HealthLeaders

ANALYSIS

BUNDLED PAYMENTS INITIATIVE SHOWS PROGRESS

BY JOHN COMMINS | SEPTEMBER 05, 2018

Two first-year reviews show patient discharges to institutional post-acute care are lower, and hospitals don't appear to be gaming performance measures.

Two new studies in *JAMA* this week identify moderate successes in the first year of Medicare's Comprehensive Care for Joint Replacement bundled payments program.

One study, led by MIT economist Amy Finkelstein, examines changes in discharges to institutional post-acute care after hip or knee replacement surgery in 2016, the first year that the CJR bundled payments were implemented.

The study found that the mean percentage of patients discharge into institutional post-acute care was 33.7% in the control group, which was 2.9 percentage points lower in metropolitan statistical areas covered by the CJR, which the study authors called "a significant difference."

"These interim findings suggest that CJR may reduce institutional post-acute care following lower extremity joint replacement episodes among Medicare beneficiaries," the Finkelstein study said, adding that further evaluation is needed as the program rollout continues.

The second JAMA study**,** by researchers at the University of Pennsylvania, also examines the changes in patient discharge to institutional post-acute care in 2016, but looks to see if hospitals are gaming the program by increasing volumes.

The Penn observational study, which examined more than 1.7 million Medicare beneficiaries who underwent lower joint replacement surgery, also found scant evidence that hospitals shift toward healthier patients because bundled payments don't account for severity.

"The lack of associations between Bundled Payments for Care Improvement program participation and changes in volume or the majority of patient case-mix factors may provide reassurance about two potential unintended effects of voluntary bundled payments for lower extremity joint replacement," the Penn study found.

In a *JAMA editorial* accompanying the two studies, University of Michigan health economist Andrew M. Ryan called the findings "encouraging."

"Given the increasing number of joint replacements at younger and younger ages, it is important that these procedures be a focus of cost and quality initiatives," Ryan said, adding that both studies demonstrate that "prospective payment to hospitals can be improved through common sense and straightforward bundled payment reforms."

However, Ryan said CMS "is rightfully concerned that severity adjustment may become a means for hospitals to up-code severity and 'game' the program."

"This tension between appropriately accounting for variation in hospital risk while minimizing the ability for hospitals to game performance measures is central in alternative payment models," he said.

"One solution may be for CMS to incorporate more risk adjustment in these programs, coupled with more aggressive auditing of hospital records."

John Commins is a senior editor at HealthLeaders.