Bundled Payments for Care Improvement Advanced Model Evaluation

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Executive Summary

Sixth Annual Evaluation Report

Key Findings in Model Year 5 (2022)

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About this document

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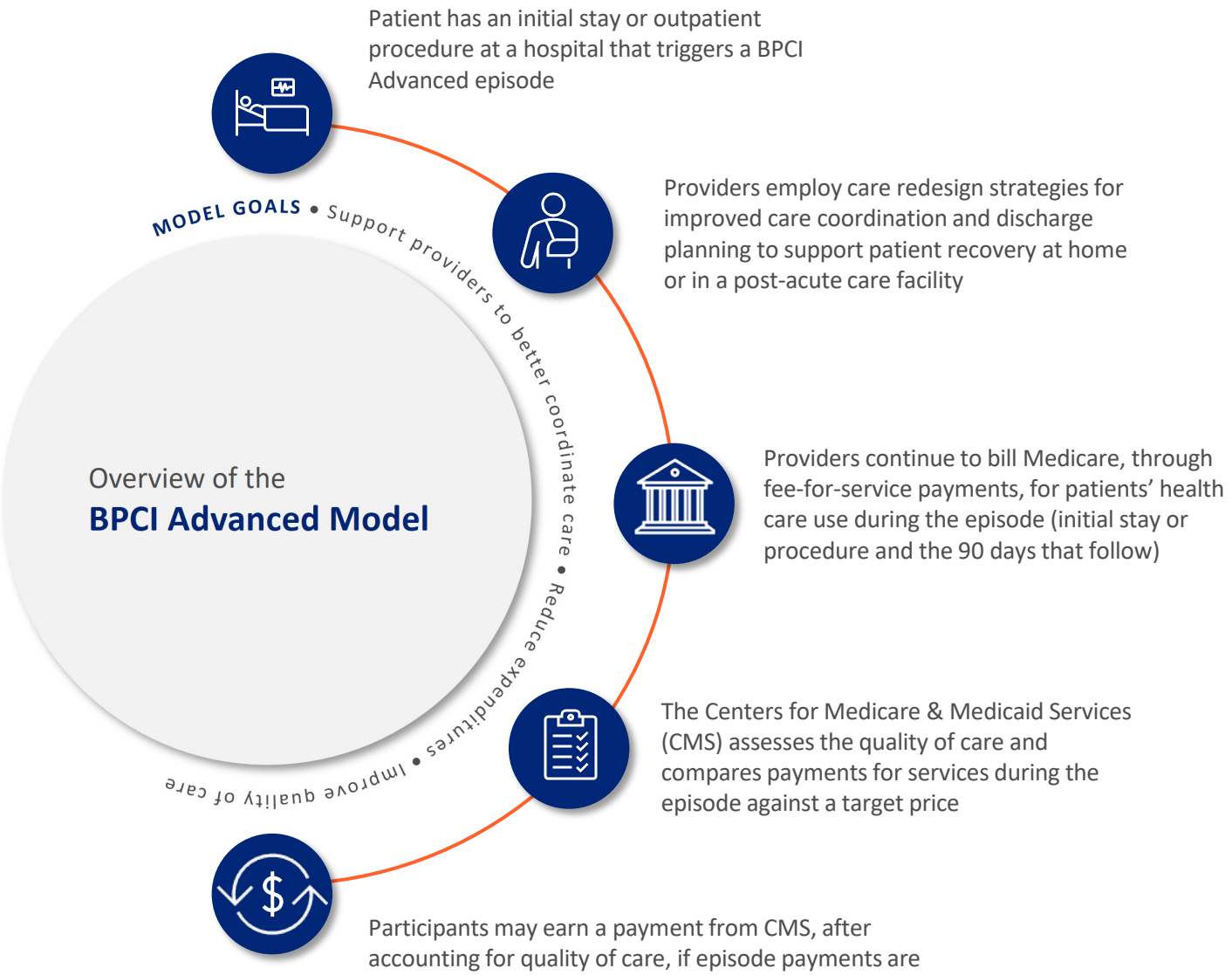
In Model Year 5 (2022), the Bundled Payments for Care Improvement Advanced (BPCI Advanced) Model achieved Medicare savings and expanded the reach of value-based care.



