like naviHealth, can act as true partners throughout the course of the BPCI program. Under this partnership, the convener can contribute the operational and clinical expertise needed to transform care, while assuming the full financial risk of the program and providing the working capital necessary to support the effort. This enables acute providers to pursue BPCI with confidence. Moreover, a convener may also provide care management services and scaled technologies, along with, in the case of naviHealth, a proven track record in optimizing clinical and quality outcomes, while controlling or reducing costs. With the help of a convener partner, value-based programs like BPCI can become not only achievable, but actively desirable for cutting-edge providers.

Approach to BPCI: Strategies for Success

For the Dignity Health BPCI program, this required that Dignity Health and naviHealth coordinate meticulously, using best-practice and evidence-based strategies to break down the transitions of care, drive clinical improvements, and determine which patients should receive what care, from which providers, at what time. Moreover, it demanded Dignity Health and naviHealth to align hospitals, physicians and PAC providers in the shared pursuit of achieving the best possible patient outcomes.

Finally, it required Dignity Health and naviHealth to leverage best practices through claims, patient and other performance data to drive transformational conversations about how and where patient care could be continually changed. Because Dignity Health and naviHealth were able to combine the use of innovative tools and data strategies with 'boots-on-the-ground' collaboration between key stakeholders, the partnership represents a blueprint for success for health systems considering participation in a BPCI program.

Features of the Program

- Using a proprietary decision support tool, nH Predict, to predict the outcomes of patients. Outcomes are derived from a severity-adjusted dataset of patients with similar functional levels, clinical conditions and comorbidities. The leveraging of actual outcomes from a population of like patients to accurately predict the functional gain, LOS, therapy utilization and caregiver needs of future patients is unprecedented in this space
- Using a proprietary evidence-based readmission risk assessment tool, nH Identify, to help avoid readmissions by identifying and intervening with high-risk patients who may need further assessment and additional support to prevent a rehospitalization. For example, nH Identify may guide naviHealth care coordinators to assign a high-risk patient a transitional care manager, who can then conduct telephonic follow-ups throughout the entire episode of care
- Using a proprietary case management tool, nH Coordinate, to develop comprehensive assessments of the patient journey, create lever reports for patient care and enable near-time care strategy conversations with providers and care coordinators. Moreover, the nH Coordinate incorporates nH Predict and nH Identify to provide evidence-based guidance, set common expectations, and help direct decision-making in areas where little guidance previously existed
- Leveraging these tools and clinical expertise to determine optimal post-discharge paths of care for patients, whether long-term acute care (LTAC), inpatient rehabilitation facility (IRF), skilled nursing facility (SNF) or home with appropriate resources, for example, home health

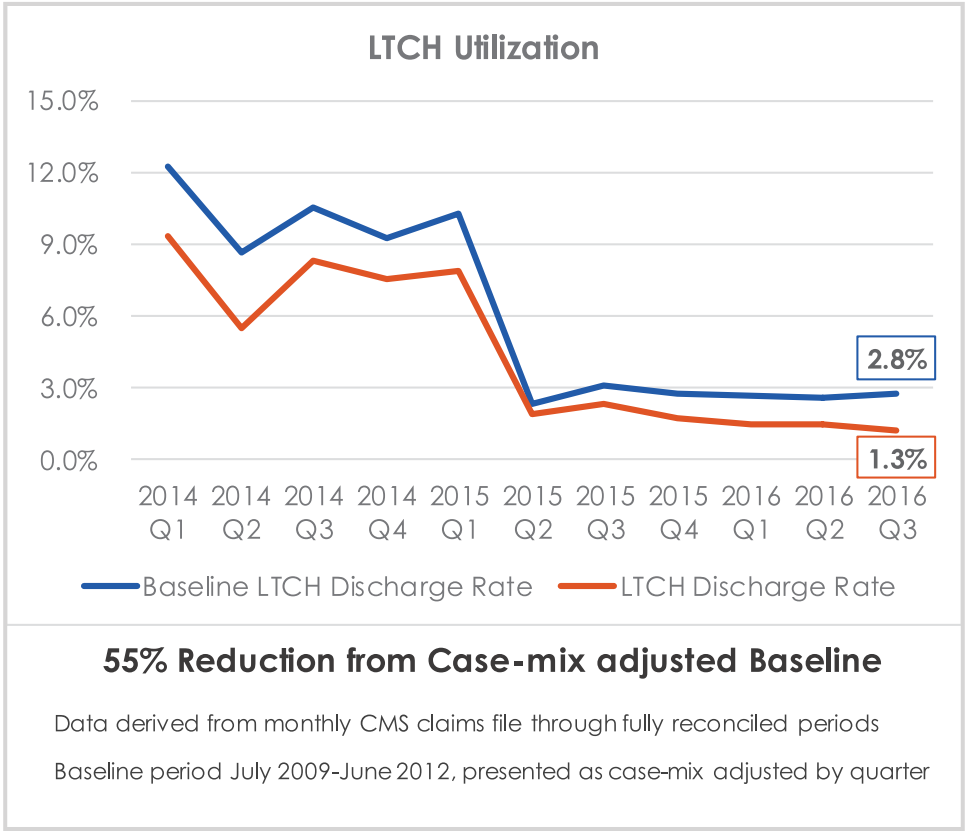
- Identifying successful PAC providers who are most likely to engage in care transformation to create high quality PAC networks
- Creating and using tools that support bi-directional communication with PAC partners
- Using reports and key performance indicators (KPIs) to facilitate 'change' conversations during provider and care coordinator discussions
- Developing clinical workflows in collaboration with providers to seamlessly transition patients across the care continuum
- Identifying and using local hospital and community resources to support patients
- Providing the opportunity for patients to have end-of-life conversations and set goals with their family and health care team
- Leveraging these key features has allowed Dignity Health and naviHealth to be 'disruptive' players in value-based care as they redesign care for patients in the BPCI program

