

MODEL OVERVIEW

The Bundled Payments for Care Improvement (BPCI) initiative tests whether linking payments for all providers that furnish Medicare-covered items and services during an episode of care related to an inpatient hospitalization can reduce Medicare expenditures while maintaining or improving quality of care. Model 2 episodes begin with a hospital admission and extend for up to 90 days; Model 3 episodes begin with the initiation of post acute care following a hospital admission and extend for up to 90 days; and Model 4 episodes begin with a hospital admission and continue for 30 days.

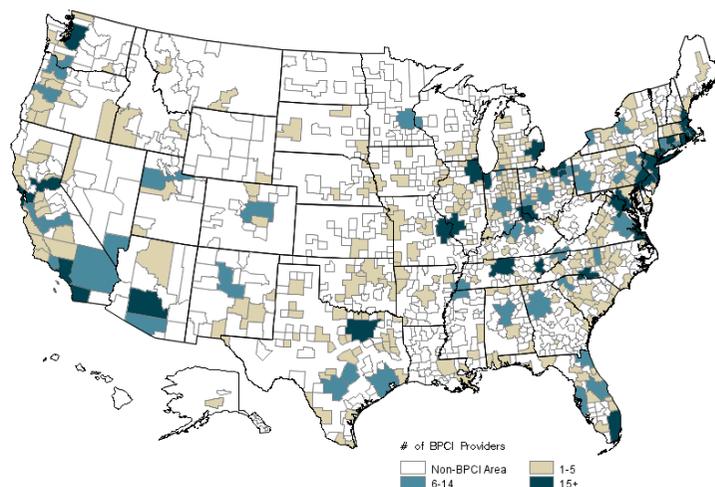
The BPCI initiative rewards participants in Models 2 and 3 financially through reconciliation payments for reducing Medicare payments for an episode of care relative to a target price. Alternatively, when episode payments are higher than the target price, Awardees may have to pay amounts to CMS. Under Model 4, Medicare makes a prospective payment for the episode, so Awardees keep the difference if their costs are below the prospective payment.

PARTICIPANTS

Participants were able to join the risk-bearing phase of the initiative over an extended period, starting on October 1, 2013 through September 2015.

Of all participants, 22% of Model 2, 33% of Model 3, and 78% of Model 4 participants withdrew from the initiative.

Location of BPCI Participants, by Medicare CBSA



BPCI, by the numbers

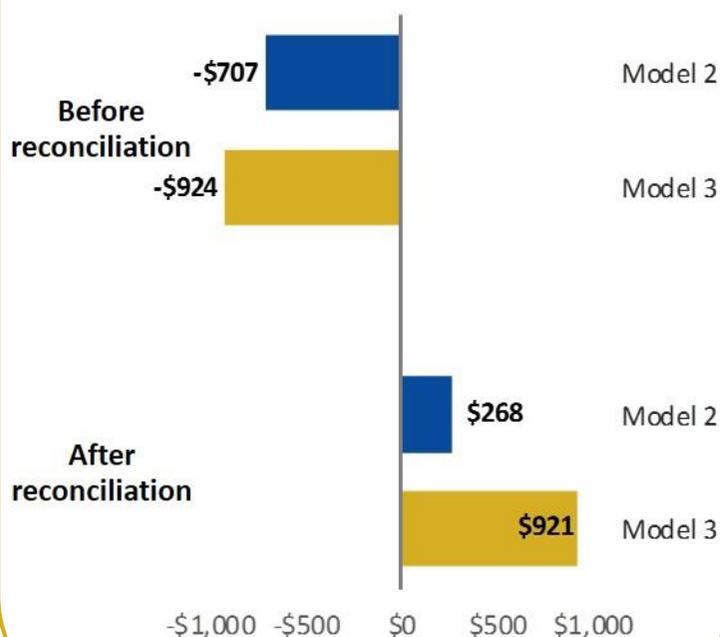
695	Model 2 episode initiators: 423 hospitals and 272 physician group practices
694,382	Model 2 BPCI episodes initiated through December 31, 2016
1,143	Model 3 episode initiators: 873 skilled nursing facilities, 116 home health agencies, 9 inpatient rehabilitation facilities, 1 long term care hospital, and 144 physician group practices
88,680	Model 3 BPCI episodes initiated through December 31, 2016
23	Model 4 hospital episode initiators
13,551	Model 4 BPCI episodes initiated through December 31, 2016

FINDINGS

PAYMENTS

Medicare fee-for-service (FFS) payments decreased across clinical episodes, Models, and participant types. However, net Medicare spending went up because reconciliation payments made to participants were greater than the decline in FFS payments.

Change in Medicare payments per episode



UTILIZATION

Among Model 2 participants, fewer patients who received post-acute care were discharged to an institutional post-acute care facility, such as a skilled nursing facility (SNF) or inpatient rehabilitation facility.

Furthermore, of patients who had a SNF stay, the average stay was shorter among Model 2 hospital and physician group practice participants, in addition to Model 3 SNF and home health agency participants relative to a comparison group.

QUALITY

The shift to less intense post-acute care did not impact readmission rates, emergency department visits, or mortality.

Based on nearly 100,000 beneficiary surveys, BPCI, on average, was not correlated with worse functional status outcomes for any model or episode initiator type.

Quality of care was maintained among vulnerable populations, including populations dually eligible for Medicare and Medicaid, with dementia, or with recent institutional use.

KEY TAKEAWAYS

Under the Bundled Payments for Care Improvement (BPCI) initiative, the independent evaluation found that BPCI Models 2 and 3 reduced Medicare fee-for-service payments for the majority of clinical episodes evaluated while maintaining the quality of care for Medicare beneficiaries. These results confirm the promise of episode-based payment models. Despite these encouraging results, Medicare experienced net losses under BPCI after taking into account reconciliation payments to participants. Technical implementation issues, including the specification of appropriate target prices, contributed to these net losses. We are optimistic that Medicare will achieve net savings under a new episode-based Advanced Alternative Payment Model, BPCI Advanced, because it addresses the challenges BPCI experienced.