As payers and providers explore the viability and effectiveness of new reimbursement models, health plans are faced with some challenging questions. Are we adequately prepared to explore and implement new payment models with our provider partners? How can we target the right opportunities for bundled payments with the right provider organizations?

Bundled payments are a mechanism to deliver a single payment to providers for all the care an individual receives as treatment for a specific acute event or chronic condition. The benefits to health plans can be substantial, including: market incentives for providers to deliver efficient care and encourage patient compliance, reduced variation in the process and cost of care, and improved care coordination resulting in better quality and outcomes.

To help our health plan customers evaluate bundled payments, Truven Heath provides actionable information that is highly relevant. We can help health plans evaluate bundled payments, determine their effect on the organization, and support optimal design and implementation of the new system.

**The Need for Actionable Information**

As health plans begin to pilot and implement these new models, key factors for success include:

- The ability to identify the diseases, procedures, or other services that present the best opportunity for potential savings and/or quality improvements given each health plans’ unique situation
- The ability to flexibly and dynamically model different definitions of each bundle to understand their relative utilization, cost, and quality differences
- The ability to have detailed and relevant benchmarks from which to effectively negotiate with providers
- The ability to measure the cost, quality, utilization, and other aspects of performance once the bundled payment model is in place

**OUR SOLUTION**

Truven Heath Analytics™ Will Help You:

- Evaluate opportunities and risks
- Understand utilization and referral patterns across multiple sites of service
- Test the price impact of changing criteria
- Profile bundled payments for services associated with episodes of care
- Identify opportunities to improve care and reduce variability
- Improve your competitive position by finding ways to reduce the cost of an episode of care
Accurate Bundle Definitions
At the heart of bundled payments is the episode of care construct for which Truven Health has extensive experience using a key asset, the Medical Episode Grouper. However, simply bundling payments around episodes is not recommended, as episodes have been defined to measure the appropriateness of care, cost, and utilization based strictly upon patient diagnoses. Instead, episodes must be significantly modified to align with manageable aspects of care delivery, so that providers can successfully deliver bundled services.

Approaches to bundles differ greatly depending on where they fall along a risk-sharing continuum. At one end of the spectrum is full capitation where all risk is passed to the provider. At the other end is fee-for-service where the “bundle” consists of only the service delivered. The key for health plans is to identify the optimal point along that spectrum that’s consistent with the provider’s ability to accept risk and encourages more efficient delivery of care.

Factors Impacting Bundle Definition and Strategy

<table>
<thead>
<tr>
<th>Factors Impacting Bundle Definition and Strategy</th>
<th>Description</th>
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<tbody>
<tr>
<td>Clinical Scope</td>
<td>This is the breadth of diagnoses that define the trigger event for the bundle and those services included and excluded prior to and subsequent to the trigger. It also defines the conditions that exclude patients from bundles as well as complications of care for which providers are put at risk.</td>
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<tr>
<td>Provider and Service Scope</td>
<td>This dictates the types of providers, both facility and professional, as well as the types of services that are included in the bundle and are prime determinants of the risk that is embedded in the bundles. The concentration of services provided within a given provider system and locale are also important to determining the feasibility of bundled payment.</td>
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<tr>
<td>Time Scope</td>
<td>This is the time window encompassed by the bundle. It will vary based upon the type of bundle being constructed (chronic vs. an acute event or procedure) and for a particular bundle, it can vary by type of service or provider.</td>
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Bundled Payment Analytics

Truven Heath helps our health plan customers define and model bundled payments by focusing first on procedure-based bundles. Secondly, we guide them through a series of decisions that ensure the bundle definition is methodologically solid and accounts for each plans’ strategic interests, provider relationships, and other considerations unique to the health plan.

Using the occurrence of a procedure as the focus for the creation of a bundle provides a well-defined trigger for the initiation of the bundle. That fixed anchor allows for explicit decisions regarding the time window a bundle encompasses. It also provides insight into which specific services are most important to include or exclude from the bundle as it’s easier to specify the services and diagnoses related to specific procedures than for those related to a chronic condition.

A decision-tree approach means that we examine the costs and characteristics of various treatment patterns that create variation in episode cost. These drivers of variation can

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### Illustrative Bundles Along the Continuum

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<tr>
<th>Fee for Service</th>
<th>Procedure-based admits with a 0 day prior and 30 days after time period and multiple exclusions</th>
<th>Procedure-based admits with a 30 days prior and 90 days after time period and few exclusions</th>
<th>Condition-centered including all related care</th>
<th>Full Capitation</th>
</tr>
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</table>
be divided into outlier criteria and stratification criteria. Outlier criteria, such as presurgical trauma, are sources of extreme variation and are more often used to exclude patients from a bundle. Stratification criteria, such as whether a patient is under or over age 65, are more often used to subdivide bundles. Once the drivers of variation have been identified, they can be further categorized by whether observed variation is due to differences in underlying patient risk (e.g., age) or are due to process-of-care decisions (e.g., the delivery of rehabilitation services). This can guide decisions regarding the degree and type of risk embedded in the bundle.

**Why Truven Health**

Because we take a wide approach and have flexible analytic tools, we can start the analytic process wherever a client is in the decision-making process. This can range from the identification of services most suitable for inclusion in the bundling process to the pricing of specific bundles.

As your organization explores the impact of payment reform, turn to Truven Health experts for industry-leading data, analytics, advisory services, and planning tools.

**FOR MORE INFORMATION**

To learn how your organization can benefit from bundled payments, email healthplan@truvenhealth.com or visit healthcare.truvenhealth.com/healthplan

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ABOUT TRUVEN HEALTH ANALYTICS

Truven Health Analytics delivers unbiased information, analytic tools, benchmarks, and services to the healthcare industry. Hospitals, government agencies, employers, health plans, clinicians, pharmaceutical, and medical device companies have relied on us for more than 30 years. We combine our deep clinical, financial, and healthcare management expertise with innovative technology platforms and information assets to make healthcare better by collaborating with our customers to uncover and realize opportunities for improving quality, efficiency, and outcomes. With more than 2,000 employees globally, we have major offices in Ann Arbor, Mich.; Chicago; and Denver. Advantage Suite, Micromedex, ActionOI, MarketScan, and 100 Top Hospitals are registered trademarks or trademarks of Truven Health Analytics.

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