Session #2: Perinatal and Procedural Episodes
### Episodes Included in Session #2

<table>
<thead>
<tr>
<th>Total Joint Replacement</th>
<th>PCI non acute</th>
<th>Bariatric</th>
<th>CABG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valve Repair and Replacement</td>
<td>Colonoscopy</td>
<td>Tonsillectomy</td>
<td>EGD</td>
</tr>
<tr>
<td>Breast Biopsy</td>
<td>Cholecystectomy</td>
<td>Colposcopy</td>
<td>Hysterectomy</td>
</tr>
<tr>
<td>Appendectomy</td>
<td>Hernia Repair</td>
<td>Spinal Fusion</td>
<td>Spinal Fusion</td>
</tr>
<tr>
<td>Spinal Decompression</td>
<td>Femur/Pelvic Fracture</td>
<td>Knee Arthroscopy</td>
<td>Perinatal</td>
</tr>
</tbody>
</table>
**Approach & Process**

1. **May 2019**: Gather feedback from stakeholders across the state on the first 45 episodes implemented.

2. **Summer 2019**: Conduct analyses to inform how to incorporate feedback.

3. **Fall 2018**: Release memo to public with responses to all proposed episode changes.

4. **January 2020**: Accepted changes are implemented for 2020 performance period.

**Objectives & Scope for Today**

1. Briefly review the background and objectives of the Tennessee’s delivery system transformation work and specifically, Episodes of Care.

2. Review feedback received prior to the meeting regarding specific episodes in this session.

3. Listen to and capture feedback from stakeholders on episode design for the episodes included in this session.

The primary purpose of today’s session is listening; the state will respond to and incorporate feedback as appropriate over the coming months.
U.S. Healthcare Costs & Utilization are Rising

Healthcare costs are increasing at a rapid pace

NATIONAL HEALTH EXPENDITURES 1960 - 2016

“About 30 percent of health spending in 2009—roughly $750 billion—was wasted on unnecessary services, excessive administrative costs, fraud, and other problems.”
(Institute of Medicine)

“Patients with a herniated disc could be treated with non-surgical treatments... and yet the frequency of back surgery has not declined”
(Forbes)

“a dermatological procedure called Mohs surgery... tends to be overused with an increase of 400% in the last decade”
(Management Science)

“Walmart discovered 50 percent of its employees who volunteered to travel for spine surgery ended up not undergoing the procedures because they were not necessary.”
(Becker’s Spine Review)

“This reimbursement structure has produced many unintended consequences, one of which is likely a role in the over-prescription of opioids.”
(Liebert Publications)

“...the primary cause of McAllen’s extreme costs was, very simply, the across-the-board overuse of medicine”
(Atul Gawande, The New Yorker)

Primary Care Transformation

Episodes of Care

Long Term Services & Supports

Tennessee’s Value Based Payment Strategies

Patient-Centered Medical Homes

- CY 2018 → CY 2019
- 67 orgs
- 440k members
- 86 orgs
- 550,000 members

21 Tennessee Health Links serving 70,000 TennCare members with significant mental health needs

Real-time ADT alerts to providers from 100% of hospital beds in TN

Quarterly cost and quality performance reports to providers for 48 episodes in 2019

$28.6 million estimated savings for CY 2017 while quality was maintained or improved in most episodes

Enhanced Respiratory Care

Increase in ventilator weaning yielded improved quality outcomes and 25% reduced cost

- Vent Weaning
- Chronic Vent
- Tracheal Suctioning

Graph showing:
- FY15 to FY17
- 75%
- 50%
- 25%
- 0%
- -25%
- -50%
- -75%
An **Episode of Care** is a defined set of services designed by TN clinical experts that allows for fair comparisons across providers state-wide.

The purpose is to increase data sharing, best practices adoption, and quality of care across the state, all for the benefit of the patients receiving the care.

