

Doctors Help Horizon Develop Nationally Recognized Care Model

April 18, 2019

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Through 'Episodes of Care' model, doctors ensure more convenient, less costly care with better results

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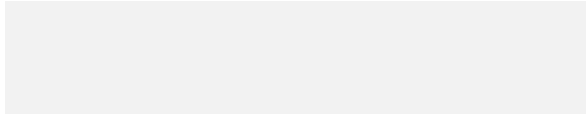
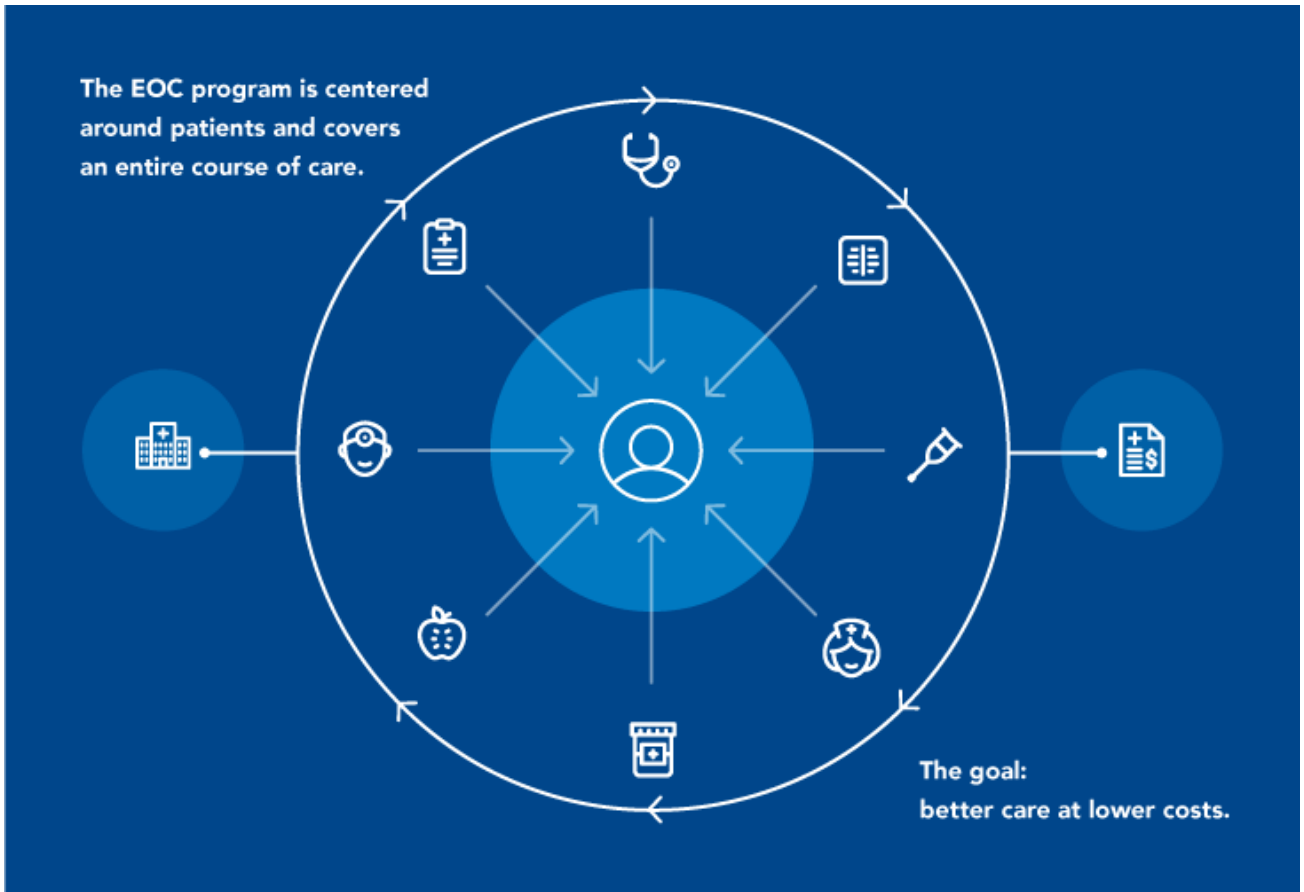
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By Thomas Vincz, Public Relations Manager, Horizon Blue Cross Blue Shield of New Jersey

Three years ago, Jerry¹, a retired school administrator in southern New Jersey, had surgery to fix a bad knee. He's not alone. Orthopedic procedures, including hip and knee replacements and knee arthroscopy, make up a significant portion of health care spending in the United States – more than 14 percent nationally among Blue Cross Blue Shield

member companies. What's more, according to an analysis by the Blue Cross Blue Shield Association, the number of orthopedic surgeries is on the rise – as is the cost of the surgery.

