

Episodes of Care

All across Tennessee, patients, providers, employers, insurance companies, and communities agree that the current health care system is unsustainable.

Tennessee has the only Medicaid program in the country in which every member is enrolled in managed care, with three managed care organizations (MCOs) administering coverage for 1.2 million Tennesseans.

Insurance companies that administer TennCare, state sponsored employee health benefits, and CoverKids are now implementing one of the initiative's strategies: **Episodes of Care**.

Tennessee won initial funding for innovation planning. The purpose of funding is for states to design and implement health care innovation plans.

Innovation plans must:

- Be governor-led and multi-payer
- Improve health outcomes and reduce costs
- Demonstrate broad stakeholder support

Tennessee will compete with ~20 states for a second wave of funding to implement its plan

Tennessee's aim with this project is to create a sustainable patient-centered health system.

Objective:

Accountability for the Triple Aim

- *Improving the health of the population
- * Enhancing the patient experience of care
- *Reducing or controlling the cost of care

Episode-based Payment Model:

Episode-based payment models reward coordinated, team-based high-quality care for specific conditions or procedures.

The goal is to achieve coordinated, team-based care for all services related to specific conditions, procedures, or disabilities (e.g., pregnancy episode does include all care prenatal through delivery).

To demonstrate accountability, a provider **Quarterback** or Principal Accountable Provider (PAP) is designated as accountable for all pre-specified services across the episode. The Quarterback is the provider in best position to influence quality and cost of care.

As an incentive, high-quality and cost-efficient care is rewarded beyond current reimbursement, based on the Quarterback's average cost and total quality of care across each episode.

Quarterbacks are rewarded for leading and coordinating services and for ensuring quality care. The Quarterback Selection:

- Payers review claims to see which provider's patients qualify for episode related care. Payers select Quarterback based on physician or facility with the main responsibility for the patient care

The Quarterback Role:

Core provider for episode

- Physician, Practice or hospital, or in the best position to influence overall quality, cost of care for episode

Episode Quarterback

- Leads and coordinates the team of providers. Helps drive improvement across system (e.g., through care coordination, early intervention, patient education, etc.)

Performance Management

- Rewarded for leading high-quality, cost-effective care
- Receives performance reports and data to support decision-making

How Episodes work for patients and providers:

Patients seek care and select providers as they do today. Providers deliver care as they do today.

Providers submit claims as they do today.

Payers:

- Reimburse for services as they do today. Review claims from the performance period to identify a Quarterback for each episode:

- *Quarterback for joint replacement: orthopedic surgeon or hospital

- *Quarterback for asthma: hospital

- *Quarterback for OB: delivering physician or hospital

- Calculate average cost per episode for each Quarterback

- Compare average costs to predetermined 'commendable' and 'acceptable' levels Incentive payment calculations will be based on outcomes **after** performance period ends.

Quarterbacks receive reports to measure and improve patient care

Reports provide performance information for quarterback episodes:

- Overview of quality across Quarterback' episodes

Overview of cost effectiveness (how a Quarterback is doing relative to cost thresholds and relative to other providers)

Overview of utilization and drivers of a Quarterback' average episode cost