



Points of Light 2023 Case Study 20

Leveraging Physician-Led VBC Model to Deliver Lower Costs and High-Quality Care

April 2023



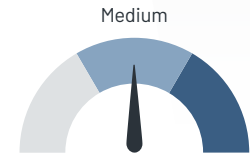
Case Study 20

Leveraging Physician-Led VBC Model to Deliver Lower Costs and High-Quality Care

Executive Summary

Inpatient treatment for high-risk cardiovascular patients comes with a significant cost for patients, providers, and payers. Costs are lower and outcomes are better when the care for these patients is effectively managed outside the hospital. To achieve this, the collaborators in this case study combined payer and provider data to better predict costs and patient outcomes and then established a bundled payment contract that reduces the costs of caring for patients with high-risk cardiovascular diseases while ensuring they receive the care appropriate for their condition. Outcomes include reduced hospitalization and lower costs.

Applicable to Other Organizations and Partnerships



The Collaborators



Location: TX
Sizing: 2,800+ physicians

Payer Organization 20

Anonymous
Location: TX
Sizing: 5.1 million members



Headquarters: CT
Segment: Value-based care managed services

⚠️ Points of Friction—Challenges to Be Solved

- **Worse outcomes and increased costs for patients, payers, and health systems when cardiovascular patients have to be admitted to the hospital for care:** Patients with high-risk cardiovascular conditions require specialist treatment, close monitoring, and intervention to manage their disease. Outcomes are often better and costs can be reduced—and more predictable—if patients can receive effective care outside of the hospital and avoid having to be admitted.
- **Difficulty of obtaining accurate data to determine prospective bundled payments:** When determining bundled payments for value-based contracts, it is imperative for healthcare organizations to have the right data that enables them to make informed, predictive decisions about risk and effectively manage the care of high-risk patients, such as those with cardiovascular conditions. Likewise, payer organizations need sustainable programs that reduce the total cost of care while maintaining high-quality clinical outcomes.

📋 Action Plan—How the Collaborators Worked Together to Reduce Friction

- **Collaborated on a bundled payment contract aimed at managing costs for the patient, health system, and payer while maintaining quality care:** The collaborators aimed to reduce burdensome medical costs by aggregating patient data to better predict costs for high-risk cardiovascular patients. CardioVascular Care Providers partnered with Cedar Gate Technologies, using their solutions to combine payer and provider data to better predict costs and patient outcomes. Using this data and working with CardioVascular Care Providers, Cedar Gate Technologies negotiated prospective bundled payment contracts with Payer Organization 20. The contracts ensure that the payer's members get the quality of care they need at a lower cost to the member and give the organization better cost predictability by paying a global fee for all physician services involved in an episode of care.
- **Developed and implemented a technology stack specifically designed for value-based contracts and to analyze data from an actuarial standpoint:** The technology's actuarial algorithms incorporate customizable bundle definitions, clinically appropriate measures, provider performance metrics, and cost benchmarks. These inputs are used to model and determine mutually beneficial contract terms and bundled products that are attractive to patients from a financial and quality standpoint. One such clinical measure utilized is the Global Appropriateness Measures (GAM) group, which aims to improve clinical outcomes and reduce inappropriate care practices and costs given the patient's diagnosis and condition.
- **Facilitated open communication and regular data sharing:** To give all stakeholders a holistic view of the collaboration and the ability to make necessary adjustments, the stakeholders shared reports on a monthly or quarterly basis. Cedar Gate Technologies shared all activity related to the bundled payment contract with Payer Organization 20, while the payer provided transparency into member records. The stakeholders monitored the costs and outcomes and informed providers of patient risks. As the project progressed, the stakeholders were able to quickly make modifications as needed. Implementing a bundled payment agreement requires a lot of administrative work, and all stakeholders committed resources to make sure the contract was implemented correctly.

