

Mark Lutes Featured in "How Widespread Will Use of Bundled Payments Become During the Next Five Years, and What are Any Primary Obstacles for Mainstream Adoption?"

MCOL ThoughtLeaders

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Mark Lutes, Chair of the firm's Board of Directors, in the Washington, DC, office, was featured in a Q&A that addressed: "How Widespread Will Use of Bundled Payments Become During the Next Five Years, and What are Any Primary Obstacles for Mainstream Adoption?"

Following is an excerpt:

Bundled payments have been with us for years in the form of DRGs and APCs...however the next five years will indeed see a proliferation of bundles to encompass multiple dimensions of care (professional as well as facility) and multiple sites of care -- post-acute bundled with acute. Congress has noted substantial variation in Medicare spending, utilization, quality and profit margins within the post-acute sector and found them troubling. The idea of expanding bundling to post-acute has also been supported by MedPAC, Bipartisan Policy Center and FY 14 President's Budget.

Discussion drafts have explored giving the Secretary of HHS the right to specify the conditions covering 50% of post acute care. When we work on contracts involving bundles/episodes, we first start with the triggering service or clinical condition, and the initiating event. Duration needs to be negotiated to address a variety of items such as readmissions, intervals between episodes and chronic episodes. Also relevant is the grouper to be

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In defining the price it is usually projected based on prior experience but one must consider whether the prior period data includes the same provider and patient group. How does it account for co-morbidities? Will there be any Case Mix adjustment? Will patient severity be deemed constant? The list does not stop there. What patients are subject to it? Retrospective? Prospective? Is there sufficient volume in the DRG to be valid? Discounts to FFS before episode reconciled? Adjusted or predicated on attaining quality benchmarks? Any inflation factor? Any "step down" in price over term of contract? Any reopener if care path or technology changes?

As you can see, this laudable payment model has complexities that require careful thought and then careful documentation. While one can predict a number of drivers of increased adoption, lawyers and payment experts need to partner in achieving client goals in this space.