

Q&A

Bundling of physician and hospital payments



As part of the second Clinical Documentation Improvement Week, ACDIS has conducted a series of interviews with CDI professionals on a variety of emerging industry topics. **Glenn Krauss, RHIA, CCS, CCS-P, CPUR, FCS, PCS, CCDS, C-CDI**, an independent revenue cycle consultant from Madison, Wis., and a member of the ACDIS advisory board, answered the following questions from ACDIS regarding bundling of physician and hospital payments. Contact him at glennkrauss@earthlink.net.

Q Can you explain the basic concept of bundling?

A Bundling is grouping the physician and hospital payment together into one payment, a certain agreed-upon price. It accounts for the inpatient stay and may also include any services within a

30-day window after the hospitalization. Similar to a DRG, you can make savings based on efficiency. If you think about how doctors order tests right now, there is no penalty for ordering a test inappropriately. Bundling is supposed to align these incentives and get physicians and hospitals to collaborate to create quality and value. If physicians understand that their income is not going to be based strictly on volume—how many patients I see, or how many echoes I order and interpret—but instead is a bundled payment, they'll think twice about ordering a test or sending a patient to cardiac rehab or a SNF, since that also comes out of the bundled payment.

Q Can you elaborate on some of the bundling initiatives going on in the industry?

A The ACE Demonstration Project (Medicare Acute Care Episode Demonstration for Orthopedic and Cardiovascular Surgery) just finished up ([www.](http://www.cms.gov/Medicare/Demonstration-Projects/DemoProject-sEvalRpts/downloads/ACE_web_page.pdf)

[cms.gov/Medicare/Demonstration-Projects/DemoProject-sEvalRpts/downloads/ACE_web_page.pdf](http://www.cms.gov/Medicare/Demonstration-Projects/DemoProject-sEvalRpts/downloads/ACE_web_page.pdf)). There are a couple of smaller-scale initiatives being conducted by Medicare right now—see the CMS website (<http://innovations.cms.gov/initiatives/bundled-payments/index.html>) and Medscape (www.medscape.org/viewarticle/761305) for more information.

A lot of the commercial insurers currently use bundled payments, like the Blue Cross/Blue Shield of Massachusetts Alternative Quality Contract (www.bluecrossma.com/visitor/pdf/alternative-quality-contract.pdf). The incentive is based on the hospital and doctor together ordering and providing a level of service that is efficient, but not excessive.

Q What impact do you think bundling will have on the CDI profession?

A The reality is, right now a lot of physicians don't want to participate in CDI because they think it's a hassle and it only benefits the hospital. But if I can say to [physicians], "Our bundled payment for this service is based on the quality of your documentation to demonstrate medical necessity, and if it's not demonstrated we'll end up with no payment," the doctors will realize it's their money at stake. They'll realize that if the hospital doesn't get paid, "How will they

pay me?" I just reviewed a case with a cardiac cath procedure that was denied; there was no payment from the third-party payer as there was insufficient documentation of medical necessity as spelled out in the diagnoses provided, as well as the documented indications for the procedure. With bundled payments it would be the physician and the hospital's money at stake instead of just the hospital's (the carrier considered the diagnoses provided by the physician to be a covered benefit).

Who drives the cost of healthcare? It's the doctor with his pen. What services can a patient get without a physician order? A screening mammogram. That's about it. With bundling, doctors will be spending their own money. The present model right now is not sustainable. Doctors are billing more E/M services, and at a higher level. The fee-based system is a dinosaur, it just hasn't gone extinct yet. Bundling is only a matter of time.



Many of these bundling initiatives are in their early stages or being pilot-tested; is it too early for CDI specialists to educate physicians on the concept or use it to increase buy-in?

Absolutely not. I feel strongly that CDI specialists should be ahead of the curve and introduce these concepts. You could say, "The ACE Project was quite successful. Here's what it was, here's some information about how it works, here's information about how it benefitted the patient with cost savings. Here's how your documentation will impact your business of medicine down the road." If you focus on other payers besides Medicare, many of them already use bundled payments or bundled payment concepts.

The impetus is on us to provide this information for discussion. Maybe it's not happening today; however, the fact of the matter is the present system is broken. Tell physicians, "You've gotten a 1% net increase in your pay for the last 10 years if you factor in medical inflation. Obviously that's a non-sustainable model for you staying in business. Let me show you how documentation can be done more effectively with less words to show the acuity so you can move on and see more patients." If I see acute renal insufficiency, tell them it's an abnormal lab value. "Does acute renal insufficiency show complexity of medical decision-making and why the patient was in the hospital? A bundled payment is: We won't get paid for that service, and neither will you."