The Impact of Quality (& COVID) on Transplant Financials

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What Should We Accomplish Together?

- To understand the **basics** of transplant center financials
- Highlight areas that quality programs can improve financial performance
- Explain how COVID has impacted these same areas.

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Transplant Revenue Sources

- Commercial “Private” Payors
  - Fee For Service
    - Global
    - Percent of charges
    - Often a combination of the above per phase.
- Governmental “Public” Payors
    - Traditional Medicare
    - Medicare Managed Care
    - Traditional Medicaid
    - Medicaid Managed Care

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Typical Adult Payor Mix

- Kidney, Combined KP
  - 80% Medicare
  - 5% Medicaid
  - 15% Private
- Liver, Lung, Heart, Pancreas Alone
  - 45% Medicare
  - 10% Medicaid
  - 45% Private

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100% Funded

42% Managed Care

40% Medicare

8% Medicaid

- Aetna IOE
- Cigna COE
- Optum/UHC COE
- Interlink
- BCDT

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1 Minimum volume guidelines

Solid organ program annual volume guidelines

Must be met for two consecutive calendar years unless otherwise specified.

	Adult	Pediatric
Heart	12	Average of 5 in the 2 most recent years
Lung	12	Minimum of 1 in the 2 most recent years
Liver	12*	5
Kidney	30**	5
Intestinal	3	3
PTA/PAK/SPK***	6 - kidney program must be approved	n/a

* Adult liver - 12 total combined deceased and living donor.

** Adult kidney - 30 total combined deceased and living donor.

*** Pancreas Transplant Alone (PTA), Pancreas After Kidney (PAK), Simultaneous Pancreas Kidney (SPK)

The Cigna LifeSOURCE NPRC assesses program outcomes based on four statistical components: The upper bound credible (or confidence) interval of the hazard ratio for the mortality rate, the graft and patient one-year survival rates, and the lower bound confidence interval of the hazard ratio for wait-list transplant rate.

- **Graft failure ratio (Observed to Expected [O/E]):** Number of observed graft failures compared with those expected, based on the national experience.
- **Patient death ratio (O/E):** Number of observed patient deaths compared with those expected, based on the national experience.
- **Transplant rate on wait list:** From the SRTR reports, it is the number of patients on the wait list transplanted within a year relative to the national experience.
- **Mortality rate on wait list:** From the SRTR reports, the number of patient deaths that occurred while waiting for a transplant in a current year relative to the national experience.
- **The credible interval** is a statistical measure of the range of probable hazard ratio values with 95% confidence. Hazard ratios measure actual transplant program results compared with expected program results, based on modeling transplant outcomes from all U.S. programs.

Cigna

BlueDistinction®
Specialty Care

Dear Providers:

I wanted to provide you an update regarding Transplants...

Blue Distinction® Specialty Care Program designations are refreshed periodically to provide meaningful quality and cost differentiation to consumers, employers and providers—safely, effectively, and cost-efficiently. The Blue Distinction Centers for Transplants program is now undergoing this periodic re-evaluation process The Transplants program will continue to focus on helping consumers find both higher quality and more affordable healthcare for their specialty care needs through the Blue Distinction national designation.

Blue Distinction Centers for Transplants consists of a national network of transplant centers that provide comprehensive transplant services through a coordinated, streamlined referral management program.

New to the 2019 Transplants designation cycle is the addition of the adult and pediatric Kidney transplant programs. The Transplants program will consist of ten solid organ and two bone marrow/stem cell designations. Providers may apply for any of the following Transplants programs:

- Adult Heart
- Adult Lung
- Adult Deceased Donor Liver
- Adult Living Donor Liver
- Adult Pancreas
- Pediatric Heart
- Pediatric Liver
- Adult Deceased Donor Kidney - ***NEW***
- Adult Living Donor Kidney - ***NEW***
- Pediatric Kidney - ***NEW***
- Adult Autologous/Allogeneic Bone Marrow/Stem Cell
- Pediatric Autologous/Allogeneic Bone Marrow/Stem Cell

Financial Structure: *Facility*

Phase 1&2 "Pre Transplant"	Phase 3 "Transplant"	Phase 4 "Aftercare"	Long Term Post Care
Cost Report /Case Rate	DRG	Global Case Rates	Fee For Service
Referral to admission for transplant	Admission to discharge from transplant	Discharge to 30 days (or 60,90, 120 days)	Rest of their lives

