A Framework for Bundling Options

Discussion Paper for the MMA §623e Advisory Board

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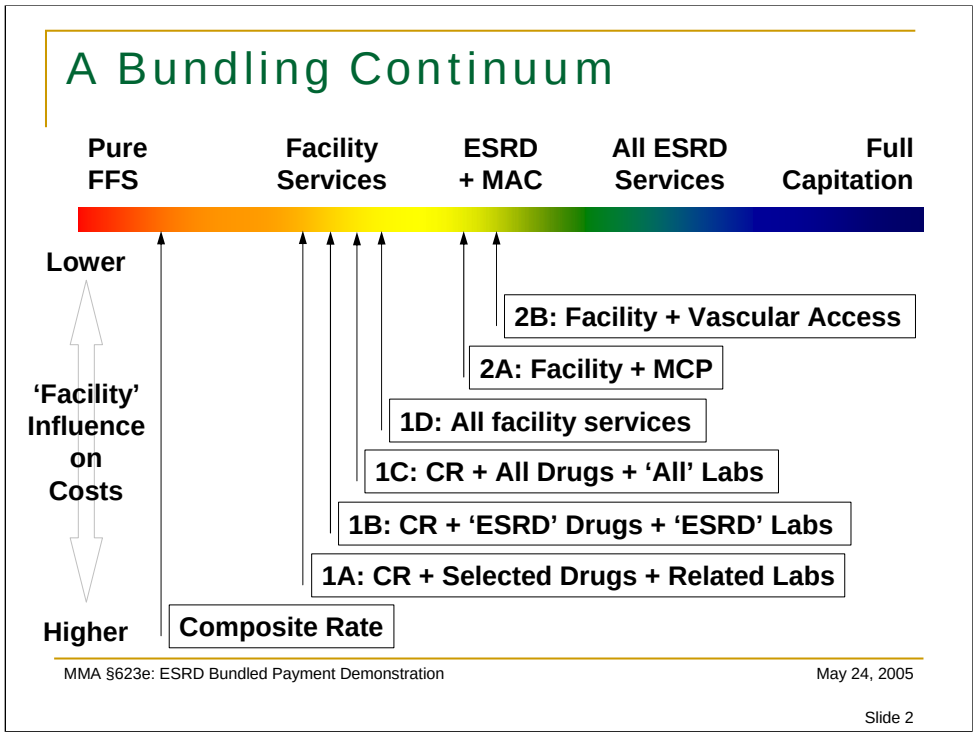
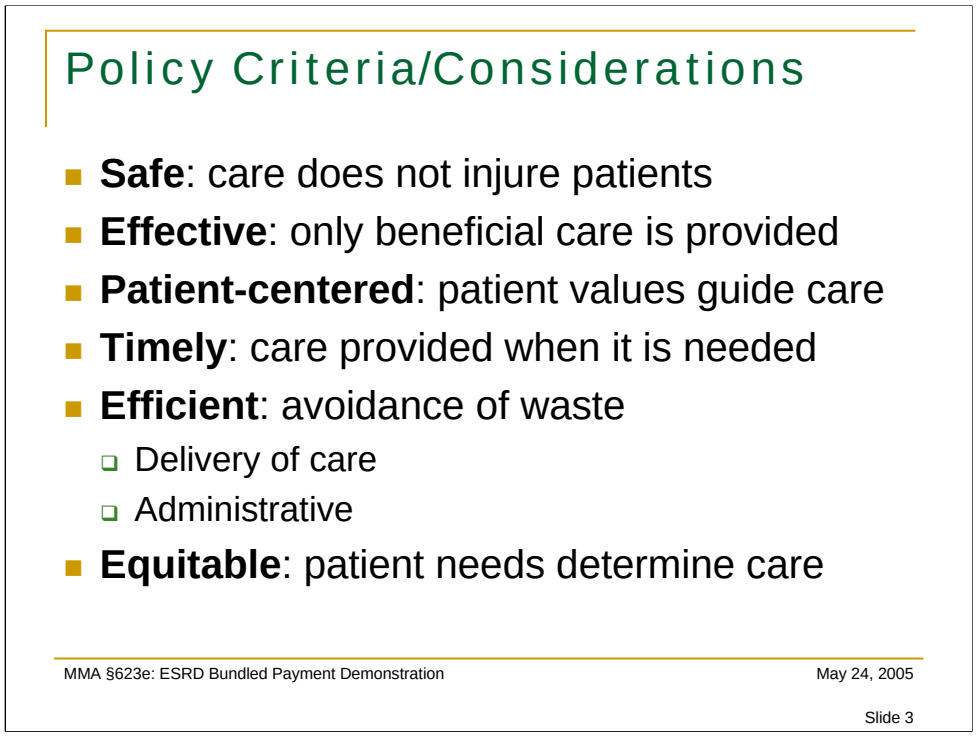
- This document outlines the general framework for defining bundles—what has been referred to as a 'bundling continuum'. It also briefly reviews the criteria or questions that might guide the choice of services to be included in a bundle.
- The goal is to support the advisory board fulfill its statutory charge under §623(e) to "… advise the Secretary and the Administrator of the CMS concerning the establishment and operation" of a demonstration of a "fully case mix adjusted payment system" that includes "drugs and biologicals (including erythropoietin) furnished to end stage renal disease patients … and clinical laboratory tests related to such drugs and biologicals."
- **Note: This information is also included under Tab F as part of the introduction to the review of descriptive statistics on the four more narrowly focused bundling options.**



