

Hospital Willingness to Assume Risk Growing /

Majority of hospitals in BPCI Advanced, the second iteration of CMS' largest bundled payment initiative, have no prior experience with risk in the original BPCI program.

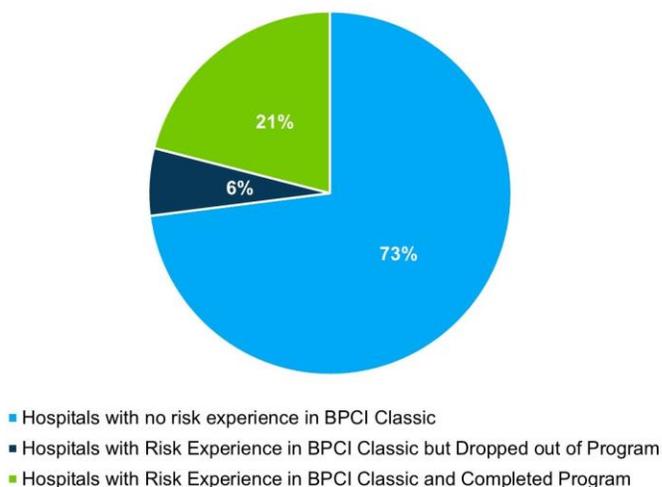
New analysis from Avalere finds that 73% of hospitals participating in the Bundled Payments for Care Improvement (BPCI) Advanced initiative do not have prior experience in assuming financial risk in the original BPCI program. This indicates that more hospitals are ready to take on risk, when previously they may not have been willing to do so.

BPCI Advanced is the second iteration of the Centers for Medicare & Medicaid Services' (CMS') largest bundled payment program, BPCI Classic. The new program, which launched October 1, 2018, includes 832 acute care hospitals across 46 states, Washington DC, and Puerto Rico. Notably, more than twice as many hospitals have joined BPCI Advanced compared to the 400 hospitals that joined BPCI Classic under the risk-bearing period. Of the participating hospitals in BPCI Advanced, only 224 have any experience in the risk-bearing phases of BPCI Classic. Unlike BPCI Classic, BPCI Advanced requires participants to take on financial risk early in the program, so there is little time for new participants to gain experience prior to being expected to repay losses.

“By design, the BPCI Advanced program requires participants to assume financial risk sooner than other alternative payment models. Given the fact that most of the hospitals have virtually no experience in BPCI Classic, the high participation rate is even more significant,” said Gabriel Sullivan, manager at Avalere. “This suggests that many hospitals that did not join the original BPCI program are now ready to assume some episodic risk.”



Figure 1. Hospital Experience with Risk in BPCI Classic and BPCI Advanced



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In BPCI Advanced, participants can select the clinical conditions in which they want to participate. This allows participants to limit their participation to conditions where they are better positioned for success. Avalere’s analysis found that, although there is some overlap in the most commonly selected conditions between hospitals in BPCI Classic and BPCI Advanced, major joint replacement was not as popular a condition among hospitals in the new program. In fact, it did not even fall within the top five most commonly selected conditions for hospitals in BPCI Advanced (Table 1).



Table 1. Top 5 Clinical Conditions Selected by Hospitals in BPCI Advanced vs. BPCI Classic

Top 5 Clinical Conditions Selected by Hospitals in BPCI Classic		Top 5 Clinical Conditions Selected by Hospitals in BPCI Advanced	
1	Major Joint Replacement of the Lower Extremity		Congestive Heart Failure
2	Congestive Heart Failure		Sepsis
3	Simple Pneumonia and Respiratory Infections		Simple Pneumonia and Respiratory Infections
4	Chronic Obstructive Pulmonary Disease, Bronchitis, Asthma		Cardiac Arrhythmia
5	Sepsis		Urinary Tract Infection

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“The shift away from joint replacements suggests that the industry is focused on other conditions where they have identified potential opportunities,” said Erica Breese, Director at Avalere. “Hospitals may be more likely to assume risk for challenging, high-cost conditions such as sepsis because they see opportunity to reduce utilization and ultimately lower the total cost of care for these patients.”

Another sign of hospital interest in new conditions is that 20% of hospitals opted to participate in at least 1 of the 3 conditions which can be initiated in the outpatient setting. In a change from BPCI Classic, BPCI Advanced participants may select conditions performed in outpatient settings. Avalere found that 14% of participants selected one of these outpatient conditions and 3% selected all 3. “Participation in BPCI Advanced is different in a number of ways compared to BPCI Classic and will continue to evolve as the program progresses and participants gain experience,” said Breese.

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Methodology

Using the BPCI Advanced participation list as of October 1, 2018 and the BPCI Classic Q4 2015 - Q3 2018 participation lists, Avalere determined the overlap of hospitals and



conditions between BPCI Classic (Model 2 and Model 4, which are the 2 models in BPCI Classic that required hospitals to take downside financial risk) and BPCI Advanced.

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