Except in Jerry's case. His procedure was covered under an innovative program at Horizon Blue Cross Blue Shield of New Jersey (Horizon BCBSNJ), which is starting to change the way healthcare is delivered in the United States.

The program is called Episodes of Care (EOC), a value-based approach in which health care providers and insurance companies collaborate to improve the quality of care patients receive and lower overall costs. In the Horizon BCBSNJ EOC program, the physician orchestrates all aspects of care related to a specific medical condition or procedure (i.e., rather than just the care that he or she renders) and takes responsibility for ensuring the patient receives the best quality and most appropriate care possible across the full continuum of care. If the doctor is successful in meeting certain quality and cost targets, he or she shares in the savings achieved.

The EOC program is a change from the traditional fee-for-service model that focuses on individual services rather than long term outcomes that incentivizes doctors or hospitals to bill for more tests and procedures rather than those that will benefit the patient the most. Under the EOC approach, what counts is delivering just the right level of service in the most efficient way possible.

All of this is invisible to the patient. Jerry, for example, wasn't even aware that he was participating in the EOC program when he had his knee surgery. But he was clearly pleased with his care – particularly with all the advance information he received about his treatment and how his surgeon coordinated the various service providers who were involved – from radiologists to physical therapists.

“My patient care is much better because of my involvement in the Horizon Episodes of Care program”

“I felt good about the whole process,” Jerry said. “Everything was very well planned out. Coming from an educational background, I appreciated all the information and communications I received before the procedure. It really put me at ease about having the operation. Then afterward, the doctor went over everything that was going to happen next, including the physical therapy and my six-month follow-up visit.”

Improving Quality and Costs

A Blue Cross Blue Shield analysis has compared the quality and cost metrics of EOC and non-EOC elective orthopedic procedures in New Jersey in 2017. It showed that EOC patients had lower infection and readmission rates than other members and that the EOC program cost as much as 30 percent less.



EOC patients experience quality care at a lower cost.
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This cost reduction occurred without reducing payments to providers. In fact, it allowed providers to share in the savings. Because this is a relatively new model and because it takes time for change to evolve, Horizon designed the program to be retrospective and “upside

only.” That means that providers across the continuum continue to be paid in accordance with their fee-for-service contracts. Once the episode is reviewed in retrospect, they have an opportunity to share in any savings that are achieved. It’s an opportunity for providers and payers to work together as partners to figure out how to create success and improve patient outcomes and experiences.

That opportunity appealed to Dr. Stephen Zabinski, MD, of Shore Orthopedics Association in Somers Point, NJ, the orthopedic surgeon who performed Jerry’s procedure and one of Horizon BCBSNJ’s original EOC partners.

“My patient care is much better because of my involvement in the Horizon Episodes of Care program,” Dr. Zabinski said. “It’s really made me think about everything it takes to optimize patient health so we can minimize complications and improve patient outcomes. In elective surgery, such as hip and knee replacement, reduction in cost is directly aligned with improvement in quality of care.”

Horizon BCBSNJ’s Episodes of Care program has also caught the attention of some of the most recognized and respected leaders working to fix America’s health care system.

“We have to have payment reform if we’re going to lower costs and improve quality,” said Dr. Ezekiel Emanuel, M.D., Chair of the Department of Medical Ethics and Health Policy at the University of Pennsylvania and a former special advisor for health policy in the Obama White House. “All these experiments with different alternative payment models are vitally important. Horizon was out early, experimenting on episodes of care and other bundling approaches. They are definitely on the cutting edge.”

Michael Porter, the Bishop William Lawrence University Professor at Harvard Business School, has pioneered the central ideas that have become known as value-based health care. Like Dr. Emanuel, Dr. Porter is excited that Horizon BCBSNJ is taking concrete actions to bring doctors, hospitals and other health professionals together in integrated teams to reorganize health care around patient value.



