

Despite concerns that savings and quality improvements are elusive in bundled payment episodes for chronic medical conditions, one of the largest health systems aims to expand its use of such payment models.

San Francisco-based Dignity Health, which is the fifth largest health system in the nation, has taken on both medical and surgical bundled payments as part of Medicare's Bundled Payments for Care Improvement Advanced (BPCI-Advanced) program. The journey to positive medical results was not smooth for Dignity. For instance, the 26 Dignity hospitals in BPCI took about a year to correctly train their staff and ensure they were placing patients in the best post-acute care (PAC) setting. For the first couple of years, Dignity was penalized financially because its performance lagged the program's benchmarks.

Although final program-wide results for BPCI have not been released yet by the Centers for Medicare & Medicaid Services (CMS), some observers have seen positive results for medical bundles similar to the results at Dignity. For instance, naviHealth found significant improvements in both medical and surgical bundles among the 50 hospitals for which it managed BPCI episodes. Average length of stay in skilled nursing facilities (SNFs) declined for patients in medical bundles from 25.4 days to 21.6 days.

That reduction was one of the biggest drivers of savings found among those 50 hospitals, said Jay LaBine, MD, chief medical officer at naviHealth. The average savings for those hospitals was \$2,000 for each 90-day episode of care in BPCI.

"Bundled payment, from our perspective, is working," LaBine said in an interview.

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