



August 16, 2017

CMS Cancels Mandatory Cardiac and SHFFT Bundled Payment Programs and Makes CJR Voluntary in 50% of MSAs

Need to Know: On August 15, the Centers for Medicare & Medicaid Services (CMS) issued a [proposed rule](#) that cancels the three new mandatory episode payment model (EPM) programs scheduled to begin January 1, 2018 and reduces the number of geographic regions for the ongoing Comprehensive Care for Joint Replacement (CJR) program, which is CMS's mandatory hip and knee replacement bundled payment program. In addition, CMS confirmed its intention to develop a voluntary bundled payment program in 2018.

Details - EPMs: On December 20, 2016, CMS finalized a five-year demonstration program to test three mandatory bundled payment models for Medicare beneficiaries treated for acute myocardial infarction (AMI), coronary artery bypass graft (CABG), and surgical hip/femur fracture treatment (SHFFT) episodes. The final regulations also established a new Cardiac Rehabilitation Incentive Payment model and made conforming changes to the CJR model to align with the new EPMs. The new programs would be run out of the Center for Medicare and Medicaid Innovation (CMMI). The proposed rule released by CMS on August 15 would cancel the AMI, CABG, and SHFFT EPMs and the Cardiac Rehabilitation Incentive Payment Model.

Details - CJR: In April 2016, CMMI began testing a bundled payment program covering hip and knee replacement surgeries (i.e., lower extremity joint replacements, or "LEJR"). Participation in the CJR model is currently mandatory for all hospitals located in 67 metropolitan statistical areas (MSAs), except for hospitals participating in the LEJR episodes under Models 1, 2, or 4 of the Bundled Payments for Care Improvement (BPCI) initiative.

CMS is proposing substantive changes to the mandatory CJR demonstration, including:

- Participation will remain mandatory in the highest-cost 34 MSAs.
- Participation in the remaining 33 MSAs and for all rural and low-volume hospitals would be voluntary. Hospitals would have the option to opt-in to CJR, beginning with performance year 3 (2018) and lasting through the duration of the five-year program. This one-time opt-in period would run from January 1-31, 2018.
- Hospitals located in the voluntary MSAs who do not opt-in to CJR would be withdrawn from the model effective February 1, 2018 and no performance year 3 episodes (or reconciliation) would occur.
- CMS is soliciting comments on ways to incentivize hospitals to maintain their participation in CJR.
- Physicians, non-physician practitioners, and therapists who are not CJR collaborators but who have a contractual arrangement with the participant hospital to help support

CJR's quality or cost goals would be added to a Clinician Engagement List. These clinicians would have the opportunity to qualify as a Qualifying APM Participant (QP) under the Quality Payment Program.

CMS anticipates that between 60-80 hospitals will voluntarily elect to participate in CJR, with total CJR participation between 450-470 hospitals for the final three performance years. Comments to the proposed rule are due October 16.

Details – BPCI Advanced: Since 2013, hospitals, post-acute care providers, and physician groups have participated in BPCI, CMS's voluntary bundled payment initiative. The current BPCI program is scheduled to end September 30, 2018. In the proposed rule, CMS confirmed its plan to build on the current BPCI program and develop a new voluntary bundled payment model, called BPCI Advanced, in 2018. CMS notes that providers interested in participating in bundled payments may do so on a voluntary basis through BPCI Advanced.



Avalere's Take

HHS Secretary Price has opposed the use of CMMI authority to impose mandatory demonstration programs on providers. CMS notes that EPMS can incent providers to redesign care processes and improve quality, but the proposed rule states that mandatory participation is not the best way to achieve such goals.

Despite the elimination and scaling-back of mandatory bundled payment programs through this proposed rule, CMS remains committed to testing voluntary bundled payment programs. The voluntary BPCI initiative is scheduled to end September 30, 2018 and CMMI anticipates building upon BPCI and developing new voluntary bundled payment models in 2018. These new bundles would be designed to meet the requirements of an advanced alternative payment model (Advanced APM) under the Quality Payment Program.