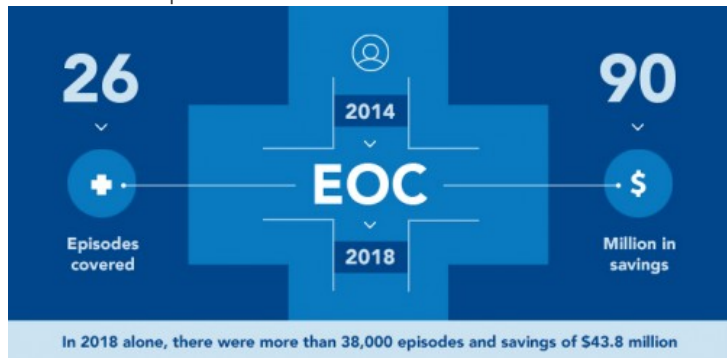
In the EOC Program, physicians orchestrate all aspects of care to ensuring the patient receives the best quality and most appropriate care possible.

“Through this innovation, Horizon has shown that it’s possible for health plans to structure payments to reward value and create incentives for physicians to innovate and become more efficient,” Dr. Porter said. “Horizon’s Episodes program directly addresses the high cost of health care as well as the uneven quality that affects patients in the U.S.”

The person behind Episodes of Care at Horizon BCBSNJ is Lili Brillstein, Director for Specialty Care Models, who took over the program in 2013. The EOC program began as a small pilot initiative in

In the EOC Program, physicians orchestrate all aspects of care to ensure the patient receives the best quality and most appropriate care possible.

2010 with just two episodes – hip replacement and knee replacement. Knee arthroscopy, pregnancy and cesarean sections were added in 2013, and the program has expanded every year since.



The EOC Program provides millions in savings for patients.
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Today, the program comprises 26 episodes. Between 2014 and 2018, it delivered \$90 million in savings, and more than 40,000 Horizon BCBSNJ members have participated. In 2018 alone, there were more than 38,000 episodes and savings of \$43.8 million, making this one of the largest programs of its kind in the country.

Expanding Coverage to More Complex Conditions

“We recognized very early on that the traditional fee-for-service model led to disjointed care and was unsustainable,” Ms. Brillstein said. “We began asking questions like, ‘How do we improve quality of care? How do we make sure that patient care is better coordinated while eliminating unnecessary spending that adds no benefit?’ That ultimately led to the Episodes of Care program. Following the successful pilot, my charter was to scale the program – to include new conditions where we could have a large impact and continue to learn.”

Ms. Brillstein has done just that. In addition to well-defined procedures, such as hip replacements, she has added more complex and chronic conditions, such as lung cancer, substance abuse disorders and cardiovascular disease.

“Horizon is not just going where others have trod,” said Dr. Emanuel. “They’re experimenting on episodes across a wide variety of medical conditions. They’ve demonstrated that episodes can be

done quite effectively, not just for surgical procedures that have a distinct start and end date, but for far more complex medical conditions.”

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The Horizon EOC program now covers 26 episodes, making it one of the largest programs of its kind in the U.S.

- Total Hip Replacement
- Total Knee Replacement
- Knee Arthroscopy
- Low Risk Pregnancy
- Colonoscopy
- Combined Low/High Risk Pregnancy
- Breast Cancer
- CHF
- CABG
- Hysterectomy
- Diverticulitis
- Crohn's Disease
- Prostate Cancer
- Prostatectomy
- Colon Cancer
- Lung Cancer
- Low Back/Laminectomy
- Pregnancy Newborn Care
- GERD/Upper Endoscopy
- Shoulder Replacement
- Onc - Breast, Colon, Lung, Rectal
- Substance Use Disorder
- IBD with Depression/Anxiety
- Lumbar Spinal Fusion
- Cardiovascular Disease (CAD)
- Oncology Medical Home

The EOC List

Rob Capobianco, vice president of Value-Based Payments at Change Healthcare, a healthcare technology company that is Horizon BCBSNJ's technology partner in the EOC program, agrees.

“Horizon's scale is very different,” Mr. Capobianco said. “This is still an emerging market discipline. What sets Horizon apart is the sheer number of programs they offer, the number of doctors involved and the length of time they've been doing this. Their scale and the sophistication is truly unique in the market.”

But it's not only the scale of the program that counts, according to Dr. Porter. It's also the kinds of services Horizon BCBSNJ is willing to cover as part of the care process.

“By focusing on patient outcomes and learning from the experience, Horizon has expanded the definition of what services can and should be covered in caring for a particular condition,” said Dr.

Porter. “Working directly with its clinical partners, Horizon has included non-traditional but high-value services in the continuum of care, such as patient transportation, yoga classes for low back pain and peer counseling in Substance Use Disorder.”

