

Connecting provider payments to value

How bundled payment works

Addressing variation in care and costs

Replacing a joint—especially a knee or hip—is a procedure millions of Americans need each year. It can give people a mobility and freedom from pain they haven't enjoyed in years. It's also a procedure that lends itself to a lot of variation. If best practices aren't followed, it can lead to complications and hospital readmission.

The Washington Health Alliance has identified total joint replacement as a procedure with great variation in complications and cost. Recent data shows that total hip replacements for members enrolled in the state's Uniform Medical Plan (UMP) cost between \$23,659 and \$66,647 across 23 hospitals around the state.

To address this challenge, the Health Care Authority (HCA) has included bundled payments as a key strategy for HCA's move toward value-based purchasing under our [Value-based Roadmap](#).

The Center of Excellence model

After a competitive bidding process, the HCA contracted with Virginia Mason Medical Center as a "center of excellence" for hip and knee joint replacements for public employees, retirees and their dependents enrolled in the Uniform Medical Plan.

Bundled payments mean the state pays one sum for the entire episode of care, from the pre-surgical visit to discharge from the hospital.

Virginia Mason receives a fixed fee for each joint replacement and provides additional care in the event of certain post-operative complications.

In the center of excellence model Virginia Mason:

- Uses evidence-based best practices as recommended by the [Bree Collaborative](#).

- Coordinates patient care across the clinical team—including physicians, the hospital, and others involved in knee and hip replacements—and encourages shared decision-making with the patient.

The Center of Excellence Program is administered by Premera Blue Cross, which provides case management and customer service that guides members through their health care journey.

The program is open to members enrolled in the UMP Classic and CDHP plans.

By 2021, the state's goal is to have 90 percent of state-financed health care linked to quality and value, as defined by the federal Health Care Payment Learning & Action Network Alternative Payment Model framework. By linking payment to quality and value, we will fundamentally change the way care is provided in Washington.

The HCA has issued a request for information from providers to learn more about what providers around the state have done with bundled episodes of care. This will help inform the agency's future planning around bundled payments.

HCA's value-based purchasing roadmap states that by 2018, bundled payments will include public employees and Apple Health (Medicaid) populations.

More information

To learn more about the Quality Improvement Score, visit www.hca.wa.gov/about-hca/healthier-washington/paying-value.