Realizing Value-Based Care Improvements

Dignity Health and naviHealth, now entering their fifth year in partnership with hospitals, physicians and PAC facilities under BPCI, have achieved positive results, which include:

- A 40% reduction in IRF utilization without a noted increase in 30- and 90-day readmission rates
- A 56% reduction in LTCH utilization
- An 8% reduction in SNF utilization
- A 12% increase in Home Health utilization
- An 8% reduction in 90-day readmissions
- A decrease in SNF overall average length of stay by 3.4 days, with no compromise in functional outcomes, community discharge or 30-day readmissions. This same trend remains true when severity-adjusted for admission function, medical complexity, and impairment group (based on primary diagnosis). Moreover, orthopedics, one of the largest diagnostic-related groups for Dignity Health, demonstrated an overall average reduction in length of stay by 3.6 days, with no compromise in functional outcomes, community discharge, or 30-day readmissions, which holds constant with severity adjustment
- Dignity Health and naviHealth have accrued year-over-year savings in the BPCI Model 2 program

Long-term Care Hospital Utilization

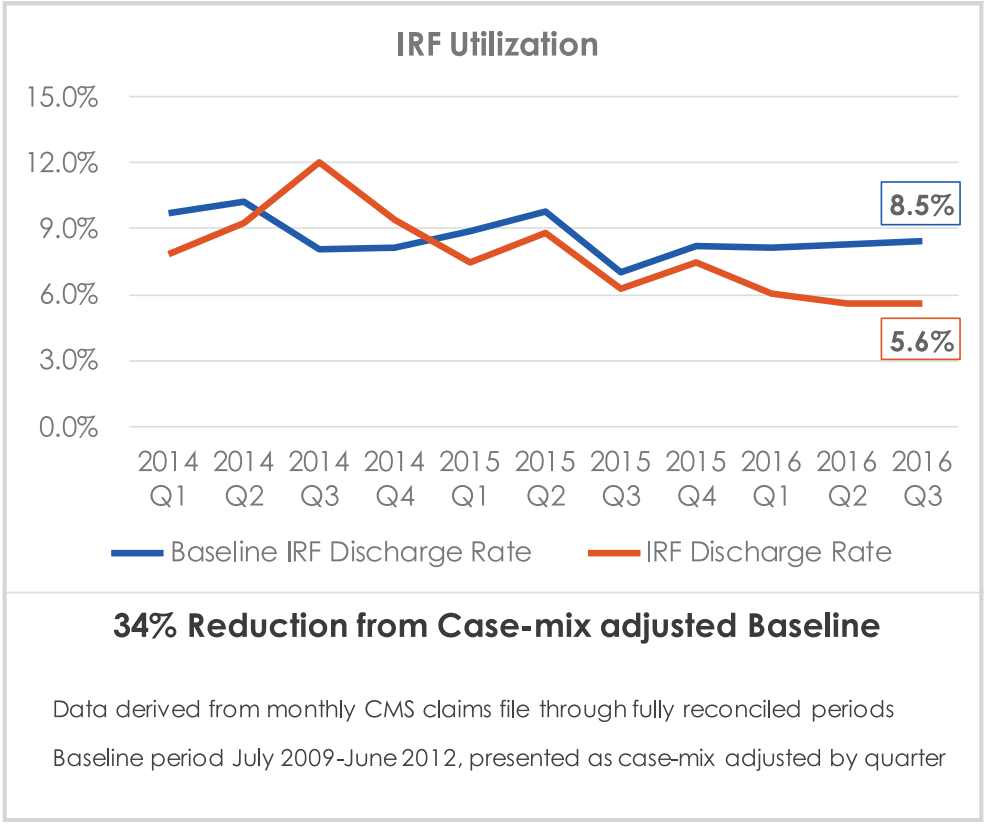


55% Reduction from Case-mix adjusted Baseline

Data derived from monthly CMS claims file through fully reconciled periods

Baseline period July 2009-June 2012, presented as case-mix adjusted by quarter

Inpatient Rehab Facility Utilization Impact



34% Reduction from Case-mix adjusted Baseline

Data derived from monthly CMS claims file through fully reconciled periods

Baseline period July 2009-June 2012, presented as case-mix adjusted by quarter

A Blueprint for Sustained Success

The Dignity Health BPCI program serves as a best-practice model for other providers considering participation in value-based initiatives, such as BPCI. The partnership with naviHealth has demonstrated that, by using best practice and evidence-based strategies to ensure "right care, right place, right time" for each patient and being a willing participant in disruption and innovation, participants in value-based programs can transform care delivery, achieve positive financial outcomes, and more importantly, create a patient-centric, compassionate care experience for those they are entrusted to serve.

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