BPCI Advanced has evolved over time in an effort to meet its core goals.

The Center for Medicare and Medicaid Innovation (Innovation Center) is testing whether bundling payments for episodes of care for Traditional (fee-for-service) Medicare patients can lower spending while maintaining or improving quality. Bundled Payments for Care Improvement Advanced (BPCI Advanced) is a voluntary episode-based payment model that holds participants financially accountable for payments during an initial hospital stay or outpatient procedure and services in the 90 days that follow to encourage better care coordination. The Innovation Center, which is under the Centers for Medicare & Medicaid Services (CMS), gives data and support to participants to redesign care under the model.

The BPCI Advanced Model began in 2018 and is set to end in 2025. BPCI Advanced builds on the BPCI Initiative, which ran from 2013 to 2018. The BPCI Initiative showed that bundled payment models may successfully reduce payments without compromising quality of care, supporting the development and implementation of similar models, including BPCI Advanced and the Comprehensive Care for Joint Replacement (CJR) Model.

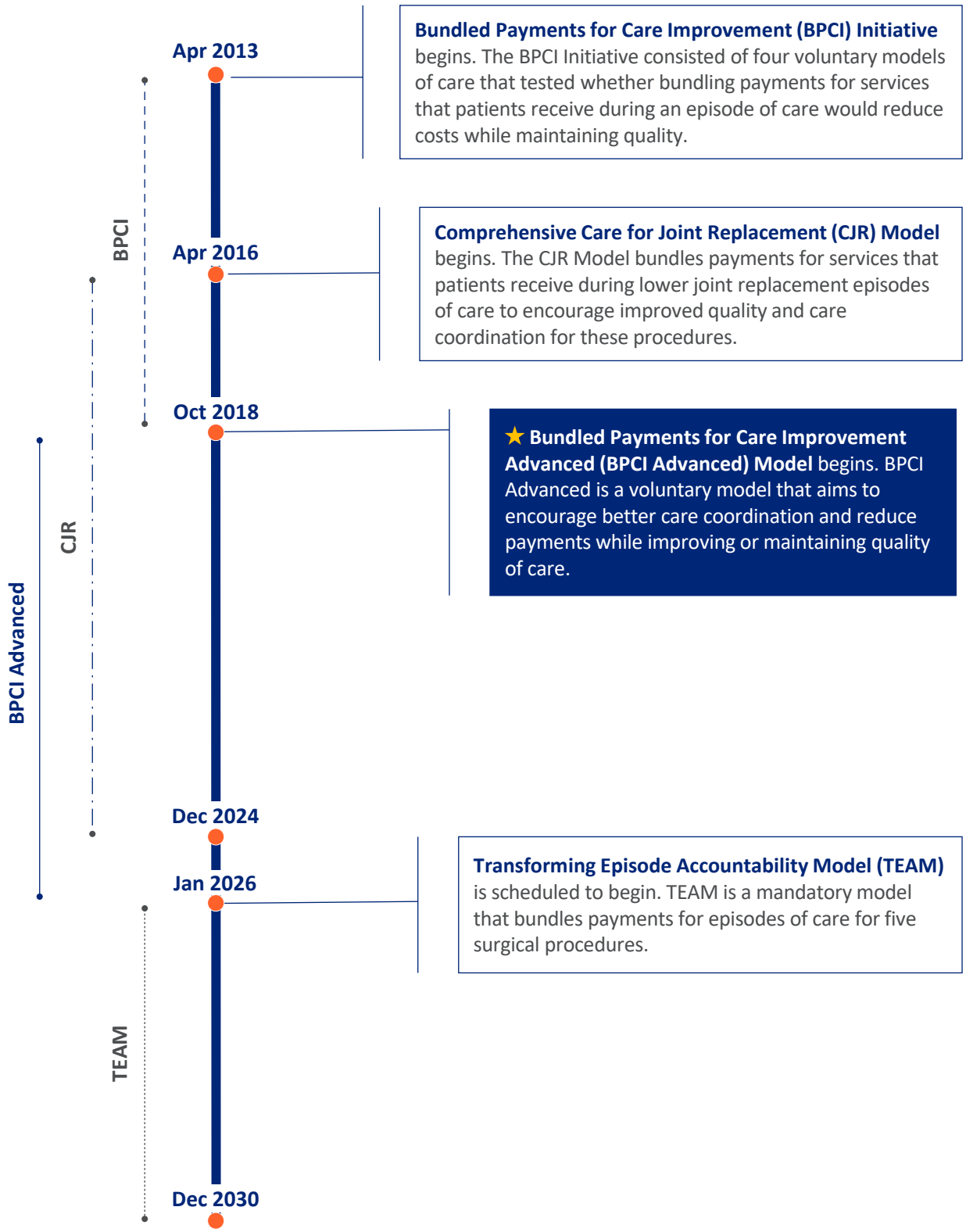
How does the model work?

