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| Insights & Analysis

| Alternative Payment Models

BPCI Advanced Continues to See Robust Participation, Even as Providers Begin to Take on Risk



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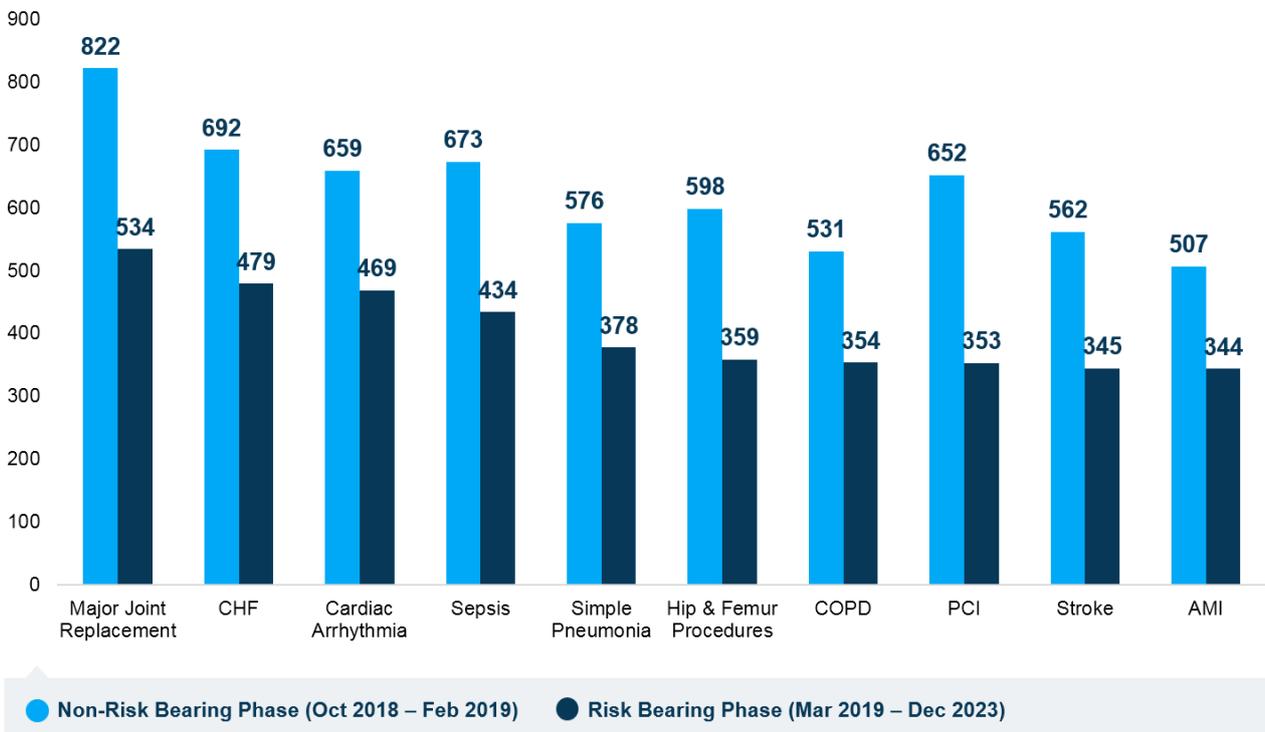
Summary

Providers in the Bundled Payments for Care Improvement Advanced initiative began to assume financial risk on March 1, 2019.

Bundled Payments for Care Improvement (BCPI) Advanced is the second iteration of the Center for Medicare & Medicaid Innovation's (CMMI's) largest bundled payment program, BPCI Classic. Providers did not bear risk when BPCI Advanced launched on October 1, 2018, but must assume risk to continue in the second phase, which began on March 1 and will run through December 2023.

Although provider participation in the BPCI Advanced program fell by 16% between October 1, 2018, and March 1, 2019—at the initiation of the risk-bearing phase—overall participation remains robust, with nearly 1,300 providers (715 acute care hospitals and 580 physician group practices) still participating.

