

Vizient Public Policy and Government Relations

CMS Releases Final Rule “Advancing Care Coordination Through Episode Payment Models”

January 17, 2017

On Dec. 20, 2016, the Centers for Medicare and Medicaid Services (CMS) [finalized a rule](#) implementing the creation and testing of three new mandatory episode payment models (EPMs) and a Cardiac Rehabilitation (CR) incentive payment model. The rule also establishes several modifications to the Comprehensive Care for Joint Replacement (CJR) model, which brings the total number of EPMs to four.

Under this rule, hospitals in randomly-selected metropolitan statistical areas (MSAs) are required to be responsible for managing the entire cost of care from admission to 90-days post discharge for two or more of the EPMs. There are seventeen MSAs where participation in all four models (AMI, CABG, SHFFT and CJR) will be mandatory. For your reference, we have provided a spreadsheet at the end of this summary with all MSAs and for each, which EPMs and CR Incentive Payment Model participation will be mandatory.

Additionally, the rule announces preliminary details on a new Track 1+ Accountable Care Organization (ACO) model.

Background & Summary

CMS released the proposed rule outlining these models in July 2016, and Vizient submitted a public [comment letter](#) offering recommendations to constructively improve the final rule on October 3, 2016.

These new models continue to advance CMS’ goal of improving the efficiency and quality of care for Medicare beneficiaries and encourage hospitals, physicians, and post-acute care providers to work together to improve the coordination of care from the initial hospitalization through recovery. They are:

- The Acute Myocardial Infarction (AMI) Model;
- The Coronary Artery Bypass Graft (CABG) Model;
- The Surgical Hip and Femur Fracture Treatment (SHFFT) Model; and
- The Cardiac Rehabilitation (CR) Incentive Payment Model.

The first two new episode payment models (EPMs) are for services surrounding an acute myocardial infarction (AMI) and coronary artery bypass graft (CABG). The third new EPM is a model for episodes of care surrounding surgical hip/femur fracture treatment excluding lower extremity joint replacement (SHFFT). The Cardiac Rehabilitation (CR) will test the use of CR and intensive cardiac rehabilitation (ICR) services for beneficiaries hospitalized for treatment of an AMI or CABG for 90 days post-hospital discharge.

Episode Payment Models: AMI-CABG & SHFFT-CJR

The AMI and CABG EPMs will be implemented together in the same metropolitan statistical areas (MSAs). MSAs are counties associated with a core urban area that has a population of at least 50,000. Non-MSA counties (no urban core area or urban core area of less than 50,000 population) were not eligible for selection. Hospital participation in the program is mandatory in the [98 randomly-selected MSAs](#). The SHFFT EPM will be implemented in the [67 MSAs](#) where the CJR model is currently operating. The AMI/CABG-participating hospitals may or may not also be CJR/SHFFT-participating models.

The episodes consist of virtually all related care from a beneficiary’s admission to a participant hospital to 90 days following hospital discharge. An episode under the EPMs begins with an admission to an acute

care hospital (anchor hospital) for a specified Medicare Severity-Diagnosis Related Group (MS-DRG) under the Inpatient Prospective Payment System (IPPS), and ends 90 days after discharge from an anchor hospital stay.

CMS will launch the models' first performance period on July 1, 2017, and they will run until Dec. 21, 2021. The remaining four performance years will follow the calendar year. The AMI/CABG and SHFFT/CJR models will qualify as Advanced Alternative Payment Models (APMs) under the Medicare Access and CHIP Reauthorization Act (MACRA) beginning in 2018. This provides clinicians with additional opportunities to qualify for a 5 percent incentive payment through the Advanced APM path under MACRA and the Quality Payment Program (QPP).