Under BPCI Advanced, participants are accountable for payments for services during an episode of care for certain acute medical conditions and surgical procedures. If payments for an episode fall below a "target price," participants receive an additional payment from CMS. If payments exceed the target price, participants must repay CMS.

The Innovation Center has adjusted the design of BPCI Advanced over time to improve the model's ability to achieve Medicare program savings. Despite other promising effects, BPCI Advanced resulted in losses to Medicare in its first 3 years. In response, the Innovation Center made significant design changes to the model. Starting in Model Year 4 (2021), participants had to choose to be accountable for groupings of clinical episodes (clinical episode service line groups, or CESLGs), rather than individual clinical episodes. In addition, the Innovation Center refined its approach to target pricing. BPCI Advanced, as a result, achieved Medicare savings for the first time in Model Year 4 and again in Model Year 5 (2022).

This summary highlights results from the BPCI Advanced Sixth Evaluation Report, focused on Model Year 5 and with select findings from Model Years 4 and 6. Findings show that a voluntary bundled payment model can achieve Medicare savings while expanding the reach of value-based care. The evaluation also found that the model maintained quality for certain health outcomes but identified room for improvement in patient-reported care experiences and satisfaction. Despite participant efforts to better coordinate care, some BPCI Advanced patients did not rate their care experiences and satisfaction as highly as those in the comparison group.

Timeline: BPCI Advanced and other CMS episode-based payment models



Evaluation approach

CMS contracted with The Lewin Group, with our partners Abt Associates, Inc., GDIT, and Telligen, to conduct an independent evaluation of the impact of the BPCI Advanced Model.

The evaluation helps CMS determine whether the model is achieving its objectives to decrease expenditures and maintain or improve quality of care.

The evaluation team uses a "mixed methods" approach, combining insights from a variety of data sources for a complete picture of the model's impact on spending, service use, and quality of care.

Medicare claims analysis
Compared Medicare data on spending and service us over time for model participants versus a matched group of nonparticipants to estir the impacts of the mode

Key informant interviews
Interviewed hospitals, physician group practices, and other participant types for a deeper understanding of topics of interest

Patient survey
Surveyed patients to identify whether the model has improved their functional status and care experience

Site visits
Visited virtually or in person a mix of participating hospitals and physician group practices for a 360-degree view of their experience with the model

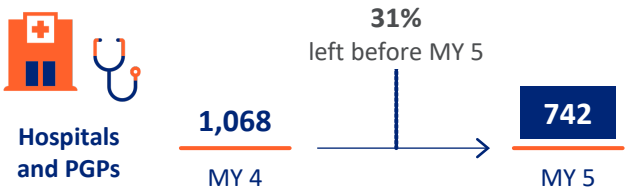
For a full description of the evaluation methods and findings, see the BPCI Advanced Sixth Evaluation Report and Appendices.

The number of hospitals and physician group practices participating in BPCI Advanced declined by about a third from Model Year 4 to 5.

BPCI Advanced is a voluntary model. Participants can leave at any time with advance notice but could only join in Model Years 1, 3, or 7. When participants leave or join, the mix of hospitals and physician group practices (PGPs), patients, and episode types included in the model can shift, and tracking these changes is important for contextualizing the model's impacts.

Between Model Years 4 and 5, the number of hospitals and PGPs that initiate BPCI Advanced episodes of care fell by 31%. The 69% that stayed for Model Year 5 ("stayers") were more engaged than those that left ("leavers") in terms of episode volume and accountability for CESLGs. On average, stayers selected 3 CESLGs, while leavers selected 2 CESLGs. Stayers had an average episode volume of 391, compared with 225 for leavers.

