Bundled Payments: Topic Nomination from the LHS Panel (June 2019)
June 27, 2019

1. **What is the decision or change (e.g., clinical topic, practice guideline, system design, delivery of care) you are facing or struggling with where a summary of the evidence would be helpful?**

The Centers for Medicare & Medicaid Services (CMS) is using bundled payments to financially incentivize – or penalize – health systems to provide high-value, coordinated care. According to health systems, however, there is a lack of evidence on the impact of bundled payment models on maintaining or improving clinical outcomes and reducing costs. Because of this, health systems find it difficult to make decisions about how best to operationalize the "bundle" to improve clinical outcomes without incurring a negative impact on their finances. In addition, health systems are unsure about whether or not to participate in voluntary bundled payment programs due to uncertainty about the impact of bundled payments on quality and costs. Thus, health systems would like to receive two summaries of evidence on the impact of bundled payment models on the delivery of high-value care:

> *"Bundled payments are a grand social experiment that we don't know a lot about."*
>
> -LHS Panel Member (June 5, 2019)

1. **What is the <u>effectiveness</u> of bundled payment models on clinical outcomes, access to care, and costs, including which entities experience cost-savings (for example, CMS, health systems)? What are the clinical conditions or patient populations for which bundled payments are most successful in attaining improvements in quality with stable or reduced total costs of care?**
2. **Which <u>elements</u> of care models (e.g., care coordination, patient navigators, the type of setting to which the patient is discharged) contribute most to the successful implementation of bundled payment models (improving clinical outcomes and reducing costs without losing money, particularly in the first 90 days after hospital discharge)?**

Population:

- The primary population of interest is the Medicare population enrolled in traditional/fee-for-service Medicare; however, could potentially focus on orthopedic surgery and/or cardiac surgery patients to keep the review manageable and meaningful.
- Secondary populations include the Medicaid population and private payers as bundled payments is a cross-cutting model/issue.

Intervention:

- KQ 1: Bundled payment models
- KQ 1: Care models/components (such as care coordination, patient navigators, the type of setting to which the patient is discharged)

Comparator: (1) Fee-for-service models (KQ 1.) and (2) Different care models (KQ 2.)

Outcomes:

- KQ 1: (1) Utilization including length of stay (LOS), SNFs, LTACs, and home health and (2) Clinical outcomes including mortality rates (30 and 90-day)
- KQ 2: Implementation outcomes

Timing: None specified

Setting: Acute care hospitals, post-acute care (e.g., SNFs, LTACs, home health)

2. **Why are you struggling with this issue?**

Health systems are struggling with a lack of evidence for two reasons:

- **The most recent AHRQ systematic review was disseminated more than seven years ago (in August 2012), and had weak evidence for bundled payment.** This review answered three key questions:
    1. What does the evidence show on the effects of bundled payment versus usual (predominantly fee-for-service) payment on health care spending and quality measures?
    2. Does the evidence show differences in the effects of bundled payment systems by key design features?
    3. Does the evidence show differences in the effects of bundled payment systems by key contextual factors?

  (NOTE: One panel member noted that it would be helpful to do an update of these questions.)

  The review found weak, but consistent, evidence that introducing bundled payment programs was associated with reductions in health care spending and utilization and bundled payment had inconsistent and generally small effects on quality measures. These findings were consistent across different bundled payment programs and settings, but the strength of the body of evidence was rated as low largely because of concerns about bias and residual confounding.

- **Payers are most interested in cost-effectiveness of the "whole bundle," whereas health systems want to know which specific "bundle" components (e.g., care**

coordination, patient navigators) are most effective at improving clinical outcomes and reducing costs – and how to implement those components to achieve a sustainable margin.

While an initial review of the literature found some newer reviews, there don't seem to be existing duplicative systematic reviews on these questions.

3. What do you want to see changed?

In a competitive marketplace that is incentivized by the federal government to provide high-value care, health systems must improve their financial stability and sustainability. Hence, health systems would like to see evidence on which components of the "bundle" will help them meet their financial targets and improve their overall finances. Such evidence will also help them decide whether or not to participate in voluntary bundled payment models, and if they do so, how to structure or design those models to be most successful.

> *"In order to improve our finances, we need to focus on clinical outcomes that we can afford to deliver."*
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> -LHS Panel Member (June 6, 2019)
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> *"This is a survival question for health systems – what are the effects [of bundled payments] on health system revenue?"*
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> -LHS Panel Member (June 6, 2019)

4. When do you need the evidence report?

LHS Panel Members said they would like to see the evidence report "the sooner the better."

5. What will you do with the evidence report?

- Health systems' government affairs/relations offices will educate and engage with relevant stakeholders as needed, using a general summary of evidence about the impact of bundled payments on clinical outcomes and costs.
- Health systems' operational leaders will prioritize resources, using an evidence review on which "bundle" components are most and least effective in delivering high-value care and how best to implement them.

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