In Vizient's comments to CMS on the proposed rule, we urged CMS to provide hospitals with additional time before downside risk is implemented in the EPMs, stating: "Six months is not an adequate timeframe in which to begin managing episodes that will be subject to downside risk". In the final rule, CMS has delayed implementing downside risk until performance year (PY) 3. Therefore, hospitals will not have to repay CMS for costs above the threshold price in PYs 1 and 2, but will be eligible to keep a portion of savings to Medicare if the payment is below the target price. Beginning in PY 3 (Jan. 1, 2019), CMS will hold participating hospitals responsible for repaying Medicare a portion of the excess costs, up to a certain repayment limit. Additionally, participants have the option to assume downside risk in PY 2 (Jan. 1, 2018) in order to allow certain providers to qualify as Advanced APMs. All other EPM participants will meet the third finalized criterion of the Advanced APM criteria in performance year 3.

Participant hospitals in these selected geographic areas are all acute care hospitals paid under the Inpatient Prospective Payment System (IPPS) that are not concurrently participating in Models 2, 3, or 4 of the Innovation Center's Bundled Payment for Care Improvement (BPCI) initiative for AMI, CABG, or SHFFT episodes. Geographic areas where all-payer models under the Innovation Center are operating – Maryland and Vermont – are excluded. Hospitals participating in other CMS models or programs such as the Medicare Shared Savings Program (MSSP) and other ACO initiatives are included in the EPMs if they are located in a selected MSA. Beneficiaries included in a model episode may also be assigned or aligned to an ACO, in which case CMS will attribute savings achieved during an episode to the episode model participant, and include model reconciliation payments for ACO-assigned beneficiaries as ACO expenditures. Episodes initiated by beneficiaries who are prospectively assigned to certain two-sided risk shared savings programs such as the Next Generation ACO Model, the Comprehensive ESRD Care Model, and ACOs in Track 3 will be excluded from the model.

Cardiac Rehabilitation (CR) Incentive Payment Model

CMS will test the [CR Incentive Payment Model](#) in all hospitals in 45 of the 98 EPM-selected MSAs, in addition to hospitals in 45 MSAs that were eligible but not selected for EPM participation. The model tests whether a payment incentive can increase the utilization of cardiac rehabilitative services, which have historically been under-used by Medicare beneficiaries. The CR incentive is an upside-only payment model. The 90 MSAs where it will be mandatory will test the use of CR and intensive cardiac rehabilitation (ICR) services for beneficiaries hospitalized for treatment of an AMI or CABG for 90 days post-hospital discharge – and CR performance years align with the EPM PYs. CR/ICR programs must include physician-prescribed exercise, tailored modification of cardiac risk factors, a psychosocial assessment, an outcomes assessment, and an individualized treatment plan. Services must be provided in a physician's office or an outpatient setting and physicians must be available to assist patients during treatment. The final rule does waive the physician definition for providers of CR/ICR services to include non-physician practitioners and is available to all hospitals included in the model.

Medicare ACO Track 1+ Model

CMS announced preliminary details on a new Medicare ACO Track 1+ model in the Medicare Shared Savings Program (MSSP) – which will have less downside risk than Tracks 2 and 3. CMS indicated the intent to call for applications during the regular MSSP cycle in 2017, and Letters of Intent (LOIs) to apply will be due in May 2017. The model will be open to new MSSP applicants and Track 1 ACOs that are in and/or renewing their current agreement periods. ACOs will also have the opportunity to apply during the 2019 and 2020 application cycles. The goal is to encourage more progression to performance-based risk, especially among small and rural hospitals. This model will also qualify as an Advanced APM under MACRA.

What's Next?

The final model design CMS is implementing includes additional lead time for participants prior to the onset of downside risk to ensure that the models have time to incorporate risk adjustment into pricing. CMS has made a commitment to conduct public listening sessions on risk adjustment during the 2017 calendar year and rulemaking during the 2018 calendar year on risk adjustment methods.

CMS plans to offer education and training to support and prepare clinicians in these models. These activities will include webinars about each model as well as qualification criteria for the Quality Payment Program (QPP) incentive payments, fact sheets explaining what model participants will need to do to be successful in the models, and open door forums where CMS staff will be able to answer questions about the models.