The hypothesis for these new 2019 pilots is that by extending the continuum of care to include non-traditional services, the company is addressing all of the needs of the patient, which ultimately is expected to have a positive impact on overall outcomes.

New Spirit of Cooperation

Mr. Capobianco of Change Healthcare also notes another crucial aspect of the program: it’s changing the relationship between health care providers and the insurance company for the better – creating a more collaborative partnership rather than a struggle over reimbursement.

“The historical relationship between payer and providers has been adversarial, which stems from the fee-for-service model where we make payments with no connection to whether a patient ever gets better or has a good experience,” said Ms. Brillstein. “The EOC model creates communication, collaboration and coordination in a way that just doesn’t happen in fee-for-service. We work with doctors respectfully and as partners. We co-design the care model with our physician partners. We come up with the quality metrics together. And we’re engaged in constant communication – both individually with provider partners and in groups of specialists to continually refine the model.”

Dr. Jack Feltz, president of Lifeline Medical, a large OB/GYN practice in New Jersey, and chairperson of the U.S. Women’s Health Alliance, which is a national organization of women’s healthcare practices, describes it this way: “You really feel good that you’re doing great things together. It’s changed our relationship with Horizon. It’s not just about sitting down every three years and fighting about a fee-for-service contract. You look forward to learning and innovating together. It creates an exciting relationship that to me is really good for patients. When everybody has a positive attitude and works together, patients benefit.”

Dr. Feltz says one of the keys to the program’s success is data.

“We work with doctors respectfully and as partners. We co-design the care model with our physician partners.”

“The most important part of an episode of care,” he said, “is the ability to measure the way you’re practicing so that you can improve. We’ve always had best practice guidelines, of course, but now we can measure and deliver outcomes that are important to our patients and continue to learn and improve our care model and practice guidelines.”

Dr. Emanuel concurs: “Most of us have no comparative data, either compared to our peers or compared to agreed-upon clinical standards. But when an organization can give you data that allows you to evaluate what you’re doing and decide whether you’re actually meeting the standards you think you’re meeting...that’s really valuable. It’s super, super important.”

Change Healthcare is responsible for collecting and aggregating the data that goes into the episode of care analysis. They review all of the claims data looking for so-called “triggering claims.” An example of a triggering claim would be the knee surgery that Jerry received.

Once the system identifies such a claim, it automatically looks back 30 days to find other claims that might be related to the surgery – preliminary lab work, for example, or x-rays. The system then knows to look forward 90 days to monitor related claims – for such things as follow-up doctor visits or physical therapy.

Instead of just tracking each claim individually as under the old fee-for-service model, the system now bundles all related claims into one episode. It can then compare the total cost of the episode against the benchmark historical cost. Any savings are then shared, so the health care provider, who is still paid the traditional fees-for-service, has an incentive to operate as efficiently as possible.

The Ongoing Pursuit of Quality

Change Healthcare turns all the data generated into meaningful reports that Horizon BCBSNJ then uses in discussions with providers about delivering higher levels of efficiency and, more importantly, higher levels of quality.

The quality metrics used in the program are established by the physician partners and approved by Horizon BCBSNJ's Quality Advisory Committee. Horizon BCBSNJ also combines this data with other quality of service metrics, such as member satisfaction surveys, to create a holistic scorecard for the program. In 2017, for example, members across all Episodes of Care rated their overall satisfaction with communication and support at 94 percent – the same rating they gave for satisfaction with the coordination of and involvement in their care.



Members had high overall satisfaction with communication and support from the Episodes of Care program.
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So far, physicians who fail to meet quality or cost targets are not penalized because Horizon BCBSNJ wants to create a low-risk environment as they work together with physicians to develop care models that work. Moving forward, however, Horizon expects the retrospective, upside-only model to evolve into a prospective model with both an upside and a downside, which ultimately will provide even more price transparency and where the outcomes improvement will be even more robust.

“We’re not in a full-risk model yet – and very deliberately so,” Ms. Brillstein said. “This is a joint learning process. But the more important reason is that these models are about quality of care and the patient experience. That’s where we want to keep the focus.”

And that’s fine with Jerry, who has had a full recovery and is back to golfing and working out at the gym.

“You’re always careful about having an operation,” Jerry said. “You hear stories about the kinds of problems that might develop. But I never had any worries. With all the information I received for all of my care and with how accommodating Dr. Zabinski’s office was, I was at ease the whole time.”

1. At the patient’s request, we have used a pseudonym to protect his privacy.

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