### Key Principles

- **Coordinated care** for all services related to a specific condition
- Providers are **accountable** for all pre-specified services across the episode
- High quality, cost-efficient care is **rewarded** beyond current reimbursement
### 48 TennCare Episodes of Care

<table>
<thead>
<tr>
<th>Status Wave</th>
<th>Episode</th>
<th>Status Wave</th>
<th>Episode</th>
<th>Status Wave</th>
<th>Episode</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Perinatal</td>
<td>5</td>
<td>Breast biopsy</td>
<td>8</td>
<td>Acute Seizure</td>
</tr>
<tr>
<td></td>
<td>Asthma acute exacerbation</td>
<td></td>
<td>Otitis media</td>
<td></td>
<td>Syncope</td>
</tr>
<tr>
<td></td>
<td>Total joint replacement</td>
<td></td>
<td>Tonsillectomy</td>
<td></td>
<td>Acute gastroenteritis*</td>
</tr>
<tr>
<td>2</td>
<td>COPD acute exacerbation</td>
<td>6</td>
<td>Skin and soft tissue infections</td>
<td>8</td>
<td>Bronchiolitis</td>
</tr>
<tr>
<td></td>
<td>Colonoscopy</td>
<td></td>
<td>HIV</td>
<td></td>
<td>Pediatric pneumonia</td>
</tr>
<tr>
<td></td>
<td>Cholecystectomy</td>
<td></td>
<td>Pancreatitis</td>
<td></td>
<td>Colposcopy</td>
</tr>
<tr>
<td></td>
<td>PCI - acute</td>
<td></td>
<td>Diabetes acute exacerbation</td>
<td></td>
<td>Hysterectomy</td>
</tr>
<tr>
<td></td>
<td>PCI – non acute</td>
<td></td>
<td>Spinal fusion</td>
<td></td>
<td>Gastrointestinal obstruction</td>
</tr>
<tr>
<td>3</td>
<td>GI hemorrhage</td>
<td>7</td>
<td>Spinal decompression (without spinal fusion)</td>
<td>9</td>
<td>Hernia repair</td>
</tr>
<tr>
<td></td>
<td>EGD</td>
<td></td>
<td>Femur / pelvic fracture</td>
<td></td>
<td>Appendectomy</td>
</tr>
<tr>
<td></td>
<td>Respiratory Infection</td>
<td></td>
<td>Knee arthroscopy</td>
<td></td>
<td>Acute kidney and ureter stones</td>
</tr>
<tr>
<td></td>
<td>Pneumonia</td>
<td></td>
<td>Ankle non-operative injuries</td>
<td></td>
<td>Cystourethroscopy</td>
</tr>
<tr>
<td></td>
<td>UTI - outpatient</td>
<td></td>
<td>Wrist non-operative injuries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>UTI – inpatient</td>
<td></td>
<td>Shoulder non-operative injuries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>ADHD</td>
<td>8</td>
<td>Ankle non-operative injuries</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>CHF acute exacerbation</td>
<td></td>
<td>Wrist non-operative injuries</td>
<td></td>
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<tr>
<td></td>
<td>ODD</td>
<td></td>
<td>Shoulder non-operative injuries</td>
<td></td>
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<tr>
<td></td>
<td>CABG</td>
<td></td>
<td>Knee non-operative injuries</td>
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<td></td>
<td>Valve repair and replacement</td>
<td></td>
<td>Knee non-operative injuries</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bariatric surgery</td>
<td></td>
<td>Back / Neck pain</td>
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</tbody>
</table>

*delayed to 2020 performance period
Episodes Impact on Quality of Care

**Oppositional Defiant Disorder:** Episodes in which children receive unnecessary medication decreased from 24.6% to 3.7% (2015 – 2017)

**Asthma:** Patient on appropriate medication increased from 60.3% to 65.4% (2016 – 2017)*
*Metric changed in 2016

**Gastrointestinal Hemorrhage:** Follow-up care within the post-trigger window increased from 49.0% to 51.9% (2016 – 2017)

**Asthma:** Avoidable hospital admissions decreased from 6.0% to 3.1% (2014 – 2017)

**Perinatal:** Group B Streptococcus screening increased from 87.8% to 95.5% (2014 – 2017)

**Perinatal:** Follow-up care within the post-trigger window increased from 56.2% to 57.2% (2016 to 2017)
Episodes Impact on Healthcare Spend

