

# Issue Brief

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## KEY POINTS

- Missouri MSAs are removed from mandatory participation in the CJR bundled payment program, but remain in the voluntary participation category.
- The rule signals a significant shift in CMS policy on bundled payments moving forward.

## CMS Issues Final Rule On Several Bundled Payment Systems

The Centers for Medicare and Medicaid Services issued an interim final rule that cancels the Episode Payment Models and Cardiac Rehabilitation Incentive Payment Model and rescinds the regulations governing these models.

It also implements certain revisions to the Comprehensive Care for Joint Replacement model, including giving certain hospitals selected for participation in the CJR model a one-time option to choose whether to continue their participation in the model; technical refinements and clarifications for certain payment, reconciliation and quality provisions; and a change to increase the pool of eligible clinicians that qualify as affiliated practitioners under the Advanced Alternative Payment Model track.

The 160-page display copy of the rule is scheduled for publication in the *Federal Register* on Friday, Dec. 1. The rule's effective date is Monday, Jan. 1, 2018.

### Comment

The rule is straightforward with good final decision sections.

Of course, the issue of eliminating the rule is not without controversy. Many are opposed to the rule, while many others believe the EPM models provide an excellent way to test and possibly expand the Medicare bundling concept. CMS points out that the current

administration is changing many of the previous administration's concepts, and this is one in particular.

CMS estimates the total CJR model impact after the changes in this final rule will be \$189 million instead of \$294 million (\$106 million less in savings) over the remaining three-year performance period (2018 through 2020) of the CJR model.

### PARTICIPATION ELECTION (OPT IN) FOR CERTAIN MSAS AND LOW-VOLUME AND RURAL HOSPITALS IN THE CJR MODEL

For the CJR model, CMS will continue, on a mandatory basis, in 34 of the previously 67 selected geographic areas, with an exception for low-volume and rural hospitals and will continue on a voluntary basis in the other areas (that is, 33 of the 67 selected geographic areas).

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continued

The following MSAs will (continue to) have mandatory participation in the CRJ model:

<b>CJR Mandatory Participation MSAs</b>		
<b>MSA</b>	<b>MSA Name</b>	<b>Wage-Adjusted Episode Payments (in \$)</b>
10420	Akron, OH	28,081
11700	Asheville, NC	27,617
12420	Austin-Round Rock, TX	28,960
13140	Beaumont-Port Arthur, TX	32,544
17140	Cincinnati, OH-KY-IN	28,074
18580	Corpus Christi, TX	30,700
20020	Dothan, AL	30,710
22500	Florence, SC	27,901
23540	Gainesville, FL	29,370
24780	Greenville, NC	27,446
25420	Harrisburg-Carlisle, PA	28,360
26300	Hot Springs, AR	29,621
28660	Killeen-Temple, TX	27,355
31080	Los Angeles-Long Beach-Anaheim, CA	28,219
31180	Lubbock, TX	29,524
32820	Memphis, TN-MS-AR	28,916
33100	Miami-Fort Lauderdale-West Palm Beach, FL	33,072
33740	Monroe, LA	30,431
33860	Montgomery, AL	30,817
35300	New Haven-Milford, CT	27,529
35380	New Orleans-Metairie, LA	29,562
35620	New York-Newark-Jersey City, NY-NJ-PA	31,076
36420	Oklahoma City, OK	27,267
36740	Orlando-Kissimmee-Sanford, FL	29,259
37860	Pensacola-Ferry Pass-Brent, FL	29,485
38300	Pittsburgh, PA	30,886
38940	Port St. Lucie, FL	30,423
39340	Provo-Orem, UT	28,852
39740	Reading, PA	28,679
42680	Sebastian-Vero Beach, FL	28,015
45300	Tampa-St. Petersburg-Clearwater, FL	32,424
45780	Toledo, OH	28,658
46220	Tuscaloosa, AL	31,789
46340	Tyler, TX	30,955

The following MSAs will be subject to voluntary participation:

