

EMPLOYERS SHUTTING OUT **PAYERS** TO WORK DIRECTLY WITH MEDICAL GROUPS TO TREAT EMPLOYEES VIA **BUNDLED SERVICES**

WHY IS THIS HAPPENING?

Today, purchasers of healthcare services encounter widely disparate charges across different healthcare delivery systems for equivalent surgical procedures, varying by up to 40%. Boeing and General Electric have been among the leaders in adopting bundles, in part to address these disparities.

Other companies including Lowe's, Walmart, McKesson and JetBlue Airways have recently partnered with the Pacific Business Group on Health (PBGH) and Health Design Plus (HDP) to launch the **Employers Centers of Excellence Network (ECEN)** which helps employers identify quality providers and negotiate bundled payments.

PBGH is a non-profit, employer-led organization that represents public and employer healthcare purchasers, including numerous Fortune 100 companies. HDP is a third-party administrator with expertise in the development and management of travel surgery programs, providing strategic and operational management of this program.

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Emergence and growth of **bundled payments** in various therapeutic "Centers of Excellence" has occurred to reduce treatment costs for employers and help improve outcomes.

Manufacturers must provide evidence - based outcomes for their product to these medical groups who enter into bundled agreements with employers and are no longer beholden to commercial payers.

WHAT DOES IT MEAN FOR YOU?

In essence, episodic bundles cover the cost of a patient's care from **start to finish**—all the procedures, devices, tests, drugs and services a patient will need for, say, a knee replacement or back surgery.

Rigorous system and physician-specific vetting, common care protocols, and strictly enforced treatment criteria are implemented to mitigate concerns that bundled payments stimulate unnecessary care by incentivizing providers to perform more treatments.

For manufacturers, winning traditional payer coverage and reimbursement remain an important element of **commercial success**; however, these employer-purchased new bundled payment models continue to expand and must be considered in the context of the **market access strategy**.

Given the value to patients, providers, and care purchasers, it is inevitable that medical groups, integrated systems, and hospital networks will recognize the value of capitalizing on these opportunities in the future. Therefore medical device innovators must be prepared to produce **compelling clinical evidence of value and outcomes** to earn adoption and use of their products in the context of these new reimbursement models.



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