

## PROMETHEUS® IN PRACTICE

### Potential cost savings and bonuses for Charles' CHF treatment



#### CLINICAL SCENARIO

Feeling shortness of breath, Charles, a 60-year-old man with known congestive heart failure, was admitted to the hospital via the emergency department (ED). This was Charles' second ED visit of the year. On arrival, he reported carelessness with his recent diet, salt and water intake, and his weight was up by 10 pounds. In addition, he had recently stopped taking his diuretic prescription; it had run out and he had yet to refill it. Since his primary care physician did not see patients in the hospital, Charles' care was directed by a hospitalist. After three days of intensive treatment in the hospital, his weight was down to a baseline level and he was released.

#### Traditional fee-for-service costs

Under a fee-for-service payment system, Charles' ED visit, hospital stay and all associated lab tests and radiology exams cost a total of \$11,228. This is in addition to his earlier ED visit, which cost \$2,125. Charles is also seeing a primary care physician regularly. The total annual cost for his routine care is \$9,000. Assuming no more complications, the total annual bill for his condition is \$22,353 (\$13,353 in ER visit costs + \$9,000 in routine care).

#### PROMETHEUS Payment budget

Under the PROMETHEUS model, the treatment budget is calculated as a patient-specific "Evidence-informed Case Rate" (ECR®). An ECR includes all covered services related to the care of a single illness or condition, bundled across all providers. The ECR is also risk-adjusted to account for the severity and complexity of the patient's condition, and includes an allowance for potentially avoidable complications (PACs). If complications occur, this portion of the budget offsets the costs of corrective treatment. But if providers can reduce or eliminate PACs, they keep the allowance as a bonus. A detailed examination of Charles' personal history shows that, in addition to CHF, he has coronary artery disease and gastro-esophageal reflux disease. For this, he is taking antacids in addition to the standard medicines for heart failure, including diuretics, ACE-inhibitors, and anti-platelet agents. Considering the severity of Charles' heart failure, his overall health and the medicines he is taking, the PROMETHEUS Payment model calculates a yearly budget of \$9,800 for routine CHF care, plus an allowance for PACs of \$10,300. This results in a total annual care budget of \$20,750.

#### Improving quality and reducing costs

The PROMETHEUS model is designed to encourage high-quality, efficient, patient-centered care while minimizing PACs. So it provides incentives for physicians to monitor Charles' health between his routine office visits, such as calling to check on his health and ensure that he is taking his medication. It also encourages providers to coordinate care, and take other proactive steps (such as offering a 24-hour nurse help line) to avoid complications, emergency room visits or hospitalizations. Under the current fee-for-service model, Charles' physician is paid for each office visit, but not for these other services.

#### Potential cost savings and bonuses

If Charles' physician had managed him more proactively, he would likely have avoided the second ED visit. If so, the annual bill for care of his CHF would have totaled \$11,125 (\$9,000 in routine care + \$2,125 for the ED). Against an ECR of \$20,750, Charles' physicians and their clinical collaborators would share the difference of \$9,625 in bonus payments, in accordance with their contracted proportions.

#### COST OF TREATMENT

Under Fee-for-Service

(with complications): **\$22,353**

Budget under PROMETHEUS

(factors in potential complications): **\$20,750**

Potential cost savings: **\$1,603**

Under Fee-for-Service

(without complications): **\$11,125**

Budget under PROMETHEUS:

**\$20,750**

Potential bonuses: **\$9,625**

**PROMETHEUS**  
**PAYMENT®**  
Igniting Payment Reform

 **HEALTH CARE**  
**INCENTIVES**  
IMPROVEMENT INSTITUTE®  
Fair, Evidence-based Solutions. Real and Lasting Change.