

## The PACES Center for Value in Healthcare, Inc. and The Patient-centered Episode System (PACES) A Common Standard for the Common Good

### The Basic Idea

The PACES Center for Value in Healthcare Inc. is a new, not-for-profit organization leading an initiative to achieve greater transparency in healthcare spending. The PACES Center will create, disseminate, and maintain a set of resources in the public domain that will facilitate efforts by stakeholders to improve the efficiency and value of the healthcare system and its components. These resources are collectively known as the Patient-centered Episode System or simply PACES. We will make available standard grouping logic, clinical specifications, and supporting documents sufficient to organize or “group” administrative data into clinically meaningful episodes of care. These episodes will form a new, open-source standard for price analysis, built upon community-sourced clinical expertise.

### The Vision

A century ago, the most common care-delivery model consisted of a patient and a clinician, and the payment consisted of a separate fee for each service. With increasing capabilities over time, clinical care became more complex and often required multiple inputs. A half-century ago, patients were interacting with the healthcare system in episodes of care, often receiving services from multiple clinicians over time for a given condition. As our ability to deliver complex services has continued to develop, so too have the care models. Recognizing that we practice in episodes as teams is a major step toward modernizing systems of accountability and payment. We need common standards to define episodes for measuring and reporting cost and quality performance, reporting reference price ranges, and determining risk-based payments. Much as we have standard systems for CPT and DRGs, we need a single, open episode system for everyone to use.

### The Resources

Our goal is to create a single industry standard for defining clinical episodes of care using the current medical record and payment systems, and based on consensus across multiple stakeholders including clinicians, payers, purchasers, and consumers. The set of resources will include:

- ✦ Clinical specifications for defining episodes
- ✦ Basic episode construction logic
- ✦ Framework for risk adjustment and a template for testing and certification
- ✦ A publicly available software program (freeware) that implements the logic of these specifications
- ✦ A certification program for software built by others to implement the logic of these specifications

## The Plan

A valid episode framework that describes the contexts in which clinicians and patients interact can make possible actionable information for clinicians, payers, purchasers, patients, and other stakeholders aiming to make sense of service patterns, cost, and efficiency. With the logic and specifications for episodes available in the public domain, there will be full transparency and opportunities to provide input. There will be a standard framework that interested parties can use to measure cost, set benchmarks, align quality metrics, and optimize value within and across systems and regions. Agencies, organizations, and individuals can benefit from and contribute to the common resources. Working together with interested stakeholders, we can divide the burden and multiply the benefits.

We will support clinical episodes of care that will:

- ✦ Define the clinical episode of care in a patient-centric manner
- ✦ Better account for relevant services used to manage a patient episode
- ✦ Promote alignment across payers' design and implementation of episode-based payment models as well as provider's assessment of all resources needed to co-manage a patient
- ✦ Create a broad-based framework for performance improvement
- ✦ Enable consistency between payment models, costs of producing care, and performance measurement
- ✦ Promote ability to identify "true" variations in costs and quality and establish comparisons within and across providers
- ✦ Promote the ability to use a single chassis upon which to apply individualized payer elements of risk-based contracting (risk corridors, upside, downside risks, caps or limits, stop loss)

## What's Next?

The remainder of 2019 and beginning of 2020 will serve as an incubation period, during which early adopters and supporters will aid the PACES Center in further developing, validating, and polishing our resources and standards. This incubation class will culminate in the establishment of a process for gathering and incorporating feedback, both clinical and general, from stakeholders and PACES users, both to facilitate public release of PACES Version 1.0 in 2020, and to inform further development and refinement reflecting stakeholder feedback in future releases.

In addition to managing and disseminating the resources, we will establish a process that will support recipients through a certification program that will ensure fidelity to the logic and specifications that comprise the episode system. Stakeholders are encouraged to participate, contribute, and benefit from this effort, both through the current incubator phase, as well as in the future full release and periodic enhancements to the grouping logic and clinical content.

The need and potential are significant. We look to our future members and other interested stakeholders who perceive the value of this concept to lend resources, care, and attention to helping us refine the tools and disseminate the message for greater value in healthcare.