



Choosing Wisely: BPCI-A Episode Selection Due August 8

The predecessor to BPCI-A, BPCI Model 2, initially attracted 422 hospital participants. On average, each hospital selected seven episodes in which to participate. By the end, 88 hospitals had dropped out completely, and 150 more had opted out of one or more episodes.

For the 5,400+ BPCI-A applicants, the lesson is clear: choose your episodes wisely.

In advance of the August 8 deadline, the Centers for Medicare & Medicaid Services (CMS) is providing historical claims data and target prices an applicant can use to make those choices. PYA can analyze this data to quantify your opportunities.

With extensive experience helping providers with episodic payments and gainsharing arrangements, PYA can also provide a qualitative analysis of your likelihood of success.

Quantitative Analysis: Identifying Your Opportunities

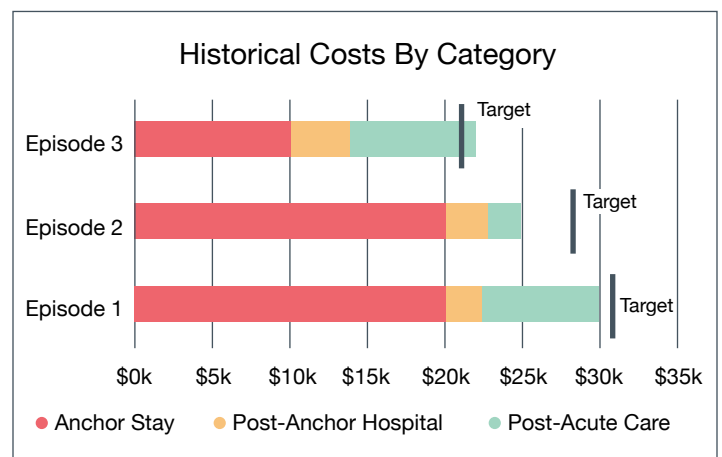
CMS has provided each BPCI-A applicant with (1) the applicant's historical costs for each episode, segmented by category; and (2) the applicant's target prices for each episode.

The easy answer would be to select those episodes for which there is the widest gap between historical costs and the target price. In many cases, however, the easy answer will be the wrong answer.

A better question to ask of the data is: **what percentage of average historical costs for a given episode is avoidable?**

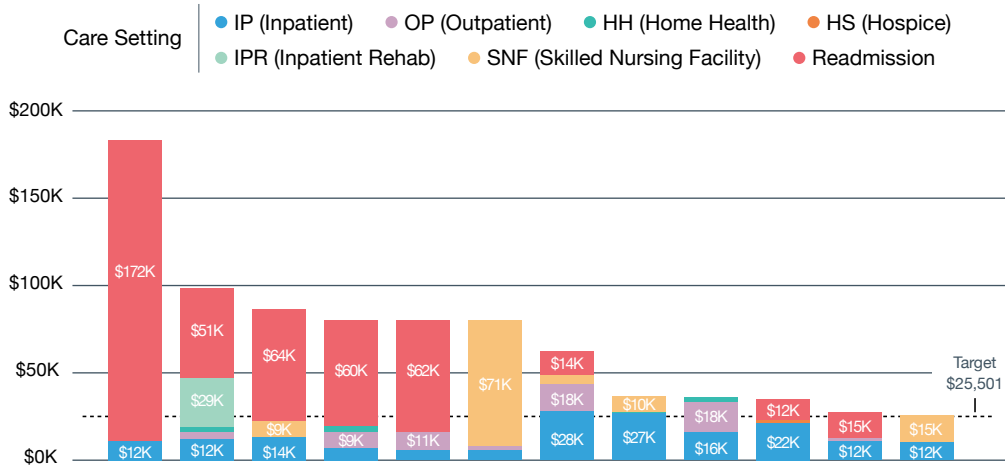
Costs attributable to the anchor stay are unavoidable. Other post-anchor stay hospital costs (readmissions, ER visits) are avoidable, but require significant time and effort to address.

Post-acute care (PAC) is (or perhaps "was") the low-hanging fruit for episode cost reduction. CMS' three-year evaluation of BPCI concluded that reducing PAC spending is the most viable approach to reducing total episode payments.



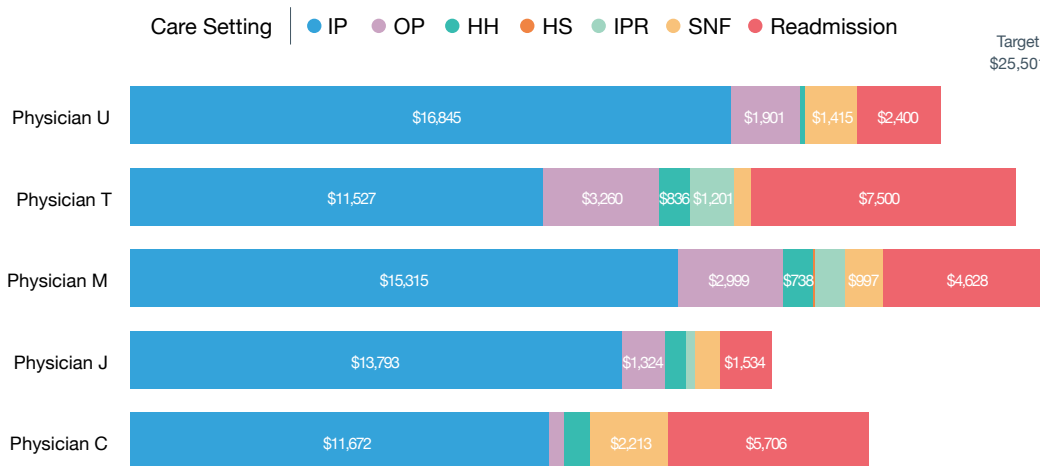
At first glance, Episode 2 may look like a winner, but with relatively low PAC costs, it likely will be difficult to move the cost needle, given the high percentage of anchor stay costs.

Episode Payments by Care Setting



Other key questions relate to the historical distribution of costs in each episode, as illustrated to the left. How are different PAC services impacting total costs? Are readmissions or ER visits significant contributors? The answers to these questions will identify how you can move the needle on total episodic costs.

Average Episodic Total Cost of Care by Operating Physician



Next up is variation in case cost by operating physician. By analyzing data in this manner, one can identify opportunities to make a significant impact by working with key physicians to address costs.

There are other meaningful ways to analyze BPCI-A pricing and claims data: by volume, facility, over-time, etc. With limited time until the August 8 deadline, our experienced team can produce actionable reports, so you can identify your opportunities.

Qualitative Analysis: Maximizing Your Opportunities

PYA can provide a realistic third-party appraisal of your likelihood of success on each identified opportunity based on the following:

Physician engagement - Gauge current level of interest; evaluate impact of incentives

Internal cost reduction - Review historical initiatives; measure organizational capacity to identify and implement operational efficiencies

Preferred provider networks - Assess existing relationships with post-acute providers; evaluate ability to build and sustain your network

Internal performance improvement - Review historical initiatives; measure organizational capacity to reduce relevant readmissions

Data analytics - Assess current capabilities and future solutions

To discuss how our quantitative and qualitative approach can help you with BPCI-A episode selection, contact Martie Ross (mross@pyapc.com), Jason Hardin (jhardin@pyapc.com), or Aaron Elias (aelias@pyapc.com) at (800) 270-9629.