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Findings at a Glance

Bundled Payments for Care Improvement Advanced (BPCI Advanced) Model

Model Years 3 and 4
(January-December 2020 and January-December 2021)

MODEL OVERVIEW

The Bundled Payments for Care Improvement Advanced (BPCI Advanced) Model tests whether holding participants financially accountable for the cost and quality of health care services during an episode can reduce Medicare spending while maintaining or improving quality of care. Episodes begin with either a hospitalization or an outpatient procedure initiated by a BPCI Advanced participating hospital or physician group practice (PGP) and end 90 days after discharge. Participants in the model can earn a reconciliation payment if episode payments are below their target price or they may be required to repay Medicare if episode payments are above their target price, after considering the quality of their care. Thus, participants have incentives to coordinate care across all providers involved in the episode.

PARTICIPATION AND CLINICAL EPISODES

Participants were required to select from 34 individual clinical episodes for 2020, or Model Year (MY) 3, and from 8 clinical episode service line groups (CESLG) for 2021 (MY4), where each CESLG contained between 2 and 8 clinical episodes. The number of participants decreased by about 55% from MY3 to MY4, while the average number of clinical episodes selected per participant roughly doubled.

Participation by Type	2020 (MY3)	2021 (MY4)
Hospitals	1,010	682
PGPs	1,031	523
Average Number of Clinical Episodes Selected by Type	**2020 (MY3)**	**2021 (MY4)**
Hospitals	5	9
PGPs	8	18

SPENDING AND UTILIZATION – 2020 (MY3)

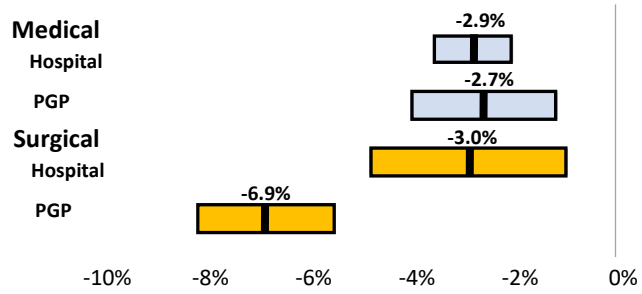
In 2020, participants reduced average episode payments relative to the comparison group. Reductions were driven by lower post-acute care spending and use.

Average Episode Payments ↓ 3.8%

Post-Acute Care Use ↓

In 2020, BPCI Advanced reduced average payments for medical episodes by $796 per episode relative to the comparison group, or 3.1% of the baseline mean. The model reduced payments for surgical episodes by $1,800 per episode, or 5.8%.

Changes in Episode Payments (%) By Participant Type



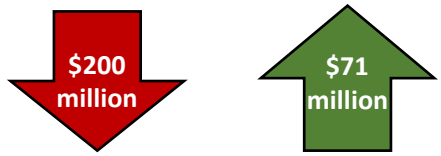
For medical clinical episodes, hospitals and PGPs reduced payments by similar amounts as a percentage of the BPCI Advanced baseline average. For surgical clinical episodes, PGPs reduced payments by over twice as much as hospitals.*

**Individual estimates do not average to the pooled estimate because the sets of estimates are derived from different regressions. Bars indicate the 90% confidence intervals.*

NET MEDICARE SPENDING – 2020 (MY3)

After accounting for reconciliation payments to participants, Medicare had a net loss of $114 million in 2020, or 0.8% of what Medicare payments would have been in absence of the model.

Net Medicare Spending by Clinical Episode Type, 2020 (MY3)



Medical: Net Loss **Surgical: Net Savings**

In 2020, for medical clinical episodes, BPCI Advanced resulted in an estimated loss of $200 million to Medicare, or 1.9% of what Medicare payments would have been in absence of the model. In 2020, for surgical clinical episodes, BPCI Advanced resulted in an estimated net savings of $71 million, or 2.3% of what Medicare would have been in absence of the model.*

**The estimates by clinical episode type do not sum to the $114 million net loss because the estimates are derived from different regressions.*

LOOKING AHEAD – 2021 (MY4)

In response to projected financial losses for Medicare in early model years, CMS made significant design changes starting in 2021 to improve the model's target pricing and required participants to select CESLGs rather than clinical episodes.

This document summarizes the evaluation report prepared by an independent contractor. To learn more about the BPCI Advanced Model and to download the Fourth Evaluation Report, visit https://innovation.cms.gov/initiatives/bpci-advanced.