<b>CJR Voluntary Participation MSA</b>		
<b>MSA</b>	<b>MSA Name</b>	<b>Wage-Adjusted Episode Payments (in \$)</b>
10740	Albuquerque, NM	25,892
12020	Athens-Clarke County, GA	25,394
13900	Bismarck, ND	22,479
14500	Boulder, CO	24,115
15380	Buffalo-Cheektowaga-Niagara Falls, NY	26,037
16020	Cape Girardeau, MO-IL	24,564
16180	Carson City, NV	26,128
16740	Charlotte-Concord-Gastonia, NC-SC	26,736
17860	Columbia, MO	25,558
19500	Decatur, IL	24,846
19740	Denver-Aurora-Lakewood, CO	26,119
20500	Durham-Chapel Hill, NC	25,151
22420	Flint, MI	24,807
23580	Gainesville, GA	23,009
26900	Indianapolis-Carmel-Anderson, IN	25,841
28140	Kansas City, MO-KS	27,261
30700	Lincoln, NE	27,173
31540	Madison, WI	24,442
33340	Milwaukee-Waukesha-West Allis, WI	25,698
33700	Modesto, CA	24,819
34940	Naples-Immokalee-Marco Island, FL	27,120
34980	Nashville-Davidson--Murfreesboro--Franklin, TN	26,880
35980	Norwich-New London, CT	25,780
36260	Ogden-Clearfield, UT	25,472
38900	Portland-Vancouver-Hillsboro, OR-WA	22,604
40980	Saginaw, MI	25,488
41180	St. Louis, MO-IL	26,425
41860	San Francisco-Oakland-Hayward, CA	23,716
42660	Seattle-Tacoma-Bellevue, WA	23,669
43780	South Bend-Mishawaka, IN-MI	23,143
44420	Staunton-Waynesboro, VA	25,539
45820	Topeka, KS	24,273
48620	Wichita, KS	25,945

CMS is excluding low-volume hospitals in the 34 mandatory participation MSAs, as identified by CMS as those hospitals having fewer than 20 CJR episodes in total across the three historical years of data, from required participation in the CJR Model beginning February 1, 2018. Low-volume CJR hospitals that choose to voluntarily participate must make a one-time participation election that complies with the CJR regulations at § 510.115, or it will be automatically dropped from the CJR Model.

CMS is also excluding rural hospitals (as defined in § 510.2) with a CMS Certification Number primary address in the 34 mandatory participation MSAs from required participation in the CJR Model beginning February 1, 2018. Rural CJR hospitals that choose to voluntarily continue to participate must make a one-time participation election that complies with the CJR regulations at § 510.115, or it will be automatically dropped from the CJR Model. Hospitals eligible for voluntary participation who do not elect to participate will have all their performance year three episodes (i.e. those episodes ending on or after January 1, 2018 and before January 1, 2019) cancelled.