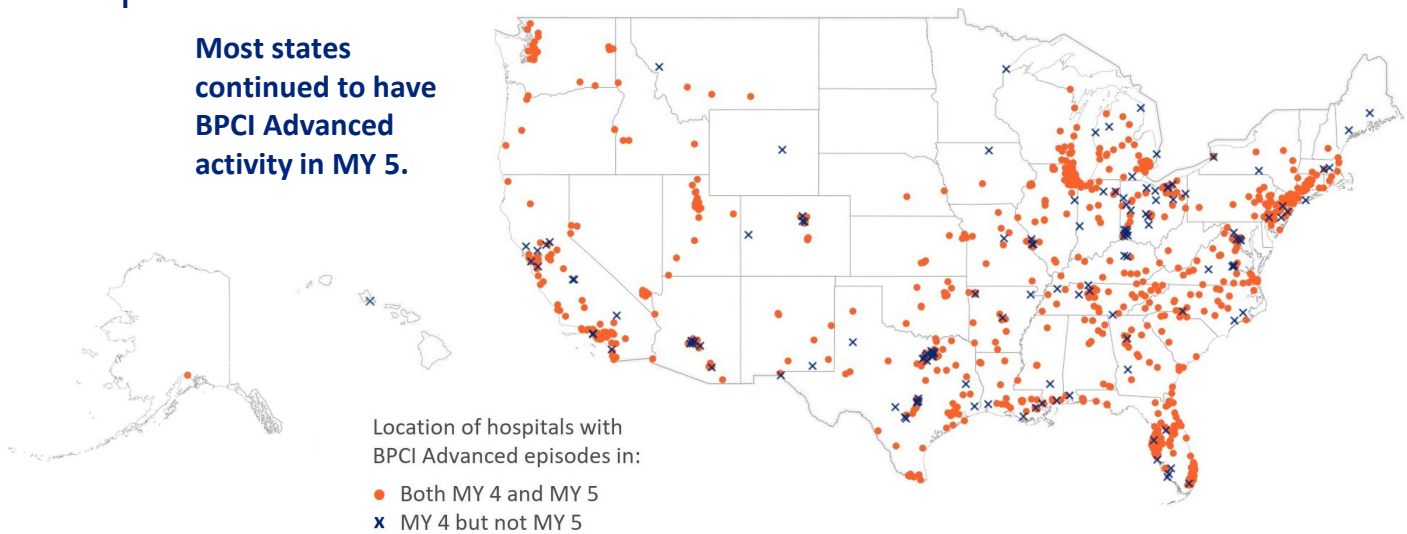
Although many participants left the model before Model Year (MY) 5, those that stayed tended to be more engaged.



The financial benefit to hospitals and PGPs may have been a factor in whether they stayed for Model Year 5. On average, stayers earned reconciliation payments from CMS in Model Year 4 ($539 per episode), while leavers owed repayments to CMS ($358 per episode).

Hospitals and PGPs initiated BPCI Advanced episodes in 41 states and Washington, DC, in Model Year 5, compared with 46 states and Washington, DC, in Model Year 4. There was no longer BPCI Advanced activity in Delaware, Hawaii, Maine, Minnesota, and Wyoming.

Most states continued to have BPCI Advanced activity in MY 5.

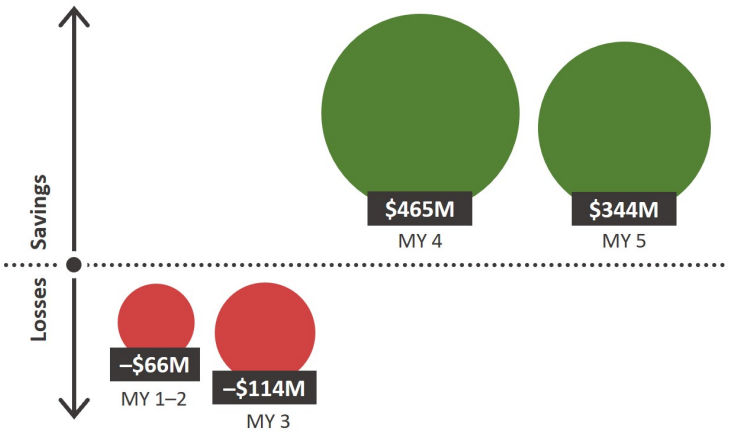


BPCI Advanced achieved savings to Medicare in Model Years 4 and 5, offsetting losses in Model Years 1 through 3.

