

A path to bundled payment around a hospitalization

ISSUE: The Commission has repeatedly cited the failure of the FFS payment system to encourage providers to engage in efficiency-improving activities across payment silos. This draft chapter explores the notion of changing Medicare payment around a hospitalization as a way to encourage greater “systemness” in health care delivery and improve the accountability for cost and quality of care.

KEY POINTS: This draft chapter first discusses the rationale for pursuing a bundled payment policy and others that foster joint accountability across an episode of care surrounding a hospitalization. Second, in recognition of the complexity associated with bundling payment, it offers an incremental approach to the policy. It starts first with confidential disclosure of information and moves to “virtual” bundling for all providers. Simultaneously, it proposes bundled payment in the context of a pilot program. It also discusses the option of holding providers accountable for high readmission rates.

ACTION: Commissioners should review draft recommendations and discuss them at the meeting. In addition, they should provide feedback on content and tone of the chapter.

STAFF CONTACT: Anne Mutti (202-220-3744), Craig Lisk (202-220-3742)