

## OVERVIEW

### WHAT IS BPCI-A?

Bundled Payments for Care Improvement Advanced (BPCI-A) is a value-based payment model from the Centers for Medicare and Medicaid (CMS). The goal of the program is to reduce CMS expenditures while incentivizing participants to make improvements to the quality of care. CMS announced they're actively working on a mandatory bundled payment program to commence at the end of BPCI-A (December, 2023).

# 11%

ICS customers have seen an average of 11% savings on total spending in the program across a wide variety of medical and surgical conditions.

### NEW CHANGES\*

In September, CMS announced significant changes to the program that require Episode Initiators' prompt evaluation of their opportunity prior to the changes going into effect on January 1, 2021. An overview of these changes is as follows:

- 01** Realized Trend Adjustment to the Peer Group Trend (PGT) Factor
- 02** Clinical Episode Service Line Groups (CESLGs)
- 03** Modified Clinical Episode Overlap Methodology
- 04** Removal of the Physician Group Practice (PGP) Offset
- 05** Major Joint Replacement of the Lower Extremities (MJRLE) Risk Adjustment

\* ICS analysis of these changes on the reverse side.

### KEY TAKEAWAYS

#### 4-5% Reduction in Savings

ICS anticipates a program-wide reduction in savings of 4-5% for BPCI-A participants; however, each participant's individual impact will vary.

#### Increased Risk

The CESLG requirement will increase financial responsibility and risk for most participants, adding volume and total spending under the program and requiring additional infrastructure to effectively manage a wider variety of patients and clinical episodes.

#### Identify a Risk Partner

Gaining experience during BPCI-A is a crucial step in transitioning to value-based care before it becomes mandatory in 2024. Having the right partner can ease this transition, and improve outcomes for existing participants.



## ANALYSIS

### 01 Realized Trend Adjustment to the Peer Group Trend (PGT) Factor

#### Change

CMS will apply a retrospective adjustment to preliminary target prices when calculating final target prices at reconciliation. The adjustment will be capped at +/-10% of the preliminary target price.

#### Intent

Ensure savings are more directly tied to actual improvements, thereby incentivizing improvements beyond the peer group.

#### ICS ANALYSIS

##### Outcome

Anticipated reduction in overall participant savings

##### Assessment

In moving away from a prospective PGT factor, health systems should consider how they'll evaluate their performance against peers. In considering continued program participation, health systems should assess whether they could withstand a target price drop of up to 10% and still be successful, which will allow for a predictable best and worst case.

### 02 Clinical Episode Service Line Groups (CESLGs)

#### Change

Participation in a service line (grouped by CMS), rather than "cherry-picking" clinical episodes

#### Intent

To reduce clinical episode selection bias and test broader clinical service lines

#### ICS ANALYSIS

##### Outcome

Reduction in participant savings, increased risk in managing CESLGs

##### Assessment

Choosing a specific service line or two may make sense to focus resources and limit the number of providers, nurses, and parts of the hospital to engage in process changes. There is significant overlap of conditions within a service line group and having an entire service line of patients that would fall into the bundle would make identifying services easier, enhance volume, and apply performance and quality improvement initiatives across similar clinical conditions.

The eight CESLGs are shown below.

#### Cardiac Procedures

- Cardiac Defibrillator (Inpatient)
- Cardiac Defibrillator (Outpatient)
- Cardiac Valve
- Coronary Artery Bypass Graft (CABG)
- Endovascular Cardiac Valve Replacement
- Pacemaker
- Percutaneous Coronary Intervention (PCI - Inpatient)
- Percutaneous Coronary Intervention (PCI - Outpatient)

#### Cardiac Care

- Acute Myocardial Infarction (AMI)
- Cardiac Arrhythmia
- Congestive Heart Failure

#### Spinal Procedures

- Back and Neck Except Spinal Fusion (Inpatient)
- Back and Neck Except Spinal Fusion (Outpatient)
- Spinal Fusion

#### Gastrointestinal Care

- Disorders of the Liver Except Malignancy, Cirrhosis, or Alcoholic Hepatitis
- Gastrointestinal Hemorrhage
- Gastrointestinal Obstruction
- Inflammatory Bowel Disease

#### Gastrointestinal Surgery

- Bariatric Surgery
- Major Bowel Procedure

#### Orthopedics

- Double Joint Replacement of the Lower Extremity
- Fractures of the Femur and Hip or Pelvis
- Hip and Femur Procedures Except Major Joint
- Lower Extremity/Humerus Procedure Except Hip, Foot, Femur
- Major Joint Replacement of the Lower Extremity (Inpatient and Outpatient)
- Major Joint Replacement of the Upper Extremity

#### Neurological Care

- Seizures
- Stroke

#### Medical & Critical Care

- Cellulitis
- Chronic Obstructive Pulmonary Disease (COPD), Bronchitis, Asthma
- Renal Failure
- Sepsis
- Simple Pneumonia and Respiratory Infections
- Urinary Tract Infection

## ANALYSIS

### 03 Modified Clinical Episode Overlap Methodology

**Change**

Eliminate clinical episode overlaps in either the baseline or performance period

**Intent**

Improve target price accuracy

#### ICS ANALYSIS

**Outcome**

Reduction in baseline period volume

**Assessment**

CMS will now more accurately calculate an apples-to-apples qualifying episode in the baseline period per condition by mimicking the same methodology used during the performance period. Health systems may see lower baseline volume in many clinical episodes, which may reduce the number of clinical episodes in a CESLG in which they would be required to participate.

### 04 Removal of the Physician Group Practice (PGP) Offset

**Change**

Remove PGP offset to enable a single target price for a clinical episode category which only affects PGP participants in the program

**Intent**

Streamline target price for both acute care hospitals (ACHs) and PGPs

#### ICS ANALYSIS

**Outcome**

Increase in participant savings for historically efficient PGPs and a reduction in participant savings for historically inefficient PGPs

**Assessment**

PGPs should consider if they have a way to direct patients to more efficient hospitals and evaluate the efficiencies of hospitals in their area.

### 05 Major Joint Replacement of the Lower Extremities (MJRLE) Risk Adjustment

**Change**

Add flags to a number of MJRLE procedures types

**Intent**

Improve accuracy of payments and target price

#### ICS ANALYSIS

**Outcome**

Increase in participant savings

**Assessment**

Participants should account for some change in target price for lower complexity procedures that are still coded as 469 and 470 and work to understand a widening distribution of target prices for these clinical episodes.

# Making Sense of New Changes to BPCI-A



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## CONCLUSION

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Value-based care is here to stay. Episodic payments have been part of the CMS portfolio for over a decade. BPCI-A is undoubtedly undergoing some shifts in structure to make the program financially successful for both CMS and participants, while improving quality of care and offering hospitals and PGPs the opportunity to continue to prepare for a mandatory model. While the changes may reduce 'low-hanging fruit,' there is a distinct opportunity to focus resources and continue to prepare for future models in a more controlled-participation environment. The changes for 2021 illuminate the need for the prompt, high-quality analysis of new data and program components, as well as efficiently putting in place the right staff, solutions, and technology to deliver positive clinical and financial outcomes.

ICS is a value-based solution partner that pairs patient-centered clinical solutions with powerful technology to help hospitals and PGP episode initiators see measurable success. We employ a risk-sharing approach in partnering with EIs to ensure excellent patient outcomes, a positive patient experience, and cost control.

**During the short window provided by CMS, ICS is providing complimentary advisory and analytics support. Call today to schedule your free evaluation and ensure your organization's success in the BPCI-A program.**

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