- **Implemented a claims system and educated claims managers and customer service personnel about value-based contracts:** Payer Organization 20 and CardioVascular Care Providers transparently shared the patient data that was needed to validate and reconcile claims and designed a claims system to administer the bundled payments. Customer service personnel were educated on value-based arrangements so they could discuss the services with patients.
- **Established a risk pool of savings to mitigate unforeseen patient costs and help maintain financial viability:** Provider organizations take on risk in bundled payment contracts as costs associated with patient care may exceed what the payer is willing to reimburse. If this happens, provider organizations must be prepared to cover the difference. CardioVascular Care Providers set up a risk-pool of savings to mitigate these unforeseen patient costs.

Points of Light—Outcomes Achieved through Collaboration



Financial win for payers, hospitals, and patients: The introduction of bundled payments for an episode of cardiovascular care reduced costs for all parties.



Cost savings due to fewer hospitalizations: CardioVascular Care Providers was able to improve preventive care and appropriateness of care, which in one example shifted 97% of services to more cost-effective office and outpatient settings and reduced costly hospitalizations.



Lessons Learned—What Best Practices Can Other Organizations Replicate?

- **Have a physician champion that understands value-based care:** A physician champion who understands value-based care can disseminate knowledge to other providers who are part of the collaboration.
- **Be transparent in data sharing and find a technology partner with a robust solution:** In collaborations like this one, payers and providers need to find a technology partner that understands payer/provider needs and can help drive successful value-based care contracts. Everybody wins when robust technology is combined with transparent data sharing that allows all stakeholders to analyze the data and optimize the program.
- **Create a dedicated value-based care team that understands bundled payments and associated care:** To mitigate some of their financial risk, healthcare organizations need an administrative team that can develop a department specifically devoted to value-based care initiatives, including bundled payment contracts for in-hospital patients and bundled payment contracts for outpatients.
- **Educate and recruit trustworthy doctors who view value-based care as the way of the future:** Assemble a reliable team of providers who are willing to trust their skills in taking care of patients and are willing to take a risk in buying into bundled payment models.
- **Moving to VBC contracts requires a trusted partnership and transformative thinking from all stakeholders:** Providers must be accountable for care given to patients and need to move beyond the current health system and mind-set of fee-for-service, focusing more on patient outcomes while sticking to manageable budgets and providing quality care efficiently. This mind-set requires providers to think about variable costs to care and reducing those, while no longer focusing on revenue. Payers must be engaged in rewarding patient outcomes to hospitals/physicians so that it is a win-win for hospitals/physicians and payers while maintaining the highest level of appropriate care to patients.



What's Next?—Vision for the Future

- **Expand the partnership to include additional locations for care:** The stakeholders are expanding their collaboration to create a pay-for-performance program that incentivizes providers to deliver care in appropriate, cost-effective care settings (i.e., outpatient ambulatory surgery centers instead of the hospital) while maintaining the same or better outcomes.
- **Expand the data sharing to include more total cost of care information:** Payer Organization 20 will share more total cost of care data and information to partner with and facilitate CardioVascular Care Providers' movement to a value-based care arrangement based on total cost of care bundles and episodes (professional plus facility risk). The plan is to enable CardioVascular Care Providers to take on more risk and manage it, starting first with outpatient/ASC case rate bundles and then moving more toward total risk on inpatient total cost of care cardiac episodes. In turn, Payer Organization 20 expects overall lower total cost of care, improved access for members to quality care, and mitigation of inflationary trend, which produces savings for their employer clients and improves overall satisfaction and outcomes for patients.
- **Implement newer, high-resolution nuclear medicine scanning modalities as a more effective cardiac diagnostic tool:** In a pilot program, using value-based care data analytics on total cost of care, all stakeholders are exploring positron emission tomography (PET) and positron emission tomography-computed tomography (PET CT) as a new, non-invasive diagnostic tool to improve early detection, prevent cardiac disease escalation, and reduce unnecessary downstream testing and procedures due to improved test accuracy. The goal is to improve cardiac clinical outcomes, reduce patients' radiation exposure from other approved similar nuclear tests, reduce the burden of prior authorization requirements and denials currently in place for providers, increase diagnostic accuracy and appropriate treatment, and reduce the total costs of care for patients.