

Timely Topics

PAYMENT AND PRACTICE MANAGEMENT

September 2014

Bundled Payments for Care Improvement Initiative (BPCI)

The Patient Protection and Affordable Care Act (PPACA) mandates healthcare expansion, pledges to lower healthcare costs and raise quality. One means by which the law encourages healthcare providers to improve patient care, while subsequently lowering costs is through new payment systems such as bundled payments.

Established by section 3201 of the Affordable Care Act (ACA), The Center for Medicare & Medicaid Innovation (CMMI) experiments with new innovative payment models. These new models will ultimately decrease program expenses and increase quality standards. To align with PPACA standards, CMMI created the Bundled Payment for Care Improvement (BPCI).

Under BPCI selected healthcare organizations have the option to enter into one of four different payment models. BPCI models combine payment for all procedures patients receive throughout an episode of care. The goal of these new payment models is high quality of care provided at lower costs.

BPCI includes four distinct payment/service models:

	Model 1	Model 2	Model 3	Model 4
Episode	All acute patients, all DRGs	Selected DRGs, hospital plus post-acute period	Selected DRGs, post-acute period only	Selected DRGs, hospital plus readmissions
Services included in the bundle	All Part A services paid as part of the MS-DRG payment	All non-hospice Part A and B services during the initial inpatient stay, post-acute period and readmissions	All non-hospice Part A and B services during the post-acute period and readmissions	All non-hospice Part A and B services (including the hospital and physician) during initial inpatient stay and readmissions
Payment	Retrospective	Retrospective	Retrospective	Prospective

(Source: cms.gov)

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BCPI provides a list of 48 different episodes of care. The list includes: major joint replacement of the lower extremity, major cardiovascular procedures and revision of the hip or knee.

The BCPI process began in 2011 with the CMMI accepting Letters of Intent from all interested parties. CMS announced healthcare organizations chosen to participate in the BCPI program at the end of January 2013. Links to the different payment models and the selected participants are below:

- [Model 1](#)
- [Model 2](#)
- [Model 3](#)
- [Model 4](#)

Although BCPI is currently not accepting new applications, it is important for you to understand the workings of the program to help you know your options for the future. Bundled payments may well be in your foreseeable future. If you would like to learn more about how to determine what you need to succeed in anesthesia-specific bundled payments, please refer to the article by Stan Stead, M.D., M.B.A. and Sharon Merrick, M.S, CCS-P in the May 2011 edition of the *ASA NEWSLETTER* referenced below.

References:

1. www.cms.gov
2. Merrick, S., & Stead, S. (2011). Episode-Based (Bundled) Payments for Anesthesiology. *ASA NEWSLETTER*, 75(5), 40-45.