

# Hospital participation in medicare bundled payment initiative results in reduction in payments for joint replacement

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In a study published online by *JAMA*, Laura A. Dummit, M.S.P.H., of The Lewin Group, Falls Church, Va., and colleagues evaluated whether Bundled Payments for Care Improvement (BPCI) was associated with a greater reduction in Medicare payments without loss of quality of care for lower extremity joint (primarily hip and knee) replacement episodes initiated in BPCI-participating hospitals that are accountable for total episode payments (for the hospitalization and Medicare-covered services during the 90 days after discharge).

The Centers for Medicare & Medicaid Services (CMS) launched the BPCI initiative in 2013 to test whether linking payments for services provided during an episode of care can reduce Medicare payments, while maintaining or improving quality. Hospitals, physician group practices, postacute care providers such as skilled nursing facilities and home health agencies, and other entities were invited to participate in BPCI, which holds them accountable for Medicare payments for services provided during an episode of care triggered by a hospitalization. As with other alternative payment models, BPCI is designed to reward clinicians and facilities that deliver care more efficiently and effectively.

For this study, the researchers estimated the change in outcomes for Medicare fee-for-service beneficiaries who had a lower extremity joint replacement at a BPCI-participating hospital between the baseline (October 2011 through September 2012) and intervention (October 2013 through June 2015) periods and beneficiaries with the same surgical procedure at matched comparison hospitals.

There were 29,441 lower extremity joint replacement episodes in the baseline period and

31,700 in the intervention period at 176 BPCI-participating hospitals, compared with 29,440 episodes in the baseline period (768 hospitals) and 31,696 episodes in the intervention period (841 hospitals) at matched comparison hospitals. The authors found that average Medicare payments for a lower extremity joint replacement hospitalization and the 90-day postdischarge period declined \$1,166 more for Medicare beneficiaries with episodes initiated in a BPCI-participating hospital than for beneficiaries in a comparison [hospital](#). The lower Medicare payments were primarily due to reduced use of institutional postacute care. Claims-based quality measures, including unplanned readmissions, emergency department visits, and mortality, were not statistically different between the BPCI and comparison populations.

"This analysis of lower extremity [joint replacement](#) episodes, which account for more than 450,000 Medicare hospitalizations per year, significantly extends the evidence on the use of payment incentives to reduce spending for episodes of care, while maintaining or improving quality," the researchers write.

"Further studies are needed to assess longer-term follow-up as well as patterns for other types of clinical care."

**More information:** *JAMA*, [jama.jamanetwork.com/article.a ... 1001/jama.2016.12717](http://jama.jamanetwork.com/article.a...1001/jama.2016.12717)

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