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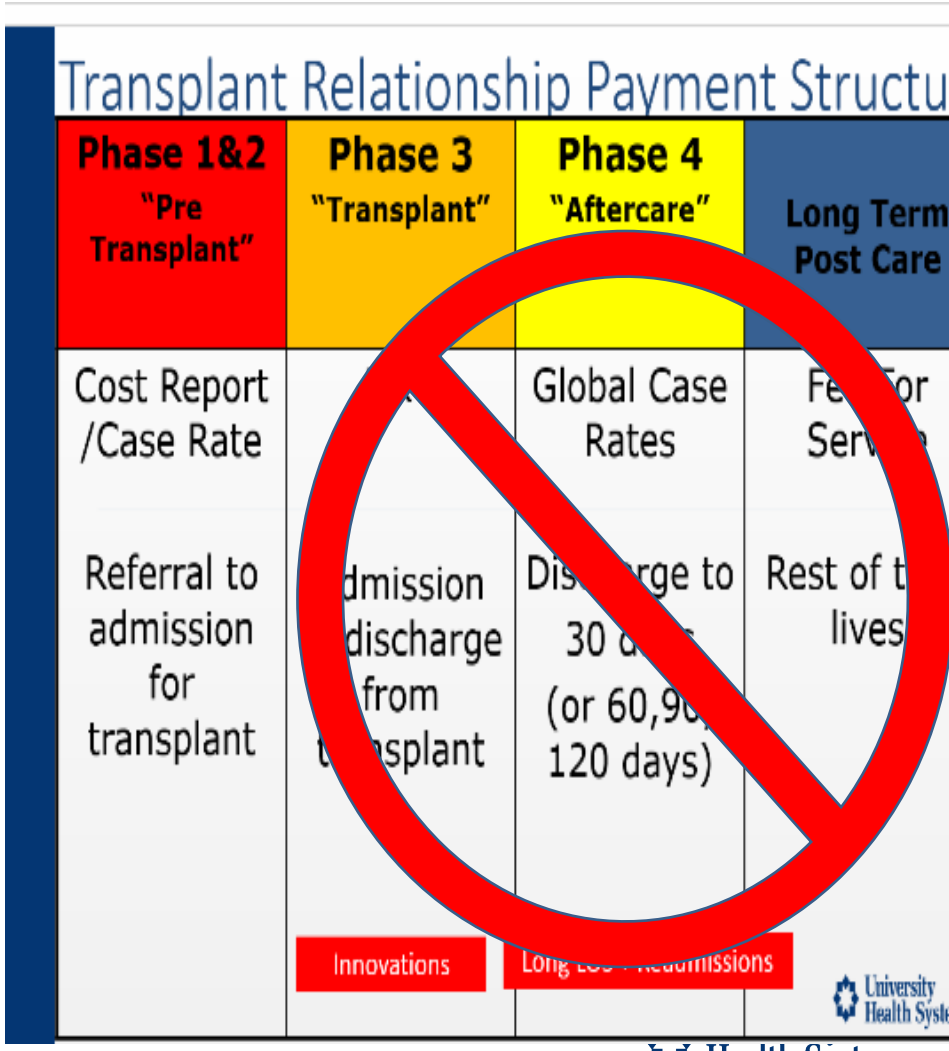
The Medicare Cost Report

- Transplant is still reimbursed based on "true" costs through Organ Acquisition Cost Centers
- Each "Program" calculated separately
  - Heart vs
  - Lung vs
  - Liver ETC.
- Covers Fixed Costs, Overhead
  - Enhances Contribution Margin from Private Funders



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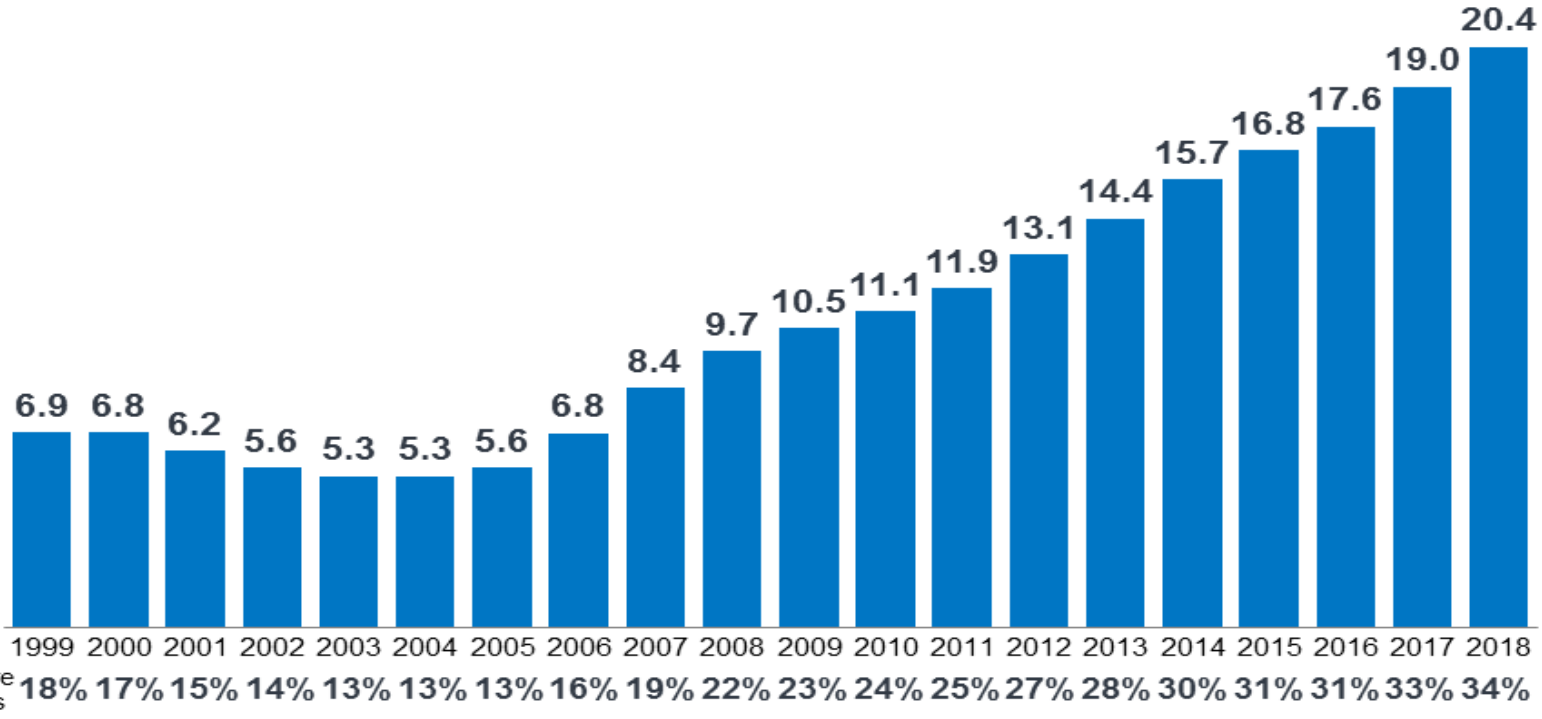
Traditional Medicare is Shrinking

