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Eli's Rehab Report

Medicare: Heads Up: Bundled Payment Initiatives Expand to Cardiac Care

If your geographic location is selected for the demo, hospital participation is mandatory.

Quality care and increased hospital accountability are continuing to gain momentum. What began as a mandatory payment demonstration with the Comprehensive Care for Joint Replacement (CJR) payment model is now hitting the cardiac realm.

On July 25, 2016, the **Centers for Medicare & Medicaid Services** (CMS) released a proposed rule detailing bundled payment models for hip fracture care and coordinated cardiac care. In a news release, CMS names three significant policies outlined in its proposed rule:

- New bundled payment models for cardiac care and an extension of the existing bundled payment model for hip surgeries;
- A new model to increase cardiac rehabilitation utilization; and
- A way for physicians with high participation in bundled payment models to qualify for payment incentives under the proposed Quality Payment Program.

CMS is also looking to expand the CJR model (which is currently for total hip and total knee replacements) to other surgical treatments for hip and femur fractures in addition to hip replacements.

The demonstration plan is slated to affect hospitals in 98 randomly selected metropolitan areas, and, like CJR, it is mandatory for hospitals in these areas. The project is set to launch on July 1, 2017, and phase in over five years.

How the Bundled Payment Model Works

For patients admitted for care due to a heart attack, bypass surgery, or surgical hip/femur fracture treatment, the hospital is accountable for the cost and quality care for the patient during the inpatient stay and 90 days post-discharge.

Hospitals would be paid a fixed target price for each care episode, and hospitals that deliver higher-quality care will get paid more. How so? If the hospital provides care for a lower cost than the quality-adjusted price, it would still be eligible to receive the full payment, counting the extra cushion as a reward for quality care. On the flip side, if the hospital spends more money on the episode than the target and delivers lower-quality care, the hospital eats the extra costs beyond the target price and must pay a portion of that difference back to Medicare.

How target prices will be determined: Each year, CMS would set target prices for different episodes. These would be adjusted based on the complexity of treating the heart attack or providing the bypass surgery. "At the end of a model performance year, actual spending for the episode (total expenditures for related services under Medicare Parts A and B) would be compared to the target price that reflects episode quality for the responsible hospital," CMS stated in a press release.

CMS claims that when there's incentivized teamwork like this with acute and post-acute care, patients have shorter hospital stays, reduced readmission rates, and lower costs.

Bottom line: Great ortho and cardiac rehab means better reimbursement opportunity all around particularly if

hospitals and rehab facilities choose to form business partnerships.

"If PTs want to formally collaborate with hospitals to share in incentive payments, they must negotiate contractually," said **Roshunda Drummond-Dye, JD**, director of regulatory affairs for the **American Physical Therapy Association** (APTA), in the Association's PT in Motion newswire. "But the bottom line is, if they are included in one of the identified MSAs [metropolitan statistical areas] and they treat patients within 90 days from discharge from the hospitals after a heart attack, bypass, or hip surgery, the care they provide will count toward the bundle."

Cardiac Care Addition Will Increase Impact on PTs

By 2018, the Department of Health and Human Services (HHS) wants to have 50 percent of traditional Medicare payments being reimbursed by alternative payment models (APMs). Currently, that number is about 30 percent.

The CJR bundled payment model that started last year and now includes cardiac care, is a sign CMS wants episodic care models for some of the costliest clinical conditions, notes Drummond-Dye. It just so happens that these conditions also align with the some of the top conditions physical therapists treat.

PTs help improve functional limitations of patients who undergo heart valve replacements, angioplasty, coronary artery bypass grafting, and heart or lung transplants, as well as patients with congestive heart failure, Drummond-Dye tells Eli. PTs also work with other members of a cardiac rehabilitation program to examine, evaluate, diagnose, and provide a prognosis regarding movement dysfunction for patients recovering from cardiac procedures or conditions.

"For example, physical therapists can prescribe exercises at the proper level of intensity and develop a low-impact physical activity plan, which both meets the health needs of the Medicare patient, while helping to avoid excessive cardiac stress," Drummond-Dye says. "Factors such as age, comorbidities, and years of detrimental habits make the oversight and individualized attention from physical therapists a necessary part of cardiac rehabilitation programs."

In short: "PTs will play a critical role in these models across the care continuum in hospitals, outpatient clinics, home health, and skilled nursing facilities," Drummond-Dye says.

Although experts are continuing to assess the impact of these bundled payment models on rehab, many are happy to see that CJR and other bundled payment models qualify as an alternative payment model under MACRA.

"At first glance, this is good news for our providers, as this gives them more opportunities to participate in Alternative Payment Models and quality programs under MACRA," Drummond-Dye says.

Prepare Now in These Key Areas

EHRs: If you're not on board with electronic health records, there's no better time than now. "One thing that initially stands out [in the proposed rule] is the requirement for EHRs an area that PTs need more time to implement," Drummond-Dye says.

Patient data: "It is imperative that PTs know the composition of the patient population they treat and have clinical evidence on the outcomes of their care for this patient population," Drummond-Dye says. This information will be key if you choose to pursue contractual negotiations with a participating hospital, and will also continue to help you as more mandatory bundled payment models and APMs appear, she adds.

Business monitoring: "Also, it will be key to monitor and report unfair business practices that may arise," Drummond-Dye says, "because as these models are implemented, HHS will continue to ease fraud and abuse laws to aid in their implementation and success, which could pose problems for physical therapists and other providers who are not affiliated with the hospital system."

For more detailed information on the bundled payment initiative, visit https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-07-25.html.