

CMS Delays Implementation of Mandatory Rehabilitation Incentive and Bundled Payment Models

Mar 30 2017

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Practice Area: Health Law & Healthcare Billing and Collection

Last week the U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS) released an interim final rule that delays by three months the Cardiac Rehabilitation Incentive Model and three mandatory bundled payment models (heart attack, cardiac bypass, and hip/femur fracture surgery). The interim final rule also delays by three months regulatory changes to the existing mandatory Comprehensive Care for Joint Replacement Model. Under the interim final rule, the start dates of these payment models (outlined below) will be delayed from July 1, 2017 (under the final rule) to October 1, 2017.

CMS noted that it hopes the delay will allow providers to better understand the rules and provide CMS the opportunity to receive additional feedback and make modifications as warranted.

Continuing with previous plans, the individual models will be implemented only in specific geographical areas, with some overlap amongst models. For example, in Wisconsin all models discussed below (CR, CJR, and all three EPM models) are mandatory in Milwaukee, Waukesha, West Allis, and the Madison metropolitan areas. The La Crosse-Onalaska area is subject only to the Acute Myocardial Infarct and Coronary Artery Bypass Graft EPM models, and the Appleton area is only subject to the CR model.

Cardiac Rehabilitation (CR) Incentive Payment Model – The CR Incentive Payment Model applies to post-heart attack and cardiac bypass surgery treatment. Provider reimbursement rates increase for subsequent rehab visits.

Episodic Payment Models (EPMs) – The new mandatory EPMs are similar to voluntary bundled payment models. Under EPMs, hospitals will get usual fee-for-service payments for a 90-day episode of treatment following initial treatment. Payments made for that episode will be reconciled against an established episode of care target price. The provider will receive Medicare payment if the total reimbursements are less than the target price, and providers are required to pay Medicare if reimbursements exceed the target price. The EPMs run for five performance years with payment adjustments beginning in year three. The specific EPMs affected by the delay are the Acute Myocardial Infarction Model, Coronary Artery Bypass Graft Model and Surgical Hip and Femur Fracture Treatment Model.

Comprehensive Care for Joint Replacement (CJR) Model – The mandatory five-year CJR Model began in April 2016 and applies to hip and knee replacements. Like the EPM program described above, 90-day episodes of care are paid on a fee-for-service basis and total reimbursements are later reconciled against an episode target price. New regulations under this model set to take effect July 1, 2017 have been delayed until October 1, 2017.

CMS is also seeking comments to a further potential delayed start date of January 1, 2018. Future implementation of the mandatory bundled payment models may be uncertain.

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