- The services that might be included in a bundle may be placed along a continuum, although the arrangement is inevitably somewhat arbitrary. However, the general notion is to place services along the continuum based on proximity to the care that is initiated, directed, coordinated or influenced by the dialysis facility.
- Each bundle defines the services that the dialysis facility is responsible for providing directly or providing through arrangements with other providers.
- Several distinctive bundles can be identified along this continuum. Four involve 'facility' services. Two substantially expand the bundle to include certain physician payments and certain payments related to vascular access.
    - Four bundles involve services that the facility directly participates in providing:
        - Bundle 1A would include composite rate services, selected drugs provided by the facility, and selected lab tests
        - Bundle 1B adds to 1A the remaining 'major' or 'ESRD' drugs and related lab tests.
        - Bundle 1C adds to 1B all lab tests generally ordered for ESRD patients.
        - Bundle 1D adds to 1C all remaining services currently billed by dialysis facilities.
    - Bundle 2A would add to the facility payment the MCP payment.
    - Bundle 2B would add to the facility payment non-professional payments for vascular access (and related) procedures.



- The recent 'Quality Chasm' reports from the Institute of Medicine have adopted a framework for efforts to improve the performance of the health care system. This same framework suggests criteria or policy goals against which bundling options can be evaluated.
- **Safety**: Does a bundle reduce or increase the risk of patient injury? A bundle that includes more services (e.g., laboratory tests) may reduce the risk of injury to veins. Does a bundle encourage efforts to prevent complications and co-morbidity?
- **Effective**: Does a bundle create incentives to reduce excessive treatment, i.e., use of drugs with little or no benefit for the patient? Does it unduly constrain the resources available for needed care or create incentives to skimp on care? Do payment amounts 'match' the resources needed to treat patients either individually or at the facility level?
- **Patient-centered**: Does a bundle enhance or impede the extent to which patient preferences (e.g., for modality) and values guide care? Are any incentives that may be created neutral with respect to patient preferences?
- **Timely**: Does a bundle encourage prompt response to changes in patient needs? Might it produce delays in care?
- **Efficient**: Does a bundle create incentives for facilities to improve the efficiency with which care is provided? Does it increase or decrease administrative expenses for providers, patients, or the Medicare program?
- **Equitable**: Is a bundle likely to have adverse or favorable effects on the availability of high quality care to all patients regardless of ethnicity, geographic location, or socioeconomic status?