<b>Low-Volume Hospitals Located in the Mandatory MSAs Eligible to Opt-in During Voluntary Election Period</b>			
<b>CCN</b>	<b>Hospital Name</b>	<b>MSA</b>	<b>MSA Title</b>
010034	Community Hospital, Inc.	33860	Montgomery, AL
010062	Wiregrass Medical Center	20020	Dothan, AL
010095	Hale County Hospital	46220	Tuscaloosa, AL
010097	Elmore Community Hospital	33860	Montgomery, AL
010108	Prattville Baptist Hospital	33860	Montgomery, AL
010109	Pickens County Medical Center	46220	Tuscaloosa, AL
010149	Baptist Medical Center East	33860	Montgomery, AL
040132	Leo N. Levi National Arthritis Hospital	26300	Hot Springs, AR
050040	LAC-Olive View-UCLA Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050091	Community Hospital of Huntington Park	31080	Los Angeles-Long Beach-Anaheim, CA
050137	Kaiser Foundation Hospital-Panorama City	31080	Los Angeles-Long Beach-Anaheim, CA
050138	Kaiser Foundation Hospital-Los Angeles	31080	Los Angeles-Long Beach-Anaheim, CA
050139	Kaiser Foundation Hospital-Downey	31080	Los Angeles-Long Beach-Anaheim, CA
050158	Encino Hospital Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050205	Glendora Community Hospital	31080	Los Angeles-Long Beach-Anaheim, CA
050373	LAC+USC Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050378	Pacifica Hospital of the Valley	31080	Los Angeles-Long Beach-Anaheim, CA
050411	Kaiser Foundation Hospital-South Bay	31080	Los Angeles-Long Beach-Anaheim, CA
050468	Memorial Hospital of Gardena	31080	Los Angeles-Long Beach-Anaheim, CA
050543	College Hospital Costa Mesa	31080	Los Angeles-Long Beach-Anaheim, CA
050548	Fairview Developmental Center	31080	Los Angeles-Long Beach-Anaheim, CA
050552	Motion Picture & Television Hospital	31080	Los Angeles-Long Beach-Anaheim, CA
050561	Kaiser Foundation Hospital-West Los Angeles	31080	Los Angeles-Long Beach-Anaheim, CA
050609	Kaiser Foundation Hospital-Orange County-Anaheim	31080	Los Angeles-Long Beach-Anaheim, CA
050641	East Los Angeles Doctors Hospital	31080	Los Angeles-Long Beach-Anaheim, CA
050677	Kaiser Foundation Hospital-Woodland Hills	31080	Los Angeles-Long Beach-Anaheim, CA
050723	Kaiser Foundation Hospital-Baldwin Park	31080	Los Angeles-Long Beach-Anaheim, CA
050738	Greater El Monte Community Hospital	31080	Los Angeles-Long Beach-Anaheim, CA
050744	Anaheim Global Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050747	South Coast Global Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050751	Miracle Mile Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050771	Coast Plaza Hospital	31080	Los Angeles-Long Beach-Anaheim, CA

**Low-Volume Hospitals Located in the Mandatory MSAs Eligible to Opt-in During Voluntary Election Period**

CCN	Hospital Name	MSA	MSA Title
050776	College Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050779	Martin Luther King Jr. Community Hospital	31080	Los Angeles-Long Beach-Anaheim, CA
050780	Foothill Medical Center	31080	Los Angeles-Long Beach-Anaheim, CA
050782	Casa Colina Hospital	31080	Los Angeles-Long Beach-Anaheim, CA
070038	Connecticut Hospice Inc.	35300	New Haven-Milford, CT
070039	Masonic Home and Hospital	35300	New Haven-Milford, CT
100048	Jay Hospital	37860	Pensacola-Ferry Pass-Brent, FL
100130	Lakeside Medical Center	33100	Miami-Fort Lauderdale-West Palm Beach, FL
100240	Anne Bates Leach Eye Hospital	33100	Miami-Fort Lauderdale-West Palm Beach, FL
100277	Douglas Gardens Hospital	33100	Miami-Fort Lauderdale-West Palm Beach, FL
100320	Poinciana Medical Center	36740	Orlando-Kissimmee-Sanford, FL
100326	Promise Hospital of Miami	33100	Miami-Fort Lauderdale-West Palm Beach, FL
190005	University Medical Center New Orleans	35380	New Orleans-Metairie, LA
190011	University Health Conway	33740	Monroe, LA
190079	St. Charles Parish Hospital	35380	New Orleans-Metairie, LA
190245	Monroe Surgical Hospital	33740	Monroe, LA
190300	St. Charles Surgical Hospital LLC	35380	New Orleans-Metairie, LA
190302	Omega Hospital LLC	35380	New Orleans-Metairie, LA
190308	St. Bernard Parish Hospital	35380	New Orleans-Metairie, LA
190313	New Orleans East Hospital	35380	New Orleans-Metairie, LA
250012	Alliance Healthcare System	32820	Memphis, TN-MS-AR
250126	North Oak Regional Medical Center	32820	Memphis, TN-MS-AR
250167	Methodist Olive Branch Hospital	32820	Memphis, TN-MS-AR
310058	Bergen Regional Medical Center	35620	New York-Newark-Jersey City, NY-NJ-PA
330080	Lincoln Medical & Mental Health Center	35620	New York-Newark-Jersey City, NY-NJ-PA
330086	Montefiore Mount Vernon Hospital	35620	New York-Newark-Jersey City, NY-NJ-PA
330100	New York Eye and Ear Infirmary	35620	New York-Newark-Jersey City, NY-NJ-PA
330199	Metropolitan Hospital Center	35620	New York-Newark-Jersey City, NY-NJ-PA
330231	Queens Hospital Center	35620	New York-Newark-Jersey City, NY-NJ-PA
330233	Brookdale Hospital Medical Center	35620	New York-Newark-Jersey City, NY-NJ-PA
330240	Harlem Hospital Center	35620	New York-Newark-Jersey City, NY-NJ-PA
330385	North Central Bronx Hospital	35620	New York-Newark-Jersey City, NY-NJ-PA
330396	Woodhull Medical and Mental Health Center	35620	New York-Newark-Jersey City, NY-NJ-PA



