Bundled Payment PPO Contract Model for Joint Replacement*
Hospital as general contractor

Execute a PPO contract amendment which describes episode parameters and delegates health plan payment responsibility to hospital

Hospital

Health Plan

PPO amendment includes new “exception clause”: physicians look to hospital for payment

Physician Organization

Contracts with medical device vendor

New contract between hospital and physician organization
Hospital acts as administrator for payment

Physician organization contracts with other non-employed physicians (e.g. anesthesiologists)

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