Figure 1

Total Medicare Advantage Enrollment, 1999-2018
(in millions)



NOTE: Includes cost plans as well as Medicare Advantage plans. About 61 million people are enrolled in Medicare in 2018.
SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage enrollment files, 2008-2018, and MPR, 1999-2007; enrollment numbers from March of the respective year, with the exception of 2006, which is from April.

KFF
HENRY J KAISER FAMILY FOUNDATION

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Quality & Impact on Financials:

1. Efficiency
2. Volume
3. Experience
4. *COE*

   Waitlist Mortality

   Transplant Rate

Phase 1&2

"Pre Transplant"

(Referral to admission for transplant)

PipeLine

Quality Impact on Finances versus Regulatory & Clinical

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Phase 3

"Transplant"

(Admission to discharge from transplant)

Quality Impact on Finances versus Regulatory & Clinical

Quality & Impact on Financials :

1. Volume*

1. Length of Stay
2. Use of Dialysis (CRRT)
3. Blood Utilization/ Unplanned Return to OR
4. Use of Induction & Innovations
5. Coding (MCC)

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Quality & Impact on Financials :

1. Readmission
2. Use of Rehab/SNF
3. ER Utilization
4. 1 Month Survival

Phase 4

"Aftercare"

(discharge to 30, 60, 120 days)

Quality Impact on Finances versus Regulatory & Clinical

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Quality & Impact on Financials

Long Term Post Care

Major Financial Impact is COE related Survival Metrics

1. 1 year survival
2. 3 year survival
3. Managing Kidney Function (all)
4. Transitioning (Peds)

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COVID Impact on Financials:

1. Efficiency
   - Limited Access to Evaluation Exams
   - Closure of Outreach Sites
2. Volume
   - Referring MD offices Closed
   - Patients reticent to be onsite
   - Early referrals versus Late
3. Experience
   - TeleMed satisfaction
   - Lack of “connection”

Waitlist Mortality & Transplant Rate

Phase 1&2

“Pre Transplant”

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COVID Impact on Financials:

Phase 3

"Transplant"

1. Volume*
   - Cessation(s) of Elective Cases
   - (+) in deceased & living donor
   - Visitation Policy
2. Length of Stay
   - Multidisciplinary Web Care
   - Hand Off's
   - Caregiver Education Tactics
3. Placement Challenges
   - Rehab/SNF

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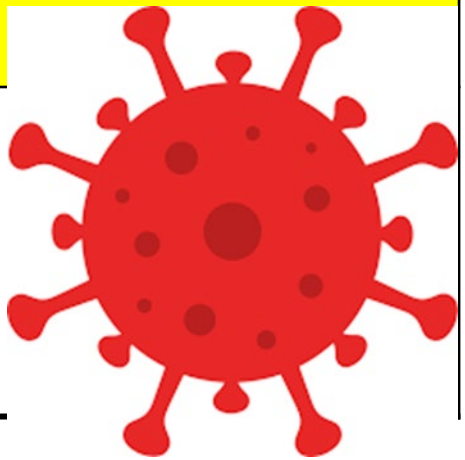
COVID Impact on Financials:

1. Readmission & EC Utilization
   - Most Symptoms = PUI can delay treatment
   - Swab Fatigue
   - Reliance on being at home
     - Hand Held

Phase 4

"Aftercare"



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COVID Impact (cont)

- Unemployment numbers = loss of employee group health plans.
- Acute shifts to public insurance: Medicaid in particular
- Transplant Centers Crisis Funds are being hard hit.

- High-deductible EGHP increasing (5% to 30%)
- Health care workers are also losing their jobs
  - Mandatory PTO
- COE criteria?
- Occurring as the costs of doing transplants is rising

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Whew!
Any Questions?
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with a hero's heart