

**Bundled Payments Programs Mandated by Medicare: What you need to know for 2016**

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**No Current Disclosures**

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**CCJR: Comprehensive Care for Joint Replacement Mandated Bundled Payments**

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## Bundled Payments for Care Improvement (BPCI)



- CMS Voluntary Bundled Payments Initiative
- Starting April 2013
- Models 1-4
- Current Initiative will exclude participants of the BPCI



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## Affordable Care Act

- CMS (Center for Medicare and Medicaid Services)
- Mandated Payments through Alternative Payments Models
  - Accountable Care Organizations
  - Bundled Payment Models



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## Affordable Care Act

- Medicare move towards Alternate Payment Models (ACO and Bundles)
- Medicare payments tied to quality or value

Medicare move towards Alternate Payment Models (ACO and Bundles)	Year
30%	2016
50%	2018

Medicare payments tied to quality or value	Year
85%	2016
90%	2018



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### CCJR: Comprehensive Care for Joint Replacement



- July 14, 2015
- Proposed Rule
- Comment Period Ending September 8, 2015
- Final Ruling due by November 1, 2015
- Final Ruling is late but Imminent
- Comments
- Unlikely to be delayed
  - Tied to ACA



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### CCJR: Comprehensive Care for Joint Replacement

- What does it mean for us?
- BPCI gave orthopedic surgeons an opportunity to be involved in decisionmaking
- BPCI gave orthopedic surgeons gainsharing opportunities
- CCJR may change these opportunities



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### CCJR: Comprehensive Care for Joint Replacement



- The CCJR will bundle payments for lower extremity total joint replacements for acute hospital stay plus 90 days after discharge
- The CCJR will make the acute care hospital financially responsible for making this system profitable



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### CCJR: Comprehensive Care for Joint Replacement



- 75 Metropolitan Statistical Areas (MSAs)
- About 25% of total joints performed
- Mandated Participation in Starting January 1, 2016
  - Exceptions of BPCI participants



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### Episode Initiates at the Acute Care Hospital

- Inpatient Admission for Total Joint Replacement with DRG 469 and DRG 470
  - Includes Total Hip, Total Knee, Hemiarthroplasties, and Hip Fractures
- Many comments directed at limiting CCJR to Total Hip Replacements and Total Knee Replacements



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### All providers bill Medicare as before – fee for service

- Acute Care Hospital
- Orthopedic Surgeons
- Inpatient and outpatient consultants
  - Hospitalists
  - Primary Care
- Post-acute Care
- Outpatient Services



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## Post Acute Care 90 days



- Skilled Nursing Home
- Home Health Agencies
- Transitional Care
- Acute Rehabilitation Facilities
- Outpatient Physical Therapy



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## Post Acute Care 90 days



- Skilled Nursing Home
  - Rates basically per diem
- Home Health Agencies
  - Rates based on 60 day stays and fractions thereof
  - Basically per diem



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## Skilled Nursing Facilities



- Total Joint replacement
  - Average 21 day length of stays
- Some with average 30 day length of stays
- Some with average 7 day length of stays



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### All services reimbursed by CMS

- At the end of each year
- CMS will reconcile each episode of care and compare it to the benchmark
- Bill Acute Care Hospital for costs above the Benchmark or
- Reimburse Acute Care Hospital for savings to the Benchmark



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### Benchmarks

- Historical Hospital Performance
  - 3 year historical
- Historical Regional Performance
- 2% cut off the top



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### First Year Benchmark 2016

- 2/3 Historical Performance
  - 1/3 Regional
- No Downside Risk
  - Stop Loss
- 20% Upside Gain
  - Stop Gain
- Quality Metrics Met
  - 30<sup>th</sup> percentile



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### Second Year Benchmark

- 2/3 Historical Performance
  - 1/3 Regional
- 10% Downside Risk
  - Stop Loss
- 20% Upside Gain
  - Stop Gain
- Quality Metrics Met
  - 30<sup>th</sup> percentile



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### Third Year Benchmark

- 1/3 Historical Performance
  - 2/3 Regional
- 20% Downside Risk
  - Stop Loss
- 20% Upside Gain
  - Stop Gain
- Quality Metrics Met
  - 30<sup>th</sup> percentile



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### 4-5<sup>th</sup> Year Benchmark

- Regional Performance
- 20% Downside Risk
  - Stop Loss
- 20% Upside Gain
  - Stop Gain
- Quality Metrics Met
  - 40<sup>th</sup> percentile



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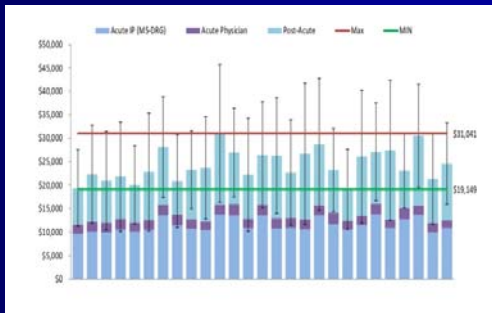
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### Where is the money going




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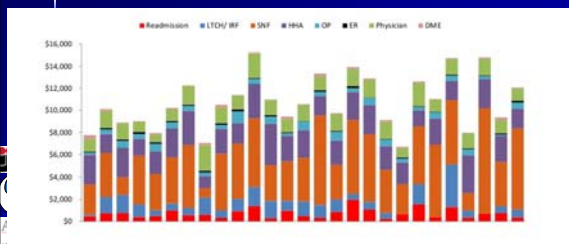
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### Where is the money going




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### CMS Pays out

- Acute Hospital Stay
  - Including Implants
- Surgeon Professional Fees
- Consultant Professional Fees
- Skilled Nursing Facility
- Home Health Agencies
- Outpatient Physical Therapy and DMEs




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## CMS bills

- Acute Hospital
  - Anything above the Benchmark



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## Acute Care Hospital



- Takes all financial responsibility for total joint replacement
- Including 90 days Post Acute Period
  - Where they have no control over
- Traditionally orthopedic surgeons have less control over these periods of care



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## Integrated Delivery System



- Already have control over post-acute services
- Already have control over physicians
- For nonintegrated hospitals
  - There is a much higher risk



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### Savings are Post-acute

- Less about implants
- Less about inpatient stays



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### CCJR Allows Gainsharing



- 50% of savings or risks can be shared with providers in total
- 25% of savings can be shared with each provider group
- These need to be contracted beforehand



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### What can we do as orthopedic surgeons in 2016



- Do not be cut out of the decisionmaking
- Start dialogues with hospital administration
- Look at:
  - CMS will be providing data for hospitals and updating these numbers throughout
- Initiate systems where we can participate in gains instead of letting these benefits go to others



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## Orthopedic surgeons cut out



- Two hospitals completely cut the orthopedic surgeon out of the discussion
- Contracts all performed with hospitalists and nursing homes and the surgeon got nothing



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## Links

- <https://innovation.cms.gov/initiatives/cjr>



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