A key goal of BPCI Advanced is to reduce Medicare expenditures. The model is designed to achieve savings by holding participants financially accountable for payments during an episode of care against a target price. CMS determines how much it has paid in the past for certain clinical episodes, accounting for patient mix, peer spending, and actual trends, and then lowers this amount by a specific percentage, or "discount." The discount intends to represent Medicare program savings. In applying this discount, CMS sets a target price that encourages hospitals and PGPs to curb expenditures by reducing unnecessary services and better coordinating patient care.

In Model Year 5, BPCI Advanced achieved savings to Medicare totaling $344 million, or 4% of what payments would have been had the model not existed.

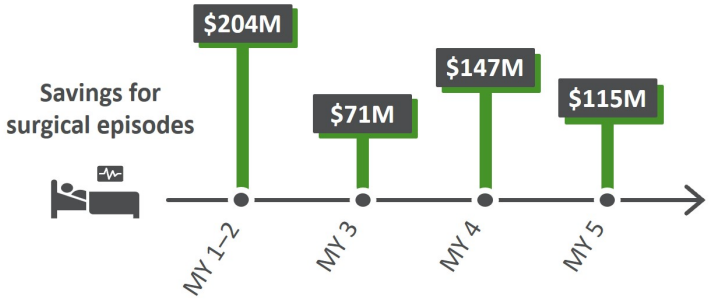
Savings to Medicare were less in MY 5 than in MY 4 as participation declined.



The first time BPCI Advanced resulted in Medicare savings was in Model Year 4, when CMS made major changes to the model's design, including the target pricing approach. Due to the decline in participation in Model Year 5, and the resulting decrease in episode volume, savings were less than in Model Year 4.

BPCI Advanced includes both medical and surgical episodes. Surgical episodes have achieved savings in each model year to date. In 2026, CMS will launch the Transforming Episode Accountability Model (TEAM), a mandatory episode-based payment model that will include five surgical procedures.

BPCI Advanced has led to savings for surgical episodes in each model year to date

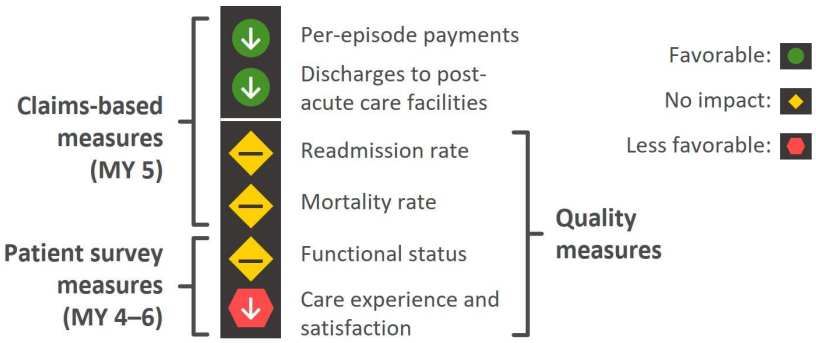


BPCI Advanced maintained quality-related health outcomes, but there is room for improvement in patient-reported experiences.

Another key goal of BPCI Advanced is to maintain or improve quality of care. The model aims to improve care coordination, thereby leading to better patient outcomes and experiences. The model also holds participants accountable for certain measures of quality in addition to episode payments. The evaluation measures quality by using Medicare claims to estimate changes in readmission and mortality rates and by surveying patients on their experiences and functional status. We consider impacts on quality in light of effects on per-episode payments and the use of certain services, such as skilled nursing facility care.

BPCI Advanced lowered per-episode payments in Model Year 5 by $1,014, or 4%, driven by reductions in discharges to post-acute care facilities. Despite lowering payments, the model did not affect overall readmission or mortality rates.

BPCI Advanced achieved its objectives of reducing payments and maintaining quality, but some patients reported less favorable care experiences under the model.



