



The Medicare ACE Demonstration Project:

**Testing A New Bundled Payment System
At Hillcrest Medical Center**

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Acute Care Episode: Bundled Payment

- Selected based on a point system:
 - Organizational structure & capabilities
 - Demographic design
 - Performance results
 - Payment methodology
 - Budget neutrality

ACE Project Details

- First hospital to begin the program
- Contracts
- Marketing
- Education
- “Value-Based Care Center” vs. “Center of Excellence”

CMS Project Guidelines

- 28 cardiovascular procedures
- 9 orthopedic procedures
- Patient eligibility
- 3 year demonstration project
- 90 day termination option
- Collection and reporting of clinical and operational data
- CMS' approval of cost reduction plans
- Annual updates to global fees

Why Did We Want To Participate In This Demonstration?

- Cutting edge of global pricing
- Physician collaboration
- Enhanced care coordination
- Lower costs
- Increased volumes
- Improved quality care

CMS Goals of the ACE Demonstration Project

- Improve coordination and quality of care
- Alignment of financial incentives between hospitals and physicians
- Designate selected centers as “Value-Based Care Centers”
- Provide financial incentives for Medicare beneficiaries to select and utilize those centers
- Reduce Medicare payments

Benefits For All Parties Involved

- Win-win-win for all:
 - CMS
 - Hillcrest Medical Center
 - Physicians
 - Patients

Example Patient Incentive Payments By MS DRG *

- DRG 251 – Angioplasty
Perc cardiovascular proc w/o coronary artery stent or AMI w/o MCC: \$233
- DRG 236 – CABG
Coronary bypass w/o cardiac cath w/o MCC: \$494
- DRG 470 – Hip & Knee Replacement
Major joint replacement or reattachment of lower extremity w/o MCC: \$286

* Patient incentive rates effective 6-1-10 through 9-30-10;
subject to change as Part A and Part B rates change

How We Shaped The Program At Hillcrest Medical Center

- Vendor Negotiations
- Physician Involvement
 - Involvement in committee structure
 - Independent and employed physicians
 - Quality

How We Shaped The Program At Hillcrest Medical Center

- **Comprehensive Hospital Team**
 - Case management representative
 - Program liaison representative
 - Center for Orthopedic Replacement and Recovery (C.O.R.R.)

How We Shaped The Program At Hillcrest Medical Center

- **Marketing & Public Relations Campaign**
 - Print
 - Radio
 - Direct Mail
 - TV
 - Display Cases
 - Brochure
 - Seminars
 - Billboard

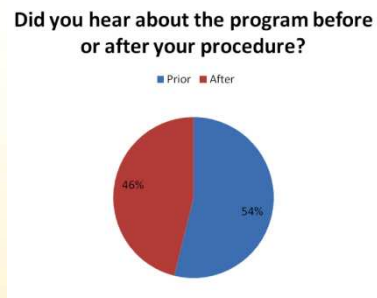
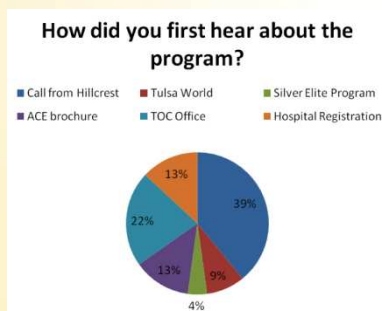
How We Shaped The Program At Hillcrest Medical Center

- Sample ACE Patient Testimonial Ad



How We Shaped The Program At Hillcrest Medical Center

- Patient Survey



Quality Metrics – Orthopedics

Measure	2008	May 2009 - April 2010
Prophylactic antibiotic received w/in 1 hr prior to surgical incision	98%	98%
Prophylactic antibiotic selection for surgical patients	100%	99%
Prophylactic antibiotics discontinued w/in 24 hrs after surgery end time for hip & knee replacement procedure groups	87%	98%
Surgery patients who received appropriate venous thromboembolism prophylaxis w/in 24 hrs prior to surgery to 24 hrs after surgery (Med Red Abstraction)	98%	99%

Quality Metrics – CABG

Measure	2008	May 2009 - April 2010
Prophylactic antibiotic received w/in 1 hr prior to surgical incision	98%	98%
Prophylactic antibiotic selection for surgical patients	100%	100%
Prophylactic antibiotics discontinued w/in 24 hrs after surgery end time for 48 hrs for CABG procedure groups	87%	96%
Anti-Platelet Medication Prescribed at Discharge	98%	97%
Percent of CABG Patients Returned to operating room during stay	7%	1%

Quality Metrics – PCI

Measure	2008	May 2009 - April 2010
Percent of PCI procedures w/ angiographic success & no death, myocardial infarction (MI), or emergent/salvage CABG	98%	99%

Quality Metrics – Valve

Measure	2008	May 2009 - April 2010
Prophylactic antibiotic received w/in 1 hr prior to surgical incision	98%	97%
Prophylactic antibiotic selection for surgical patients	100%	97%
Prophylactic antibiotics discontinued w/in 24 hrs after surgery end time for valve procedure groups	87%	93%

Patient Volume Increase After First Full Year

- Orthopedics: 37% increase
- Cardiovascular: 24% increase

Annual Estimated Savings: May 1, 2009 - April 30, 2010

- Annual Estimated Savings: \$754,654*

*A portion of savings will be paid to patients as incentive

Total Costs

- Operating Cost May 2009 – March 2010: \$417,753
 - Marketing
 - Paying physician claims
 - Support personnel
 - Corporate program coordinator
- Pre-program Start Up Cost: \$134,204
- Total Cost: \$551,957

Cost Margins For Orthopedics: May 2009 – March 2010

- Hillcrest Medical Center Orthopedics
 - All payor impact
 - Overall per case
 - 10% decrease in cost
 - 20% increase contribution margin per case 09 over 08
- Orthopedics
 - Medicare (ACE) only impact
 - Overall per case
 - 10% decrease in cost
 - 57% increase contribution margin per case 09 over 08



Cost Margins For Cardiology: May 2009 – March 2010 *

- Hillcrest Medical Center Cardiology
 - All payor impact
 - Overall per case
 - 2% decrease in cost
 - 5% decrease contribution margin per case 09 over 08
- Cardiology
 - Medicare (ACE) only impact
 - Overall per case
 - 3% decrease in cost
 - 4% decrease contribution margin per case 09 over 08



* Cardiology year over year profit and volumes cannot be solely attributed to ACE due to large capital investment.

What We Have Learned

- First to implement program; no prior experience to follow
- Dedicated Case Manager from day one
- Cash Incentive Payment is an added value for patients, but not a primary driver
- Dedicated call center
- Program liaison
- Challenges with Fiscal Intermediary
- Challenges with CMS

Next Steps – Where Do We Go From Here?

- Expansion of covered MS DRGs
- Post acute payment bundle
- Provider incentives years 2 and 3
- Possible regional expansion
- Possibility of extending to commercial and Native American payors

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HEALTH SERVICES

 **Hillcrest**
Medical Center
The difference is our doctors.

Questions?