Additionally, CMS included an exemption for the Medicare Shared Savings Program Track 3 ACOs from participation in the EPMs and adjustments to the AMI transfer policy – which was in line with Vizient’s request in commenting. For AMI episodes, the episode will be canceled at the original transferring hospital and a new one established upon admission to the hospital accepting the transfer if the discharging DRG for that hospital falls under applicable MS-DRGs and the hospital accepting the transfer is a participant in the Cardiac EPM. Vizient stated in comments: “In order to avoid inappropriately penalizing hospitals for transferring patients, we recommend that CMS exclude the amount paid to the initially admitting hospital when calculating target prices and actual episode spending. We believe that doing so would help put all hospitals on a more level playing field and encourage the best provision of care.”

Additional Resources

Please feel free to contact [Chelsea Arnone](#), Regulatory Affairs and Government Relations Director in Vizient’s Washington DC office at (202) 354-2608 if you have any questions or if Vizient can provide any assistance as you consider these issues.

Episode Payment Model Implementation – Metropolitan Statistical Areas (MSAs)

| MSA | MSA Title | CJR | SHFFT | AMI | CABG | CR Incentive Payment Model |
|-------|-----------------------------------|-----|-------|-----|------|----------------------------|
| 10180 | Abilene, TX | N | N | Y | Y | Y |
| 10420 | Akron, OH | Y | Y | Y | Y | N |
| 10740 | Albuquerque, NM | Y | Y | N | N | N |
| 10780 | Alexandria, LA | N | N | Y | Y | Y |
| 10900 | Allentown-Bethlehem-Easton, PA-NJ | N | N | Y | Y | Y |
| 11260 | Anchorage, AK | N | N | Y | Y | N |
| 11540 | Appleton, WI | N | N | N | N | Y |
| 11700 | Asheville, NC | Y | Y | N | N | N |
| 12020 | Athens-Clarke County, GA | Y | Y | N | N | N |
| 12100 | Atlantic City-Hammonton, NJ | N | N | Y | Y | N |
| 12220 | Auburn-Opelika, AL | N | N | Y | Y | Y |
| 12420 | Austin-Round Rock, TX | Y | Y | Y | Y | N |
| 12700 | Barnstable Town, MA | N | N | N | N | Y |
| 13020 | Bay City, MI | N | N | N | N | Y |
| 13140 | Beaumont-Port Arthur, TX | Y | Y | N | N | N |
| 13380 | Bellingham, WA | N | N | Y | Y | Y |
| 13460 | Bend-Redmond, OR | N | N | Y | Y | N |
| 13900 | Bismarck, ND | Y | Y | N | N | N |
| 14010 | Bloomington, IL | N | N | N | N | Y |

