



How bundle payments fit into your future reimbursement strategy

While it's true that tools are often as good as the user who uses them, in the case of health care, reimbursement tools become critical.

Bundle payments are a versatile reimbursement tool

No one tool is perfect for every job. If you want to whittle a walking stick, reach for a sharp pocket knife, not a chain saw. But if you want to cut down a tree, a pocket knife would be nearly useless. Over the next few years, your reimbursement tool chest will fill with all sorts of tools. Certainly, you'll have many different varieties of value-based tools. And you will place various types of bundles right alongside of them. Speaking with leaders across the health care spectrum — including from provider, payer and purchasing organizations — I'm seeing that the demand for bundles remains high. Bundle versatility is their greatest asset.

Use bundle payments to meet your strategic goals

If your organization's plan is to move toward advanced alternative payment models, bundles should be an integral part of the plan. Bundles help organizations think about episodes more broadly. They promote clinical engagement by incentivizing physicians to more closely align care throughout the patient's episode.

Bundles can be thought of as levers to help organizations meet their strategic goals. Bundle payments help reinforce the care pathways that lead to success, whether your goal is to:

- Be a center of excellence
- Customize programs for targeted employers
- Better manage specific diseases states

SUBJECT MATTER EXPERT



David Mauzey is general manager of Optum payment innovation. He leads the development of financial administration platforms used to execute value-based contracting programs. Prior to joining Optum, David spent 17 years working with an enterprise network administration and claim pricing organization. He served as both COO and CIO, gaining appreciation for finding the right operational and technical balance that align to organizations' visions. Today, David focuses on enabling organizations to better deploy their payment innovation strategies.

Bundles are integral to current and future strategies

Bundles can work either retrospectively or prospectively. Retrospective bundles leverage existing fee-for-service processes. Prospective bundles build on processing at the time of claim submission.

Retrospective bundles are the most common form of bundle payment arrangement. Organizations are paid for their services throughout the episode. Once an episode ends, if claims are under a predetermined payment threshold, the provider earns a percentage of the savings. If claims go over that threshold, the provider pays a percentage of the overrun.

Prospective bundles are less common than retrospective bundles. But they are growing in popularity. Claims are submitted as services are provided, but they are not paid for every service. Payment happens in a lump sum after a sentinel event occurs, such as a surgery. Payers leave it up to the paid provider to distribute the payments to the various clinicians and facilities that are part of the episode.

Bundles help incentivize quality, utilization and cost improvement

To accomplish a task, do a job, or meet a goal, you need the right tool. And if you want to encourage physicians to provide care in a way that is proven to help improve quality, utilization and costs, bundles are the right tool for the job.

For a deeper dive into how bundles fit into your current and future reimbursement strategies, read my white paper, "Integrating bundle payments for long-term reimbursement strategy success."



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