Functional status reflects the ability to perform certain daily activities, such as using stairs and planning regular tasks. The evaluation did not find a consistent relationship between the BPCI Advanced Model and improvement in patients' functional status in Model Years 4 to 6. We conclude that the model achieved its goal of maintaining quality of care as measured by readmission rates, mortality rates, and patient-reported functional status.

However, the evaluation found an opportunity for improvement in patient care experiences: While most BPCI Advanced patients (70–90%) reported favorable care experiences and satisfaction, a smaller percentage reported favorable care experiences and satisfaction than comparison patients. For example, BPCI Advanced patients were less likely to agree that medical staff accounted for their preferences when deciding on the services they receive after discharge. This finding highlights the importance of clear communication, education, and shared decision-making with patients in a model that affects discharge destination.

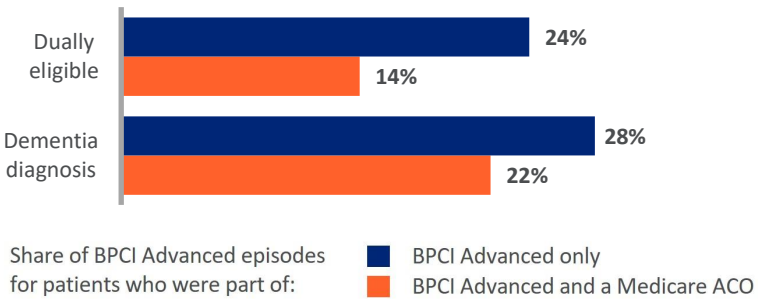
The model continued to reach patients and providers not yet engaged in value-based care.

The share of Traditional Medicare beneficiaries in an Accountable Care Organization (ACO) has increased in recent years. Given this growth, the overlap between ACOs and bundled payment models like BPCI Advanced—in terms of both the patients and providers they engage—will be important to understand.

Overlap between ACOs and BPCI Advanced, which have similar goals of reducing expenditures and readmissions, could lead to improved care coordination across settings or might create challenges if the models are misaligned. The BPCI Advanced evaluation investigates the extent and effects of this overlap to understand the role of BPCI Advanced in linking patients to value-based care and to inform the alignment of future models.

In Model Year 5, overlap between BPCI Advanced and certain ACOs continued. About 41% of BPCI Advanced episodes were for patients attributed to a Shared Savings Program ACO, and nearly half (48%) were for patients attributed to any Medicare ACO. BPCI Advanced patients who were not in a Medicare ACO were more clinically complex and more likely to be dually eligible than those who were in an ACO, confirming similar findings from Model Year 4. BPCI Advanced may reach a different mix of patients because it is centered on acute medical and surgical episodes, while patients are attributed to ACOs through visits with primary care providers.

BPCI Advanced reached patients not in an ACO. These patients were more clinically complex and more likely to be dually eligible than those in an ACO.



Participation in both BPCI Advanced and an ACO could enhance the effects of these initiatives. We did not find that BPCI Advanced and ACO overlap led to amplified benefits to patients in terms of greater reductions in payments or decreased readmissions. In interviews, participants reported advantages to being in both initiatives, such as the ability to use shared infrastructure. They also said being in BPCI Advanced allowed them to more effectively involve specialists in value-based care, while ACOs mainly engage primary care providers.

An additional benefit of BPCI Advanced is increased linkages to primary care providers for medical episodes.

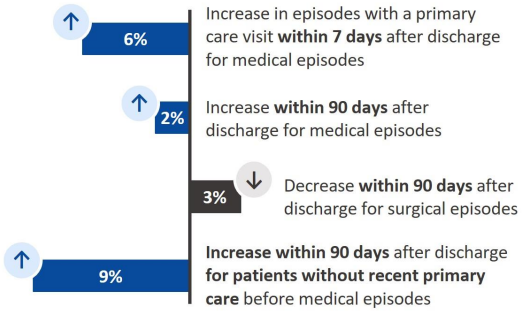
Primary care services help people avert or manage chronic conditions and may reduce the chances of an illness that requires an emergency room or hospital visit. BPCI Advanced does not offer explicit incentives to link patients to primary care providers. However, the model could increase primary care visits after discharge by encouraging providers to improve care coordination and find ways to reduce the risk of costly unplanned services. The BPCI Advanced evaluation examined whether the model led to a change in the share of patients using primary care in the 90 days after discharge.