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|-------|--|---|---|---|---|---|
| 14020 | Bloomington, IN | N | N | Y | Y | Y |
| 14260 | Boise City, ID | N | N | Y | Y | N |
| 14460 | Boston-Cambridge-Newton, MA-NH | N | N | Y | Y | Y |
| 14500 | Boulder, CO | Y | Y | N | N | N |
| 15260 | Brunswick, GA | N | N | N | N | Y |
| 15380 | Buffalo-Cheektowaga-Niagara Falls, NY | Y | Y | N | N | N |
| 15940 | Canton-Massillon, OH | N | N | Y | Y | Y |
| 15980 | Cape Coral-Fort Myers, FL | N | N | Y | Y | Y |
| 16020 | Cape Girardeau, MO-IL | Y | Y | Y | Y | N |
| 16180 | Carson City, NV | Y | Y | N | N | Y |
| 16300 | Cedar Rapids, IA | N | N | Y | Y | N |
| 16580 | Champaign-Urbana, IL | N | N | N | N | Y |
| 16700 | Charleston-North Charleston, SC | N | N | Y | Y | Y |
| 16740 | Charlotte-Concord-Gastonia, NC-SC | Y | Y | N | N | N |
| 16860 | Chattanooga, TN-GA | N | N | Y | Y | Y |
| 16940 | Cheyenne, WY | N | N | N | N | Y |
| 16980 | Chicago-Naperville-Elgin, IL-IN-WI | N | N | Y | Y | N |
| 17020 | Chico, CA | N | N | Y | Y | N |
| 17140 | Cincinnati, OH-KY-IN | Y | Y | N | N | N |
| 17460 | Cleveland-Elyria, OH | N | N | N | N | Y |
| 17660 | Coeur d'Alene, ID | N | N | Y | Y | N |
| 17860 | Columbia, MO | Y | Y | Y | Y | N |
| 17900 | Columbia, SC | N | N | Y | Y | N |
| 17980 | Columbus, GA-AL | N | N | Y | Y | Y |
| 18020 | Columbus, IN | N | N | N | N | Y |
| 18580 | Corpus Christi, TX | Y | Y | N | N | Y |
| 18880 | Crestview-Fort Walton Beach-Destin, FL | N | N | Y | Y | N |
| 19100 | Dallas-Fort Worth-Arlington, TX | N | N | Y | Y | Y |
| 19300 | Daphne-Fairhope-Foley, AL | N | N | Y | Y | Y |
| 19340 | Davenport-Moline-Rock Island, IA-IL | N | N | N | N | Y |
| 19500 | Decatur, IL | Y | Y | N | N | N |
| 19740 | Denver-Aurora-Lakewood, CO | Y | Y | Y | Y | N |
| 19780 | Des Moines-West Des Moines, IA | N | N | Y | Y | N |
| 20020 | Dothan, AL | Y | Y | N | N | N |
| 20100 | Dover, DE | N | N | Y | Y | N |
| 20260 | Duluth, MN-WI | N | N | N | N | Y |
| 20500 | Durham-Chapel Hill, NC | Y | Y | Y | Y | Y |
| 21060 | Elizabethtown-Fort Knox, KY | N | N | Y | Y | Y |
| 21500 | Erie, PA | N | N | Y | Y | N |
| 21660 | Eugene, OR | N | N | Y | Y | Y |
| 21780 | Evansville, IN-KY | N | N | N | N | Y |
| 22220 | Fayetteville-Springdale-Rogers, AR-MO | N | N | N | N | Y |
| 22420 | Flint, MI | Y | Y | N | N | N |
| 22500 | Florence, SC | Y | Y | N | N | Y |
| 22520 | Florence-Muscle Shoals, AL | N | N | Y | Y | Y |
| 22660 | Fort Collins, CO | N | N | Y | Y | N |
| 23060 | Fort Wayne, IN | N | N | Y | Y | N |
| 23540 | Gainesville, FL | Y | Y | N | N | N |
| 23580 | Gainesville, GA | Y | Y | Y | Y | N |

