

Bundled payment for services around a hospitalization

ISSUE: Current Medicare FFS payment reinforces a fragmented health care system that does not hold providers accountable for quality and resource use. Bundling payments for care provided around a hospitalization could improve incentives and foster greater “systemness.”

KEY POINTS: This paper first assesses the potential incentives created by bundling payment around a hospitalization and then explores specific design issues. We focus on how the payment would be determined and whether receipt of the bundled payment would be mandatory, voluntary with penalties potentially applying to non-participants, or whether a “virtual” bundling alternative should be considered.

ACTION: Commissioners should provide feedback on the design options discussed in the paper.

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