**Perinatal**
Analysis of Risk-Adjusted Cost Trend, CY 2014 - CY 2017

**Total Joint Replacement**
Analysis of Risk-Adjusted Cost Trend, CY 2014 - CY 2017

**Asthma Acute Exacerbation**
Analysis of Risk-Adjusted Cost Trend, CY 2014 - CY 2017

**Oppositional Defiant Disorder**
Analysis of Risk-Adjusted Cost Trend, CY 2016 - CY 2017

Projected costs are based on a 3% annual growth rate.
Episodes Impact on Healthcare Spend

COPD Acute Exacerbation
Analysis of Risk-Adjusted Cost Trend, CY 2015 - CY 2017

Gastrointestinal Hemorrhage
Analysis of Risk-Adjusted Cost Trend, CY 2016 - CY 2017

Respiratory Infection
Analysis of Risk-Adjusted Cost Trend, CY 2016 - CY 2017

Pneumonia
Analysis of Risk-Adjusted Cost Trend, CY 2016 - CY 2017

Projected costs are based on a 3% annual growth rate
## Results of TennCare Episodes of Care

<table>
<thead>
<tr>
<th>CY 2015</th>
<th>CY 2016</th>
<th>CY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><em><em>Estimated Savings</em>: $10.8 million</em>*</td>
<td><em><em>Estimated Savings</em>: $14.5 million</em>*</td>
<td><em><em>Estimated Savings</em>: $28.6 million</em>*</td>
</tr>
<tr>
<td>• Providers and hospitals reduced costs while maintaining quality of care</td>
<td>• Quality metrics <strong>improved</strong> for perinatal, total joint replacement, and COPD, and were mostly maintained for the remaining episodes</td>
<td>• Quality metrics <strong>improved</strong> or maintained for most episodes</td>
</tr>
<tr>
<td>• Gain sharing payments to providers exceeded risk sharing payments by $280,000</td>
<td>• Gain sharing payments to providers exceeded risk sharing payments by $395,000</td>
<td>• Gain sharing payments to providers exceeded risk sharing payments by $206,903</td>
</tr>
<tr>
<td><em>Episodes included:</em> perinatal, total joint replacement (TJR), acute asthma exacerbation</td>
<td><em>Episodes included:</em> perinatal, TJR, acute asthma exacerbation, colonoscopy, acute PCI, non-acute PCI, cholecystectomy, COPD</td>
<td><em>Episodes included:</em> perinatal, TJR, acute asthma exacerbation, colonoscopy, acute PCI, non-acute PCI, cholecystectomy, COPD, GI Hemorrhage, EGD, Respiratory Infection, Pneumonia, UTI outpatient, UTI inpatient, CHF, ODD, CABG, Valve, Bariatric</td>
</tr>
</tbody>
</table>

*Compared to 3% projected medical cost trend*
Continuous Improvement through Listening to Stakeholders

**Technical Advisory Groups**
26 Technical Advisory Groups with over 360 providers

**Provider Reports**
Over 200,000 episodes reports with new information sent to providers

**Episode Design**
Made over 100 changes to episode design based on Stakeholder feedback:
- Pause new episode design
- Low volume exclusions
- Perinatal inpatient facility reconsideration

**Stakeholders**
More than 1500 stakeholder meetings
- 4 annual episodes design feedback sessions in 6 cities
- Bi-monthly meetings with TAMHO on episodes and TN Health Link
- Additionally, hundreds of meetings per quarter between MCOs and providers

“I do feel 100% that I have been allowed to voice my opinions and to voice my concerns, to see the positives and the negatives. And I’ve always felt that you and your staff have always been very listening and approachable.”

An orthopedic provider

“I felt like we actually had a significant input and changed a few ideas, again to avoid unintended consequences.”

A general surgeon
Continuous Improvement

We’ve been working hard to innovate how we communicate and engage with our providers.

Check out our website for new content and make sure to sign up for our newsletter!
Examples of changes made based on previous Annual Episode Design Feedback Sessions

1. **All episode low-volume exclusion:** The state accepted stakeholder feedback and created a low-volume exclusion for all episodes. Providers with fewer than 5 episodes of a particular episode type in a given performance year by MCO will be exempt from financial accountability.