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|-------|--|---|---|---|---|---|
| 24300 | Grand Junction, CO | N | N | Y | Y | Y |
| 24660 | Greensboro-High Point, NC | N | N | N | N | Y |
| 24780 | Greenville, NC | Y | Y | N | N | N |
| 24860 | Greenville-Anderson-Mauldin, SC | N | N | Y | Y | N |
| 25060 | Gulfport-Biloxi-Pascagoula, MS | N | N | N | N | Y |
| 25420 | Harrisburg-Carlisle, PA | Y | Y | N | N | Y |
| 25620 | Hattiesburg, MS | N | N | N | N | Y |
| 25940 | Hilton Head Island-Bluffton-Beaufort, SC | N | N | Y | Y | Y |
| 26300 | Hot Springs, AR | Y | Y | N | N | N |
| 26580 | Huntington-Ashland, WV-KY-OH | N | N | Y | Y | Y |
| 26820 | Idaho Falls, ID | N | N | Y | Y | Y |
| 26900 | Indianapolis-Carmel-Anderson, IN | Y | Y | Y | Y | N |
| 26980 | Iowa City, IA | N | N | Y | Y | N |
| 27620 | Jefferson City, MO | N | N | Y | Y | N |
| 27860 | Jonesboro, AR | N | N | Y | Y | Y |
| 27900 | Joplin, MO | N | N | Y | Y | Y |
| 28020 | Kalamazoo-Portage, MI | N | N | Y | Y | N |
| 28140 | Kansas City, MO-KS | Y | Y | Y | Y | N |
| 28420 | Kennewick-Richland, WA | N | N | Y | Y | N |
| 28660 | Killeen-Temple, TX | Y | Y | N | N | N |
| 28940 | Knoxville, TN | N | N | N | N | Y |
| 29100 | La Crosse-Onalaska, WI-MN | N | N | Y | Y | N |
| 29420 | Lake Havasu City-Kingman, AZ | N | N | Y | Y | N |
| 29460 | Lakeland-Winter Haven, FL | N | N | Y | Y | N |
| 29620 | Lansing-East Lansing, MI | N | N | Y | Y | N |
| 30460 | Lexington-Fayette, KY | N | N | Y | Y | N |
| 30620 | Lima, OH | N | N | Y | Y | Y |
| 30700 | Lincoln, NE | Y | Y | N | N | Y |
| 30780 | Little Rock-North Little Rock-Conway, AR | N | N | Y | Y | Y |
| 31080 | Los Angeles-Long Beach-Anaheim, CA | Y | Y | N | N | N |
| 31180 | Lubbock, TX | Y | Y | N | N | N |
| 31540 | Madison, WI | Y | Y | Y | Y | Y |
| 31700 | Manchester-Nashua, NH | N | N | Y | Y | N |
| 32780 | Medford, OR | N | N | Y | Y | N |
| 32820 | Memphis, TN-MS-AR | Y | Y | Y | Y | N |
| 33100 | Miami-Fort Lauderdale-West Palm Beach, FL | Y | Y | N | N | N |
| 33340 | Milwaukee-Waukesha-West Allis, WI | Y | Y | Y | Y | Y |
| 33540 | Missoula, MT | N | N | Y | Y | Y |
| 33700 | Modesto, CA | Y | Y | N | N | N |
| 33740 | Monroe, LA | Y | Y | N | N | Y |
| 33860 | Montgomery, AL | Y | Y | N | N | N |
| 34060 | Morgantown, WV | N | N | N | N | Y |
| 34620 | Muncie, IN | N | N | N | N | Y |
| 34820 | Myrtle Beach-Conway-North Myrtle Beach, SC-NC | N | N | Y | Y | N |
| 34940 | Naples-Immokalee-Marco Island, FL | Y | Y | N | N | Y |
| 34980 | Nashville-Davidson--Murfreesboro--Franklin, TN | Y | Y | Y | Y | N |
| 35100 | New Bern, NC | N | N | Y | Y | Y |
| 35300 | New Haven-Milford, CT | Y | Y | N | N | N |

