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Top 10 Cited Risks Under Bundled Payment

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Bundled payments create new challenges for hospital finance leaders as they develop their organizations' bundled payment methodology. The list below outlines the 10 most frequently cited risks among the hospital finance leaders whom we have worked with.

#	Item	Opportunity /Risk to Manage
1	High cost/use variation with DRG	Big opportunity for savings, but big risk if the savings don't materialize
2	Increase in outlier cases	Lack of ability to 'carve out' outliers from bundled price increases risk even if small number of new outlier cases emerge
3	DRGs subject to migration to outpatient	Shift in services from inpatient to outpatient increases patient acuity on remaining volume, risks higher cost services at same bundled price. Could be mitigated through risk adjustment model.
4	High percentage of "avoidable costs" impact top line	Risk top line revenue reduction that outweighs cost reduction with elimination of unnecessary volume/costs
5	Lots of readmits spread across many physicians	Difficult to manage change across large number of physicians unless collaborative, evidence-based, data-driven culture exists
6	Potential for competitor to develop gain-sharing model on services/specialty where lots of our physicians split	Risk new revenue source/incentive for physicians to steer volume away from our facility
7	DRGs with lots of post-acute activity	Lack of historical relationships, control risk over calculating savings opportunity
8	Facilities with lots of snowbird admits	Risk large amount of services in post-acute bundle occurring outside of service area
9	Lack of 'line of site' between gain-sharing funds flow and cost savings opportunity	Risk paying more to physicians in gain-sharing funds than cost savings actually achieved
10	Lack of regular data updates	Performance unknown on post-acute and physician services under CMS model #2 until retrospective reconciliation

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