



Points of Light 2022

Recognizing Successful Payer/Provider Collaborations

May 2022



Case Study

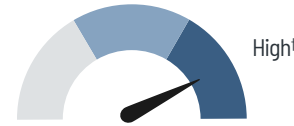
Bundled Payments for Maternity Care Improve Quality, Drive Down Cost

Executive Summary

With the costs for maternity care rising, Metro Nashville Public Schools partnered directly with Vanderbilt Health to create a bundled payment program for their maternity population. Technology from Cedar Gate Technologies enables the smooth, efficient administration of the program, resulting in high satisfaction for all stakeholders, including the patients themselves.

How Replicable by Other Organizations?

Based on participants' perceptions of how easily other organizations could replicate their success



† The healthcare organization in this case study had previous experience with government bundled payments and currently partners only with employer organizations.

The Collaborators

VANDERBILT HEALTH | Employer Solutions



Vanderbilt Health

Location: Tennessee
Sizing: 1,700 beds, 1,000 physicians

Metro Nashville Public Schools

Location: Tennessee
Sizing: 6,500 employees

Cedar Gate Technologies

Headquarters: Connecticut
Segment: Value-based care managed services

Points of Friction—Challenges to Be Solved

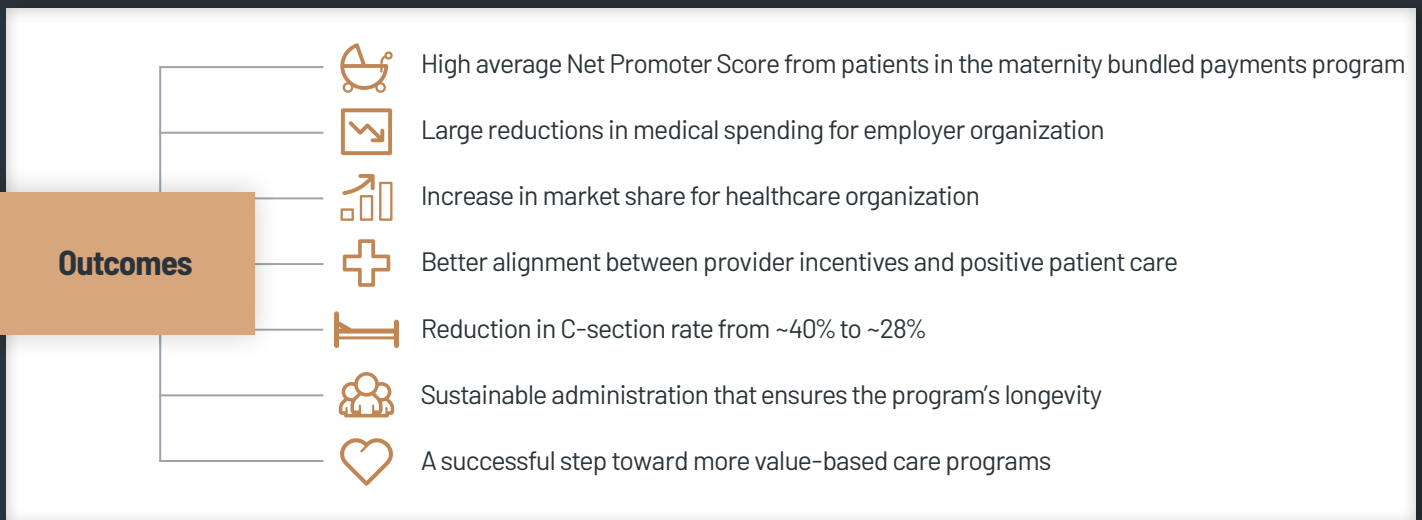
- » **Rising neonatal costs and an increase in C-sections were threatening employee health and the sustainability of employee benefits program:** Metro Nashville Public Schools was seeing an increase in costly neonatal claims among their employees, including an increase in the number of C-sections. The organization had incentives such as healthy baby programs in place, but they felt they needed a more aggressive intervention to reverse the trends they were seeing. The organization began looking for a provider partner who could help them improve outcomes for their maternal demographic via a bundled payments program.
- » **General unsustainability of fee-for-service reimbursement:** Vanderbilt Health had already embraced bundled payments as one way to help healthcare shift from fee-for-service (which they viewed as unsustainable) to value-based care. They felt bundled payments could liberate the healthcare system from a model of misaligned incentives. Their work in this area was a natural evolution from government-inspired bundled payments and focused on bringing the same benefits to commercially insured patients in a direct contracting format. Vanderbilt Health teamed up with Metro Nashville Public Schools to create a bundled payment program that encompassed the whole delivery system. They looked first at improving quality and then focused on reducing costs later.

Action Plan—How the Collaborators Worked Together to Reduce Friction

- » **Vanderbilt Health and Metro Nashville Public Schools contracted with each other directly:** The employer organization is self-insured, and they contracted directly with Vanderbilt Health for value-based bundled payments. The employer organization's TPA agreed to support the efforts and adjudicate the claims. Vanderbilt Health currently offers bundled payment programs only to self-insured employers. They feel this is the only type of organization that currently offers the flexibility needed for their benefits design. The healthcare organization feels that one of the benefits of working with Cedar Gate Technologies is that they can partner directly with employers.
- » **Vanderbilt Health leveraged their expertise to build and design the bundled payments:** The healthcare organization takes on full financial risk as well as the clinical responsibility, which means they are very involved in the data. They have multiple touchpoints with patients throughout their system, and those require a higher level of participation. They use their expertise to build and design the bundled payments, create agents for change within the organization, and improve quality.