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|-------|---------------------------------------|---|---|---|---|---|
| 35380 | New Orleans-Metairie, LA | Y | Y | N | N | N |
| 35620 | New York-Newark-Jersey City, NY-NJ-PA | Y | Y | N | N | N |
| 35660 | Niles-Benton Harbor, MI | N | N | Y | Y | Y |
| 35980 | Norwich-New London, CT | Y | Y | N | N | N |
| 36260 | Ogden-Clearfield, UT | Y | Y | N | N | N |
| 36420 | Oklahoma City, OK | Y | Y | Y | Y | N |
| 36540 | Omaha-Council Bluffs, NE-IA | N | N | Y | Y | Y |
| 36740 | Orlando-Kissimmee-Sanford, FL | Y | Y | N | N | N |
| 37340 | Palm Bay-Melbourne-Titusville, FL | N | N | N | N | Y |
| 37860 | Pensacola-Ferry Pass-Brent, FL | Y | Y | N | N | Y |
| 38060 | Phoenix-Mesa-Scottsdale, AZ | N | N | N | N | Y |
| 38300 | Pittsburgh, PA | Y | Y | N | N | N |
| 38900 | Portland-Vancouver-Hillsboro, OR-WA | Y | Y | N | N | N |
| 38940 | Port St. Lucie, FL | Y | Y | N | N | Y |
| 39140 | Prescott, AZ | N | N | Y | Y | Y |
| 39340 | Provo-Orem, UT | Y | Y | N | N | N |
| 39380 | Pueblo, CO | N | N | Y | Y | Y |
| 39460 | Punta Gorda, FL | N | N | N | N | Y |
| 39580 | Raleigh, NC | N | N | Y | Y | N |
| 39660 | Rapid City, SD | N | N | Y | Y | N |
| 39740 | Reading, PA | Y | Y | Y | Y | Y |
| 39900 | Reno, NV | N | N | Y | Y | N |
| 40060 | Richmond, VA | N | N | Y | Y | N |
| 40140 | Riverside-San Bernardino-Ontario, CA | N | N | N | N | Y |
| 40220 | Roanoke, VA | N | N | Y | Y | Y |
| 40340 | Rochester, MN | N | N | N | N | Y |
| 40420 | Rockford, IL | N | N | N | N | Y |
| 40660 | Rome, GA | N | N | N | N | Y |
| 40980 | Saginaw, MI | Y | Y | N | N | N |
| 41100 | St. George, UT | N | N | Y | Y | Y |
| 41140 | St. Joseph, MO-KS | N | N | Y | Y | Y |
| 41180 | St. Louis, MO-IL | Y | Y | N | N | Y |
| 41420 | Salem, OR | N | N | Y | Y | Y |
| 41500 | Salinas, CA | N | N | Y | Y | N |
| 41860 | San Francisco-Oakland-Hayward, CA | Y | Y | N | N | Y |
| 42140 | Santa Fe, NM | N | N | N | N | Y |
| 42200 | Santa Maria-Santa Barbara, CA | N | N | N | N | Y |
| 42340 | Savannah, GA | N | N | Y | Y | N |
| 42540 | Scranton--Wilkes-Barre--Hazleton, PA | N | N | N | N | Y |
| 42660 | Seattle-Tacoma-Bellevue, WA | Y | Y | N | N | Y |
| 42680 | Sebastian-Vero Beach, FL | Y | Y | N | N | N |
| 42700 | Sebring, FL | N | N | N | N | Y |
| 43300 | Sherman-Denison, TX | N | N | Y | Y | N |
| 43780 | South Bend-Mishawaka, IN-MI | Y | Y | N | N | N |
| 44060 | Spokane-Spokane Valley, WA | N | N | Y | Y | N |
| 44100 | Springfield, IL | N | N | Y | Y | Y |
| 44180 | Springfield, MO | N | N | N | N | Y |
| 44420 | Staunton-Waynesboro, VA | Y | Y | N | N | N |
| 45300 | Tampa-St. Petersburg-Clearwater, FL | Y | Y | N | N | N |

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|-------|-----------------------------------|---|---|---|---|---|
| 45780 | Toledo, OH | Y | Y | N | N | Y |
| 45820 | Topeka, KS | Y | Y | N | N | N |
| 46060 | Tucson, AZ | N | N | Y | Y | Y |
| 46140 | Tulsa, OK | N | N | Y | Y | Y |
| 46220 | Tuscaloosa, AL | Y | Y | Y | Y | Y |
| 46340 | Tyler, TX | Y | Y | N | N | N |
| 46540 | Utica-Rome, NY | N | N | Y | Y | N |
| 47380 | Waco, TX | N | N | N | N | Y |
| 47940 | Waterloo-Cedar Falls, IA | N | N | Y | Y | Y |
| 48300 | Wenatchee, WA | N | N | Y | Y | N |
| 48620 | Wichita, KS | Y | Y | Y | Y | Y |
| 48900 | Wilmington, NC | N | N | Y | Y | N |
| 49180 | Winston-Salem, NC | N | N | Y | Y | N |
| 49660 | Youngstown-Warren-Boardman, OH-PA | N | N | Y | Y | N |
| 49740 | Yuma, AZ | N | N | Y | Y | N |