2. **All episode pharmacy spend adjustment:** The state accepted stakeholder feedback and created a pharmacy spend adjustment to make the cost of all preferred brand and preferred generic drugs $10 within episode provider reports.

3. **Acute diabetes exacerbation – Quality Metric:** The state accepted stakeholder feedback to include education visits from Certified Diabetes Educators in the follow-up care quality metric.

4. **Colonoscopy – exclusion for Lisinopril:** The state accepted stakeholder feedback to exclude this medication from episode spend.

5. **Otitis media – account for patients with tympanostomy:** The state accepted stakeholder recommendations and removed the spend associated with a tympanostomy due to the higher cost of such episodes, which is not a result of variation in the efficiency of providers.

6. **Perinatal – exclusion for prior C-section:** The state accepted stakeholder feedback to add an informational quality metric of primary C-section rate that excludes previous C-sections.

7. **Perinatal – exclusion for episodes with no prenatal care:** The state accepted the stakeholder recommendation to exclude episodes with no prenatal care (defined as no attributable medical spend in the pre-trigger window).
Examples of changes made based on previous Annual Episode Design Feedback Sessions (continued)

8 Perinatal – inpatient facility reconsideration: The state accepted stakeholder feedback for the MCOs to perform a reconsideration to adjust risk-sharing payments for perinatal quarterbacks who deliver at high cost facilities without a lower cost alternative.

9 Perinatal – exclusion for the GBS quality metric: The state accepted the stakeholder recommendation to restrict the Group B streptococcus screening quality metric to episodes where the gestational age of the baby is above 34 weeks.

10 Respiratory Infection – exclusion for deviated septum and nasal endoscopy: The state accepted the feedback to exclude both deviated septum surgery and nasal endoscopy.

11 Skin and Soft Tissue Infection – exclude episodes with chemotherapy: The state accepted stakeholder feedback and created an exclusion for episodes with active cancer management (including chemotherapy) with appropriate diagnosis codes within one year before the episode starts or during the episode window.
### Sample of Episode Feedback Received in 2019

<table>
<thead>
<tr>
<th>Episode Type</th>
<th>Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perinatal</td>
<td>▪ Exclude all spend associated with Medication Assisted Treatment (MAT)</td>
</tr>
<tr>
<td>Perinatal</td>
<td>▪ Add bipolar disorder diagnosis as a clinical exclusion.</td>
</tr>
<tr>
<td>Hysterectomy</td>
<td>▪ Consider adding additional risk adjustment factors, such as anemia, vomiting with dehydration, and cardiac problems.</td>
</tr>
<tr>
<td>Multiple</td>
<td>▪ Consider removing follow-up quality metric from the Wave 7 episodes.</td>
</tr>
<tr>
<td>Multiple</td>
<td>▪ Review quality metrics for episode types without gain-sharing quality metrics.</td>
</tr>
<tr>
<td>Multiple</td>
<td>▪ Re-evaluate the follow-up quality metrics.</td>
</tr>
<tr>
<td>All</td>
<td>▪ Create greater standardization in episode report template across all MCOs.</td>
</tr>
<tr>
<td>All</td>
<td>▪ Consider patient accountability, such as ED visits.</td>
</tr>
<tr>
<td>All</td>
<td>▪ Expand overlapping episode exclusion to include all 48 episodes for 2020.</td>
</tr>
</tbody>
</table>
We want to hear from you!

1. Your Name
2. Your Organization
3. Episode Type(s)
4. Feedback
Next Steps Following this Feedback Session

- **Review** all feedback received both prior and during the feedback session
- **Analyze** the potential changes and possible impact on episode design
- **Release** memo summarizing changes to episode design
- **Incorporate** changes that need to be made for the 2020 performance period
Thank you for participating!

Please email payment.reform@tn.gov with any questions.

Visit our website at: https://www.tn.gov/tenncare/health-care-innovation/episodes-of-care.html to get more information and sign up for the Episodes newsletter