continued

Low-Volume Hospitals Located in the Mandatory MSAs Eligible to Opt-in During Voluntary Election Period			
CCN	Hospital Name	MSA	MSA Title
330397	Interfaith Medical Center	35620	New York-Newark-Jersey City, NY-NJ-PA
330399	St. Barnabas Hospital	35620	New York-Newark-Jersey City, NY-NJ-PA
330405	Helen Hayes Hospital	35620	New York-Newark-Jersey City, NY-NJ-PA
360241	Edwin Shaw Rehab Institute	10420	Akron, OH
370011	Mercy Hospital El Reno Inc.	36420	Oklahoma City, OK
370158	Purcell Municipal Hospital	36420	Oklahoma City, OK
370199	Lakeside Women's Hospital A Member of INTEGRIS Health	36420	Oklahoma City, OK
370206	Oklahoma Spine Hospital	36420	Oklahoma City, OK
370215	Oklahoma Heart Hospital	36420	Oklahoma City, OK
370234	Oklahoma Heart Hospital South	36420	Oklahoma City, OK
390184	Highlands Hospital	38300	Pittsburgh, PA
390217	Excelsa Health Frick Hospital	38300	Pittsburgh, PA
420057	McLeod Medical Center-Darlington	22500	Florence, SC
420066	Lake City Community Hospital	22500	Florence, SC
440131	Baptist Memorial Hospital Tipton	32820	Memphis, TN-MS-AR
450143	Seton Smithville Regional Hospital	12420	Austin-Round Rock, TX
450605	Care Regional Medical Center	18580	Corpus Christi, TX
450690	University of Texas Health Science Center at Tyler	46340	Tyler, TX
450865	Seton Southwest Hospital	12420	Austin-Round Rock, TX
460043	Orem Community Hospital	39340	Provo-Orem, UT
670087	Baylor Scott & White Emergency Medical Center-Cedar Park	12420	Austin-Round Rock, TX

### CODIFICATION OF CJR MODEL-RELATED EVALUATION PARTICIPATION

This final rule adds provisions in § 510.410(b)(1)(i)(G) to specify that CMS may take remedial action if a participant hospital or its collaborators, collaboration agents and downstream collaboration agents fails to participate in model-related evaluation activities conducted by CMS and/or its contractors.

### CLARIFICATION OF CJR RECONCILIATION FOLLOWING HOSPITAL REORGANIZATION EVENTS

Reorganization events involving a CJR Model-participant hospital and a hospital that is not participating in the CJR Model and result in the new organization operating under the CJR participant hospital's CCN do not affect the reconciliation for the CJR participant hospital for episodes that initiate before the effective date of the reorganization event. Episodes that initiate after such reorganization event will be subject to an updated quality-adjusted episode target price that is based on historical episodes for the CJR participant-hospital, which will include historical episode expenditures

for all hospitals integrated under CCN. These policies have been in effect since the start of the CJR Model on April 1, 2016. However, to further clarify this policy for the CJR Model, CMS added a provision specifying that separate reconciliation calculations are performed for episodes that occur before and after a reorganization that results in a hospital with a new CCN at § 510.305(d)(1).

