799 9th Street NW
Suite 210
Washington, DC 20001

T (202) 354-2600
vizientinc.com

vizient™

Vizient Office of Public Policy and Government Relations
Regulatory Update: CMS "Advancing Care Coordination Through Episode Payment Models"

May 18, 2017

On Thursday, May 18, the Centers for Medicare & Medicaid Services (CMS) released a final rule delaying the effective date implementing the creation and testing of three new mandatory episode payment models (EPMs) and a Cardiac Rehabilitation (CR) incentive payment model, until January 1, 2018. Additionally, CMS further delayed the applicability date of the final rule until Jan. 1, 2018.

If CMS determines that more policy changes to the EPMs are necessary, they will propose and finalize further revisions with additional rulemaking.

Background & Summary

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.

The Trump administration issued a memorandum on inauguration day that directed agencies to postpone the effective dates of regulations that had been published in the Federal Register but had not yet taken effect. In accordance with this memorandum, CMS had previously delayed the effective date of the final rule from Feb.18 until March 21, 2017. On Monday, March 20, CMS issued an interim final rule with comment period (IFC) further delaying the effective date of the rule to May 20, 2017 and moved the applicability (model start) of the EPMs to Oct.1, 2017. Noting the need for advanced notice of the terms of the models by participant, and the fact that the episodes in the models involved exceed 90 days in duration, CMS believed that immediately moving the start date of the model to Oct. 1, 2017 was appropriate. Until the IFC was issued, the first payment year for EPMs would have covered the 6-month period from July 1, 2017 through Dec. 31, 2017. Subsequent payment years would run a full 12 months aligned with the calendar year.

Because the start date had been postponed until at least Oct. 1, 2017, CMS requested stakeholder feedback on a longer delay (e.g., Jan. 1, 2018) of the model start date. Considering the length of episodes in the models, the agency thought it would be preferable for participants to have at least 6 months for the first payment year – and furthermore, less burdensome to align with the calendar year. CMS estimates that over 2,000 hospitals will be participants in the EPMs and CR Inventive Payment Model – and stakeholder feedback plays a major role in shaping future changes to policy. On behalf of our members, Vizient's Office of Public Policy and Government Relations submitted a comment letter to CMS on April 19, 2017 to provide input on the proposed further delay. We offered support for CMS's proposal to further delay the model start date until Jan. 1, 2018; this message was reiterated by other major provider groups that provided feedback. Our comment letter stated: "Vizient believes that as Medicare programs increasingly shift to outcome-based performance measures, the regulatory environment should become more flexible to allow for participant success."

What's Next?

CMS's review of the policy is ongoing and they acknowledge the possibility of additional modifications. To prevent participant confusion and corresponding disruption – the agency indicated they will provide adequate time to undertake notice and comment rulemaking to make policy modifications (if warranted). In the case of policy modifications to the EPMs, CMS believes that in delaying the model start dates until Jan. 1, 2018, ensures that participants will have a "clear understanding of the governing rules before episodes begin and have the opportunity to take additional steps to adjust to any potential changes that may be effectuated".

Moreover, CMS rejected a commenter's suggestion that participants who may be ready for an earlier start date have the option to choose to begin sooner. The agency notes that creating two sets of model timeframes would add operational and administrative burdens. CMS believes that all model participants should have time to consider proposed changes to these models, operate under the same model timeframe, and have time between the establishment of the final model parameters and the start date of the models. This suggests that future rulemaking to make policy modifications to the models is likely; however, CMS specifies that they will not withdraw these models altogether or delay them indefinitely.

While this most recent delay does not come as much of a surprise, we encourage members to still be prepared for implementation of these bundles on their new effective date of Jan. 1, 2018, until or unless different information is provided. The rulemaking process takes time, but we will be closely monitoring any federal actions, and continue to provide our members with summaries and updates along the way.

Additional Resources

Chelsea Arnone, Regulatory Affairs and Government Relations Director in Vizient's Washington, D.C. office, can be reached at (202) 354-2608, and is monitoring this rule and other regulatory developments. Please reach out to her if you have any questions or if Vizient can provide any assistance as you consider these issues.