

## **CMS ANNOUNCES NEW BUNDLED PAYMENTS INITIATIVE, PARTICIPATING LTC PROVIDERS**

Today, the Centers for Medicare & Medicaid Services (CMS) announced that over 500 organizations will begin participating in the Bundled Payments for Care Improvement initiative. Through this new initiative, made possible by the Affordable Care Act (ACA), CMS will test how bundling payments for episodes of care can result in more coordinated care for beneficiaries and lower costs for Medicare.

“The objective of this initiative is to improve the quality of health care delivery for Medicare beneficiaries, while reducing program expenditures, by aligning the financial incentives of all providers,” said Acting Administrator Marilyn Tavenner.

The Bundled Payments for Care Improvement initiative includes four models of bundling payments, varying by the types of health care providers involved and the services included in the bundle. Depending on the model type, CMS will bundle payments for services beneficiaries receive during an episode of care, encouraging hospitals, physicians, post-acute facilities and other providers as applicable to work together to improve health outcomes and lower costs. Organizations of providers participating in the initiative will agree to provide CMS a discount from expected payments for the episode of care, and then the provider partners will work together to reduce readmissions, duplicative care and complications to lower costs through improvement.

Today’s announcement includes the selection of 32 awardees in Model 1, who will begin testing bundled payments for acute care hospital stays as early as April 2013. In the coming weeks, CMS will also announce a second opportunity for providers to participate in Model 1, with an anticipated start date of early 2014.

Today’s announcement also marks the start of Phase 1 of Models 2, 3 and 4. In Phase 1 (January-July 2013), over 100 participants partnering with over 400 provider organizations, will receive new data from CMS on care patterns and engage in shared learning in how to improve care. Phase 1 participants are generally expected to become participants in Phase 2, in which approved participants opt to take on financial risk for episodes of care starting in July 2013, pending contract finalization and completion of CMS’s standard program integrity reviews.

Models 2 and 3 will be of more interest for long-term care providers. In Model 2, payments are bundled for a medical event that begins at a hospital and subsequently included post-acute care. Model 3 bundles are for post-acute care only.

Should you have any questions, please contact:

Todd Selby at 317.977.1440 or [tsselby@hallrender.com](mailto:tsselby@hallrender.com);

Brian Jent at 317.977.1402 or [bjent@hallrender.com](mailto:bjent@hallrender.com); or

David Bufford at 502.568.9368 or [dbufford@hallrender.com](mailto:dbufford@hallrender.com),

or your regular Hall Render attorney.