

Payers

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Financial Management Solutions

McKesson Episode Management Helping Health Plans Ease into Value-Based Reimbursement

Nearly 60 percent of payers have already implemented bundled payments at some level in an effort to move toward affordable, quality healthcare.² But even though it's a top method of value-based reimbursement (VBR) among health plans, it hasn't seen widespread deployment. Why not? The labor intensity and high cost to scale a successful bundled payment program effectively will continue to hold health plans back from seeing the real financial potential of this model. Major challenges include:

- Identifying and budgeting for target procedures
- Defining an episode's included and excluded components
- Reimbursing all participating physicians fairly
- Adjudicating and paying claims quickly and accurately in both retrospective and prospective models

McKesson Episode Management™ will help you develop and manage bundled payment programs that fit your plan's specific needs—whether you are just starting to define your episodes, looking to make your retrospective approach more efficient, or ready to go full-scale with a prospective model. Our solution works within your current claim workflow to bring automation to both prospective and retrospective bundled payment programs using a rules-based approach. Take advantage of 22 standard episodes covering procedural, acute, chronic and other evidence-informed case rates, or tailor bundles to your specific program. Our solution gives you the flexibility to efficiently run a retrospective approach now and transition smoothly to a prospective approach when you are ready.

- 78% of hospitals, 80% of payers and 50% of physicians find the bundled payment concept appealing.¹
- 59% of surveyed payers are already implementing bundled payments at some level.²
- The Centers for Medicare and Medicaid announced in July of 2014 that it will add roughly 4,100 providers to about 2,400 already exploring the possible use of bundled payments.³

1. Strategy&, formerly booz&co, 2014. <http://www.strategyand.pwc.com/global/home/what-we-think/reports-white-papers/article-display/healthcare-bundles-infographic>
2. *The 2014 State of Value-Based Reimbursement*, ORC International. <http://mhsdialogue.com/mckesson-research-reveals-the-state-of-healthcares-transformation-from-volume-to-value/>
3. Bundled payment attracts providers—but will they sign?. Healthcare Business News, July 31, 2014, Modern Healthcare. <http://www.modernhealthcare.com/article/20140731/NEWS/307319827>

McKesson Episode Management helps you:

- **Increase physician buy-in and adoption of bundled payments.** Gain stakeholder confidence by demonstrating ability to reimburse providers fairly for their contribution towards quality of care. Episode payment rules are evidence-informed and adjusted for patient risk and severity so physicians get paid accurately for the types of patients they see.
- **Scale your retrospective program with less manual effort.** Retrospective bundled payment disbursement decisions can be easier and more consistent with budget forecasting and reconciliation support from our analytics experts and technology.
- **Automate your prospective program.** Bundle claims real-time by implementing episode rules within your existing fee-for-service (FFS) workflow.
- **Demonstrate a shift to quality and value-based payment to your customers.** Automating and scaling your bundled payment programs shows consultants and employers that you are dedicated to reducing wasteful medical spend while reducing your administrative lift.

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- **Create your own bundled payment program.** Pre-built episode definitions can be customized to give you a jumpstart on creating your own programs.

McKesson Episode Management offers:

Retrospective bundled payment services

Let our McKesson analytics experts take on the administrative burden of helping you build your retrospective bundled payment program from scratch, or streamline an existing one. The service includes:

- **Episode budget modeling.** Our business intelligence experts run up to two years of your fee-for-service paid claims through any of our 22 episode rules certified on the PROMETHEUS Payment® 5.2 Evidence-informed Case Rate® (ECR®) logic. We help you identify which episodes will have the most impact on your population, and calculate the risk and severity adjusted budgets for them.
- **Episode budget reconciliation.** On a quarterly basis our staff runs your paid claims through our engine to provide reconciliation reports that aid you with bundled payment disbursement decisions. Risk and severity adjustment, and allowing related episodes brings fairer compensation to providers and allows episodes to be more inclusive.
- **Performance reporting.** Get performance reports with details at the episode, provider and service level, so you can address issues with episodes, policies or provider behavior.

Prospective bundled payment automation

Deploy the same rules and technical platform into your existing FFS workflow that we use in our retrospective service, allowing you to scale your programs by bundling claims real-time as they come in. This offering includes:

- **Prepackaged claims adjudication rule content and logic.** Your technical and clinical staff doesn't need to build and test claim codes into editing rule logic for episode definitions because we've already done that. Twenty-two standard episode rules built and certified on the

PROMETHEUS Payment logic are available for ready use or can be customized to your specific business needs.

- **Streamlined claims bundling.** Help reduce laborious, manual processes and increase bundled payment auto-adjudication by identifying an episode from a trigger claim in your existing claims system workflow and bundling all episode claims in near real-time according to definitions.
- **Extensive flexibility and customization.** You can add bundles as well as plans by line of business or region to best address specific populations' care needs, market priorities and provider engagement initiatives.
- **Standard FFS claims editing integration.** Episode Management shares its technical platform with ClaimsXten™, a leading FFS claims editing and payment management solution on the market. This allows for an efficient mixed model payment approach.
- **Standard pricing integration.** The Episode Management platform has a standard integration with McKesson Reimbursement Manager™ for bundled claim pricing during adjudication.
- **Episode reports and dashboards.** Summary and detail reports allow episode analysts to compare program definitions to actual claim data and to recognize trends. Visual dashboards also give you a clear and consistent view of key performance metrics associated with episodes.
- **Consulting services.** McKesson's experts will help you assess readiness for bundled payment programs and develop customized program plans, dashboards and assessments to ensure program success.