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QUALITY – 2020 (MY3) & 2021 (MY4)

In 2020 (MY3), BPCI Advanced Maintained Quality of Care

Overall, relative changes in quality outcomes in 2020 were small, though there were statistically significant reductions in the readmission rate and mortality rate for PGP medical clinical episodes relative to the comparison group. Separate analyses of Black or African American beneficiaries and beneficiaries that were dually eligible for Medicare and Medicaid indicated the model did not have an impact on readmission rates or mortality rates.

Unplanned Readmissions
↓ 2.8%

Mortality During Episode
↓ 3.4%

For PGP Medical Clinical Episodes

Beneficiary Survey Results 2021 (MY4)

Participant and Episode Type	Functional Status	Care Experience
Hospital Medical	■	■
PGP Medical	■	▲
Hospital Surgical	●	●
PGP Surgical	●	■
Underserved Populations	**Functional Status**	**Care Experience**
Hospital: Black or African American	●	●
Hospital: Hispanic	●	■
Hospital: Dual-eligible	■	●
Hospital: High ADI	●	■
Hospital: Rural Residence	●	■
PGP: Rural Residence	●	▲

Note: ADI = Area Deprivation Index.
This analysis included BPCI Advanced and comparison respondents in all 8 CESLGs in 2021. The table summarizes 7 functional status and 10 care experience and satisfaction measures.

In 2021 (MY4), Patient-Reported Quality Results Were Mixed

Results from the beneficiary survey provide an early picture of 2021. BPCI Advanced respondents indicated mostly mixed or neutral results (●) or unfavorable results (■) relative to comparison respondents. Differences between BPCI Advanced and comparison respondents were 1 to 2 percentage points on average, indicating that an additional 1 to 2 respondents per 100 reported unfavorable functional status or care experience relative to the comparison group. The survey was not conducted in 2020 due to the COVID-19 public health emergency.

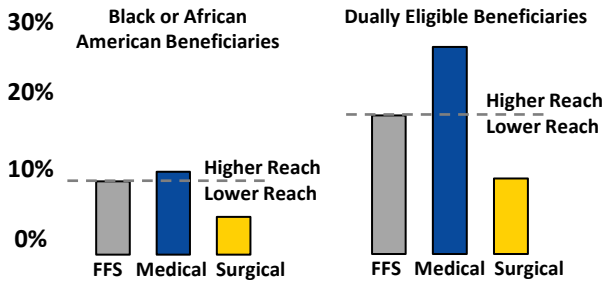
For 5 of 6 underserved populations analyzed, there was generally no pattern of favorable or unfavorable changes in functional status relative to comparison respondents. Dual-eligible respondents were more likely to report unfavorable changes in functional status relative to comparison respondents, with differences of approximately 4 percentage points on average. BPCI Advanced responses about care experience were mostly unfavorable or mixed, though responses for BPCI Advanced beneficiaries living in rural ZIP codes with PGP episodes were favorable (▲) relative to comparison respondents.

REACH TO UNDERSERVED BENEFICIARIES

The BPCI Advanced Model's Reach to Underserved Populations was Higher in Medical Episodes and Lower in Surgical Episodes

Among medical episodes, the share of beneficiaries who were Black or African American (10.5%) was higher than the share in the general fee-for-service (FFS) population (9.3%). Among surgical episodes, the share of beneficiaries who were Black or African American was much lower (4.8%). The share of beneficiaries who were dually eligible among beneficiaries with medical episodes (26.3%) was also higher than the general FFS population (17.6%) and much higher than the share among surgical episodes (9.6%). The higher reach to underserved populations in medical episodes is driven by differences in hospitalization rates in the FFS system. This suggests that models that include medical hospitalizations may be important to reach underserved populations.

Beneficiaries from Underserved Populations as a Share of Medical or Surgical Episodes Compared to All FFS Share



KEY TAKEAWAYS

Hospitals and PGPs participating in the BPCI Advanced Model continued to reduce episode payments in 2020 (MY3) through reductions in post-acute care use. BPCI Advanced continued to achieve net savings for Medicare from surgical clinical episodes which were offset by losses from medical clinical episodes. To bolster the model's ability to achieve savings, CMS made substantial changes to the target pricing methodology starting in 2021 and required participants to select among groups of clinical episodes rather than individual clinical episodes. Early payment reconciliation data indicate a potentially favorable financial outcome for Medicare in 2021 (MY4). Future evaluation reports will formally estimate savings under the model after these changes took effect. In 2020, there was some improvement in quality for PGP medical clinical episodes as seen in the small reductions in unplanned readmission and mortality rates. In 2021, BPCI Advanced survey respondents generally reported mixed or slightly unfavorable results for functional status and care experience.