Number of BPCI Advanced Participants Per Condition, Non-Risk Bearing Phase vs. Risk Bearing Phase



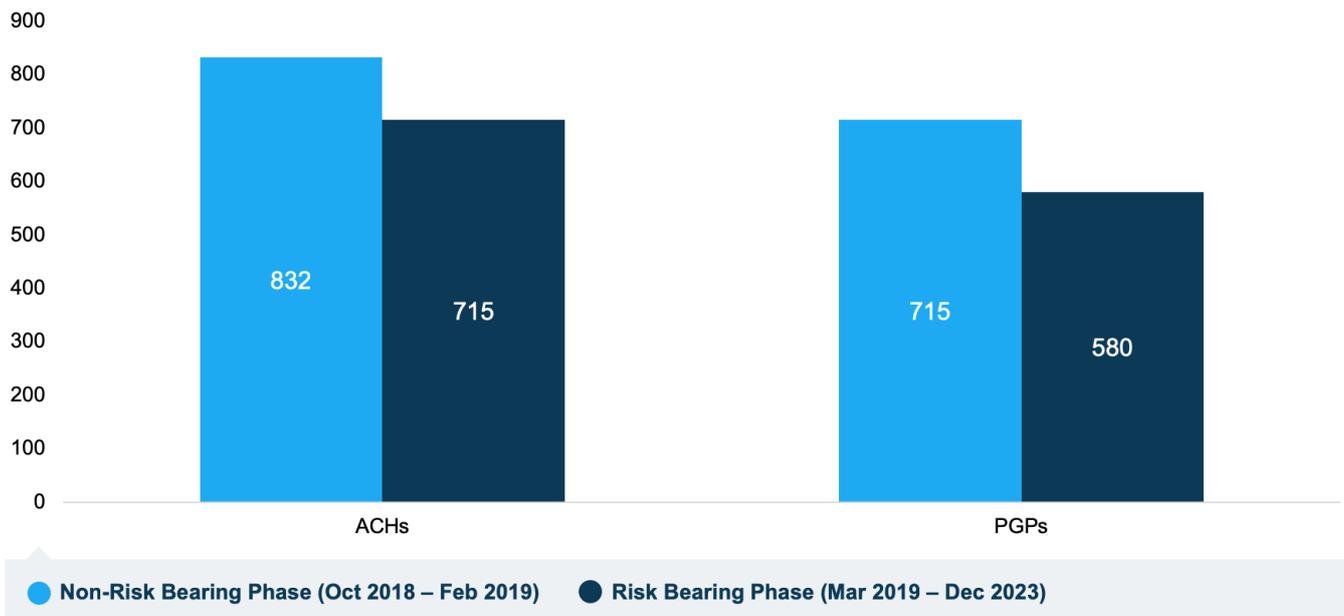
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In our discussions with participants, Avalere has identified 3 overarching reasons for the reduction in overall participation in the program:

- Access to Data:** In the non-risk-bearing phase of BPCI Advanced, participating providers had the opportunity to receive from CMS patient-level historical data for all conditions selected by the provider for the program. This opportunity to receive historical data for all conditions in the program could have caused providers to participate in more clinical conditions in the non-risk-bearing phase than they would have otherwise. The same dynamic transpired in BPCI Classic when provider participation in the program fell by 26% at the initiation of the full risk-bearing phase of that program.
- Preliminary Performance Results:** Before having to make a final decision about whether to continue to move into the risk-bearing phase, providers received monthly performance data based on the few months of participation in BPCI Advanced. Some providers may have not found the results to be favorable, which may have caused them to drop out of the program.
- Strategic Specialization:** Given the tight application timeframe for BPCI Advanced, providers did not have as much time to make strategic decisions about the conditions with which to participate. Not surprisingly, with additional data and time, providers have narrowed their focus to fewer clinical conditions for participation in the program.

In BPCI Advanced, participants select the clinical conditions in which they want to participate. This allows participants to limit their participation to conditions in which they may be better positioned for success. With the start of the risk-bearing phase of BPCI Advanced, there is broad participation across the top 10 most popular conditions. (Figure 2).

BPCI Advanced Participation, Non-Risk Bearing Phase vs. Risk Bearing Phase



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Despite the reduction in overall participation in the risk-bearing phase of BPCI Advanced, participation remains robust in the voluntary bundled payment model, signaling providers’ continued interest and investment in alternative payment models. A previous analysis by Avalere found that a majority of hospitals participating in BPCI Advanced did not have prior experience in assuming financial risk in BPCI Classic, demonstrating provider readiness to join these programs and assume risk. Overall, physician practices are beginning to take more ownership within different payment models and assuming significant levels of risk. There is an ongoing debate about whether physician practices are ready to assume control and financial accountability for their performance, and these participation figures in BPCI Advanced support the argument that some physician groups are ready to move to the next level of care and risk management.

Provider interest and investment in BPCI Advanced aligns with CMMI’s interest in testing more bundled payment models, including mandatory models. CMMI has recently expressed its intent to test mandatory, risk-based bundled payment models in radiation oncology and cardiology. As CMMI continues to roll out new bundled payment models, Avalere anticipates continued interest

and investment, particularly as more specialized models become available.

For more about new payment models, [connect with us](#).