Global Contracting

Something Old, Something New

Peggy Pardoe
Senior Contract Manager
University of Maryland Medical Center
Services in Maryland Under Global Contract

- Transplant
- Cardiovascular Services
- Orthopaedic
- Bariatric Surgery
- Pancreatic Cancer Surgery
Why Global Contracting?

• Required by payers and national networks
• Competitive advantage
• It’s the future! (maybe…maybe not)
Things to Consider

• Physician alignment – *Do you have a Physician Champion?*

• Results & outcomes – *Do you have the ability to replicate these consistently?*

• Operations – *Do you have the resources to make it work?*

• What to bundle – *Have you targeted the right services to bundle?*

• Pricing – *Do you have the analytical support to properly price?*
Physician Alignment

• It’s **CRITICAL!**
  - You need buy-in
  - You need input
  - You need cooperation

• Ongoing feedback and data review
Consistent Results

• Outcomes
  - based on established quality benchmarks
• Evidence-based medicine
• Complication Rates
  - returns to OR, infection, other untoward events
• Re-admissions
Operations

• Contracting participating providers
  – Who?
    • Surgeons, Anesthesia, Radiology, Pathology
    • Hospital
    • Home health
  – LOA/Contracts: $’s, scope of service and rules
Operations

• Contract compliance
  – Authorization
  – Patient Identification/notification
  – Registration
  – Case Management
Operations

• Billing
  – Are you the “payer”?  
  – How do you get/process the claims? 
  – How will you monitor what’s in and what’s out?

• Collecting
  – Tracking AR

• Reimbursement
  – If you are the “payer”, how do you do that? 
  – If you are not the “payer”, how do you do that?
Other Considerations

- Exception reporting
- Contract performance
- Regulatory reporting
- Financial accounting
  - Clinical Economics
Approaches to Global Contracting

• You are the payer
  - Receiving & sending claims
  - Receiving & distributing reimbursements
  - Building or renting a system

• You are not the payer
  - Claims go to payer
  - Payer bundles claims
What to Bundle

- Common surgical or interventional procedures
  - Cardiac
  - Orthopedic
  - Bariatric
- Inpatient or Outpatient
- Medical cases
- Any service with predictable outcomes
## Potential Elements of an Episode Payment for Major Acute Care,
Including Components Already Paid on an Episode/Case Rate Basis

<table>
<thead>
<tr>
<th>Length of Time</th>
<th>Pre-Admission</th>
<th>Hospitalization</th>
<th>Post-Acute Care</th>
<th>Readmission</th>
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<tr>
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<td><strong>Drugs</strong></td>
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<td>HOME CARE PCP CARE MGR</td>
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<td></td>
<td>LONG-TERM CARE</td>
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</tbody>
</table>

Reference:
Center for HealthCare Quality & Payment Reform.
[Http://www.chapr.org/](http://www.chapr.org/)
Pricing

• Identify your population
  - By DRG
  - By CPT & ICD procedure code
• Obtain & analyze data by phase of care
• Understand variances
• Identify exclusions, carve outs & bill abovees
Pricing Considerations

• Volumes
• Scope of service
• High cost implants, drugs, etc.
• New technologies
• Potential for catastrophic cases
• Scope of service
  - Pre-Procedure, Post-Procedure, Follow-Up
  - Cost = Physician + Hospital + Other?
Excellent Resource

• Center for Healthcare Quality & Payment Reform

• Transitioning to Episode-based Payment
Regulatory Approval

- Maryland hospitals can participate in bundled contracts
- HSCRC has oversight
- Need a legal entity to contract
- Hospitals must file Alternative Rate Application - Must receive HSCRC
- Quarterly Regulatory Reporting & Annual Renewals
Today

- Value-based/Risk contracting
- ACOs
- Bundled Pricing
Peggy Pardoe has a Bachelor of Science in Nursing from the University of Maryland at Baltimore. She has nearly 18 years experience in global contracting for high-end tertiary services at the University of Maryland Medical Center, evaluating the financial risk and financial performance under these contracts.

For questions regarding global contracting Peggy can be reached at 410-328-2353 or ppardoe@umm.edu