- » **Cedar Gate Technologies leveraged their expertise in tackling the operational challenges of placing value-based care on top of fee-for-service systems and ensuring the bundled payments could be administered efficiently:** Cedar Gate Technologies really shines when it comes to making value-based contracts work in a fee-for-service system. Value-based care programs require a paradigm shift that involves people, processes, and technology. The vendor had to develop comprehensive relationships across the organization—including with financial teams, operations teams, administrative teams, care teams, and so on—to ensure all departments were fully engaged and supported. Vanderbilt Health had their own definitions already put together for the bundles. Cedar Gate Technologies performed bundle analytics and found that while the bundles were very thorough, they would be too complex to administer given the employer organization's specific TPA. This is an area in which the technology vendor works closely with the TPA. Based on the vendor's recommendations, the definitions were tweaked to make sure the TPA and the employer could handle the invoice as a single lump-sum bundled payment and pay it correctly. Once the lump sum is paid to Vanderbilt Health, the vendor's technology ensures it is properly distributed to the providers. Standard transaction sets are used, so there is no heavy lift for the healthcare organization or for the TPA.

Points of Light—Outcomes Achieved through Collaboration



- » The Net Promoter Scores from patients in the maternity bundle are in the low 90s. The patients are very happy with the program, both clinically and financially, which was the collaborators' top goal. The majority of the care is done at zero out-of-pocket cost to the patients.
- » Combined, the various employers that Vanderbilt Health works with have saved millions of dollars. Metro Nashville Public Schools specifically has documented savings of fee reductions for the maternity program of approximately \$500,000. The employer organization is very pleased with their outcomes, including a reduction in C-sections from approximately 40% of their maternity population to approximately 28%.
- » Vanderbilt Health has seen a bump in market share, and they designed the bundles in a way that their physicians and nurse practitioners are free to do what is best for each patient without being encumbered by traditional utilization management or prior authorization rules.
- » Working together, the collaborators in this case study have created a sustainable way to administer the program, ensuring its longevity. Vanderbilt Health's physician champion and bundled payments team brought the financial, value-based care, managed care contracting, and revenue cycle teams together to create seamless administration that benefits the patient.

Lessons Learned

- » **A physician champion is critical to success:** The champion must understand value-based care, the risk involved, and how to manage it. They must also educate and train the other providers and bring them along in the program.
- » **The healthcare organization needs a deep understanding of the risk, the bundled payment definitions, and how to administer the contract:** It is crucial for the healthcare organization to understand the data, the bundled payment definitions, and how they relate to the administrative

system. They must have a good knowledge of both the health plan sponsor and the various TPA systems and vendors so that they know how to interact, whether invoicing an employer directly or working with a TPA.

- » **Create a win-win scenario for the employer, payer, and healthcare organizations:** All parties involved need to feel that the program is sustainable and that they are getting their desired benefits (e.g., great member experience, transparent pricing, reduction in risk). Vanderbilt Health leveraged their thought leadership and experience with bundled payments to help educate the employer organization on best practices and to make sure the right teams were engaged often and early.
- » **Know your customer, understand their pain points, and partner closely to resolve the issues:** When Vanderbilt Health first began approaching employers about creating a bundled payment program, they expected to start with musculoskeletal or cancer care. However, they listened to the organizations and learned that maternity care was their biggest pain point. That changed the trajectory of their offering.
- » **Healthcare organizations need to partner with technology vendors that are experts in the revenue cycle operations of value-based care:** Vanderbilt Health underestimated how challenging it would be to do the revenue cycle operations of value-based care, which include direct invoicing and lump-sum payments. They went through a vigorous vetting process before selecting Cedar Gate Technologies and feel that even with this vendor's extensive experience, the process was not easy.
- » **Providers love the freedom of practicing care the way they see fit:** Some people worry about provider buy-in, but Vanderbilt Health has learned that providers are excited about the idea of being able to practice care the way they deem best and then being held accountable for the outcomes. They love the idea of not having a utilization management person from an insurance company questioning how they care for patients. In the maternity bundle, the providers are rewarded financially for doing fewer C-sections, which is the clinically appropriate thing for patients. There is now alignment between what the financial model says is right and what the clinical model says is right. Providers want that alignment; they just need the tools to create it.

What's Next?

- » **Additional bundled payment programs:** Due to the success of the maternity program, Vanderbilt Health has put similar programs in place for spinal surgeries, hip and knee replacements, and bariatric surgery.
- » **Expanding bundled payments to newly acquired sites and non-owned providers:** Vanderbilt Health has recently acquired additional hospitals and is beginning the process of deploying bundled payments in these facilities. From a revenue cycle standpoint, the process will be plug and play, but from culture and provider-education standpoints, there will be work to do. To further scale value, Vanderbilt Health is also going to incorporate providers who are not part of their integrated health system. That will require the organization to look at things from operations, revenue cycle, billing, and even clinical and patient experience perspectives.