### **ADJUSTMENT TO THE PRICING CALCULATION FOR THE CJR TELEHEALTH HCPCS CODES TO INCLUDE THE FACILITY PRACTICE EXPENSE VALUES**

This final rule replaces the zero PE value currently used in the CJR Telehealth HCPCS Code pricing calculation with use of the facility PE relative value units for the analogous services in pricing the nine CJR HCPCS G codes. CMS also is finalizing revisions to § 510.605(c)(2) to reflect the addition of the RVUs for comparable codes for the facility PE to the work and MP RVUs CMS is currently using for the basis for payment of the CJR telehealth waiver G codes.

### **CLARIFICATION OF USE OF AMENDED COMPOSITE QUALITY SCORE METHODOLOGY DURING CJR MODEL PERFORMANCE YEAR ONE SUBSEQUENT RECONCILIATION**

CMS will conduct reconciliation calculations for CJR performance year one beginning in the first quarter of 2018, which may result in additional amounts paid to participant hospitals or a reduction to the amount that was paid for performance year one. However, the results of the performance year one subsequent reconciliation calculations will be combined with the performance year two initial reconciliation results before reconciliation payment or repayment amounts are processed for payment or collection.

Changes to the CJR Model established in the “Advancing Care Coordination Through Episode Payment Models, Cardiac Rehabilitation Incentive Payment Model and Changes to the Comprehensive Care for Joint Replacement Model” final rule, published in the January 3, 2017 *Federal Register*, impact this process. Specifically, the methodology used to determine the quality-adjusted target price for the performance year one subsequent reconciliation calculation will differ from the methodology used to determine the quality-adjusted target price for the performance year one initial reconciliation calculation, which may result in significant differences between the reconciliation payments calculated during the performance year one initial reconciliation and the performance year one subsequent reconciliation. To remedy this issue, CMS will apply the quality specifications as established in the final rule – that is, the amendments to §§ 510.305 and 510.315 that became effective May 20, 2017 -- to performance year one subsequent reconciliation calculations to ensure that reconciliation calculations for subsequent performance years will be calculated using the same methodology and to improve consistency across performance years for quality improvement measurement.



## INTERIM FINAL RULE REGARDING SIGNIFICANT HARDSHIP DUE TO EXTREME AND UNCONTROLLABLE CIRCUMSTANCES IN THE CJR MODEL

CMS is issuing an interim final rule with comment period in conjunction with this final rule to address the need for a policy to provide some flexibility in the determination of episode costs for CJR hospitals located in areas impacted by extreme and uncontrollable circumstances. Specifically, this policy will apply to CJR hospitals located in areas for which a waiver under section 1135 of the Social Security Act has been invoked by the Secretary of Health and Human Services (the Secretary) if those CJR hospitals are also located in a county, parish, U.S. territory or tribal government designated as a major disaster area under the Stafford Act. For performance years two through five, for participant hospitals that are located in an emergency area during an emergency period (as those terms are defined in section 1135(g) of the Social Security Act), for which the Secretary has issued a waiver under section 1135, and are located in a county, parish, U.S. territory or tribal government designated as major disaster areas under the Stafford Act, the following policies apply for all CJR Model episodes. For non-fracture episodes with a date of admission to the anchor hospitalization on or within 30 days before the date that the emergency period (as defined in section 1135(g)) begins, actual episode payments are capped at the target price determined for those episodes under § 510.300. For fracture episodes with a date of admission to the anchor hospitalization on or within 30 days before or after the date that the emergency period (as defined in section 1135(g)) begins, actual episode payments are capped at the target price determined under § 510.300.

*Analysis provided for MHA  
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