

CMS Proposal Terminates and Revises Mandatory Bundled Payment Models

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On August 15, 2017, the Centers for Medicare & Medicaid Services (CMS) announced a proposed rule which would cancel the Episode Payment Models (EPMs) and the Cardiac Rehabilitation (CR) incentive payment model, each of which were slated to begin on January 1, 2018, and had been established pursuant to a final rule on December 20, 2016. The rule also proposes to reduce the number of Metropolitan Statistical Areas (MSAs) where hospitals are required to participate in the Comprehensive Care for Joint Replacement (CJR) model from 67 to 34, and to make participation in the CJR model optional for all low volume and rural hospitals in those remaining MSAs included in the model.

This proposed rule reflects a desire of Department of Health and Human Services leadership to move away from mandatory bundled payment models and concentrate efforts of the CMS Innovation Center solely on voluntary value-based payment programs.

Here are five additional things to know about the proposals contained in the proposed rule:

- Participation in CJR will be voluntary for all hospitals in the 33 MSAs no longer required to participate in the model.
- Hospitals located in one of the 33 MSAs no longer required to participate in CJR that seek to continue participation in CJR will have a one-time opportunity to submit a written participation election letter to CMS by January 31, 2018.
- Hospitals located in one of the 33 MSAs no longer required to participate in CJR that do not submit a participation election would be withdrawn from CJR on February 1, 2018, resulting in removal of those hospitals from performance years 3, 4 and 5 of the model.

- CMS encourages providers seeking participation in a bundled payment model in 2018 to consider a forthcoming voluntary bundled payment model that will be based on the Bundled Payments for Care Improvement (BPCI) initiative, which will be designed to meet the Advanced Alternative Payment Model (APM) criteria under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and the Quality Payment Program.
- CMS anticipates that cancelling the EPMs and CR incentive payment model will not result in any measurable costs to providers, but estimates savings to CMS will be reduced by approximately \$90 million due to reduction in scope of the CJR model.

Please note that for hospitals in one of the 33 MSAs no longer required to participate in CJR, we advise to review existing CJR participation agreements and assess any likely impact of the changes on hospital and physician business arrangements which may result from this proposed rule.

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