> *We do see that when we connect our patients to their [primary care provider], there's a lower risk for readmission and the patients stay healthier in the community.*
>
> *– BPCI Advanced Hospital*

We defined "primary care visits" to include evaluation and management, care management and planning, and wellness visits to common providers of these services. Primary care visits in the 90 days after discharge were common in Model Year 5, with 73% of BPCI Advanced patients using primary care during this time. Primary care use was greater among medical episodes than surgical episodes.

In Model Year 5, BPCI Advanced increased the share of medical episodes with a primary care visit both in the first week (by 6%) and in the full 90 days after discharge (by 2%) relative to the comparison group, but the model decreased the share of surgical episodes with a primary care visit in the 90-day post-discharge period (by 3%) relative to the comparison group. Participants said in interviews that some surgeons prefer to handle patient follow-up after surgery when accountable for the episode of care.

BPCI Advanced participants prioritize connecting patients to primary care after medical episodes, but surgeons prefer to conduct follow-up visits themselves.



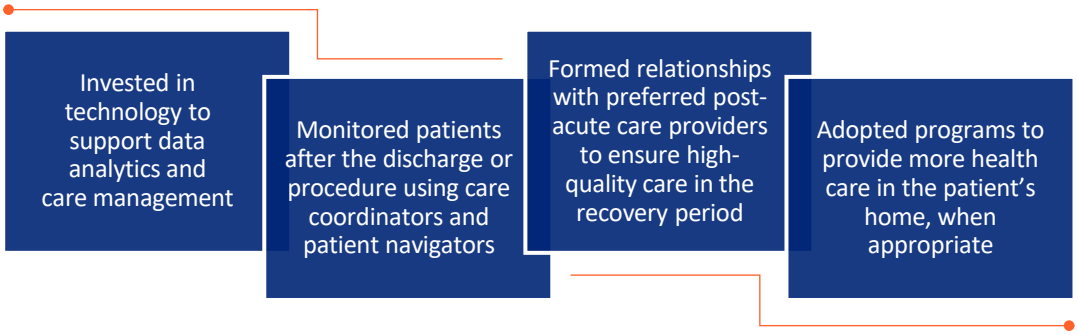
For patients with no primary care use in the 2 years before a medical episode, BPCI Advanced increased the share of patients with primary care in the 90 days after discharge by 9% relative to the comparison group. These findings show that a bundled payment model without direct primary care incentives can connect new patients with medical episodes to primary care. These patients may have chronic conditions that are not well managed, and linking them to primary care could help improve their health outcomes.

Lessons learned from BPCI Advanced and CJR inform future bundled payment models.

The Innovation Center's payment and service delivery models aim to reduce Medicare expenditures while maintaining or improving the quality of patient care. BPCI Advanced has consistently led to reductions in Medicare payments, and in Model Years 4 and 5, these payment reductions exceeded model incentive payments, resulting in Medicare savings. Quality results are more nuanced. In the Sixth Evaluation Report, the evaluation concludes that BPCI Advanced maintained quality for readmission rates, mortality rates, and functional status but that there is an opportunity for improvement in patient-reported care experiences and satisfaction.

The BPCI Advanced Model will run through December 2025, and the Innovation Center's upcoming mandatory episode-based payment model, TEAM, is scheduled to begin in January 2026. Although the design of TEAM differs from the BPCI Advanced and CJR Models in key ways, lessons learned from these initiatives will be important to consider in the operation of the new model.

Lessons learned from participating providers may also be useful for hospitals as they implement TEAM, especially those with less experience in bundled payment models. BPCI Advanced hospitals and PGPs redesigned care in multiple ways to be successful:



More information on how hospitals and PGPs have transformed care under BPCI Advanced is in the evaluation reports, available on the BPCI Advanced Model web page.

The evaluation will continue monitoring the impacts of BPCI Advanced in its final years, with a focus on what the findings mean for CMS objectives and future models.

For more details on the findings reported in this summary, read the BPCI Advanced Sixth Evaluation Report and Appendices.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