



JW | Health e-Alert

An important health care law update from the law firm of Jackson Walker.

August 24, 2011

Resources

JW Health Care Practice Area

JW Health Care Attorneys

JW HealthBrief Newsletter

Contact JW

www.jw.com

Offices

Austin

100 Congress Avenue
Suite 1100
Austin, TX 78701

Dallas

901 Main Street
Suite 6000
Dallas, TX 75202

Fort Worth

777 Main Street
Suite 2100
Fort Worth, TX 76102

Houston

1401 McKinney Street
Suite 1900
Houston, TX 77010

San Angelo

301 W. Beauregard Avenue
Suite 200
San Angelo, TX 76903

San Antonio

112 E. Pecan Street
Suite 2400
San Antonio, TX 78205

CMS Announces Bundled Payment Initiative

By **Jed Morrison**

On August 23, 2011, the Centers for Medicare & Medicaid Services (CMS) announced a new initiative to help improve care for patients in the hospital and after discharge. Doctors, hospitals, and other health care providers can now apply to participate in a new program known as the Bundled Payments for Care Improvement initiative ("Bundled Payments Initiative"). Authorized by the Affordable Care Act of 2010, the Bundled Payments Initiative will align payments for services delivered across an episode of care, such as heart bypass or hip replacement, rather than paying for services separately. By aligning the payments, Medicare hopes to give doctors and hospitals new incentives to coordinate and improve the quality of care and save money for Medicare and the patients.

The Bundled Payments Initiative will bundle the payments for the package of services patients receive during a specific episode of care. By bundling payments across providers for multiple services, CMS expects providers will have a greater incentive to coordinate and ensure continuity of care across settings, resulting in better care for patients. Better coordinated care can reduce unnecessary duplication of services and reduce preventable medical errors.

The Bundled Payments Initiative is being launched by the new Center for Medicare and Medicaid Innovation (the "Innovation Center"), which was created by the Affordable Care Act to find new and better ways to provide and pay for health care to the growing population of Medicare and Medicaid beneficiaries.

Four Models

The program outlines four broad approaches to bundled payments. For example, in Model 1, the episode of care would be defined as the inpatient stay in the general acute care hospital. In Model 2, the episode of care would include the inpatient stay and post-acute care and would end, at the applicant's option, either a minimum of 30 or 90 days after discharge.

Providers will have flexibility to determine which model they wish to participate under, thereby allowing them to determine which episodes of care and which services will be bundled together. By giving providers the flexibility to determine which model of bundled payments works best for them, CMS believes providers of different sizes and readiness can participate in the initiative.

The Bundled Payments Initiative is a scaled down version of accountable care organizations, voluntary cooperatives of providers authorized by the Affordable Care Act which have yet to obtain very much traction.

The Bundled Payments Initiative is based on CMS research and demonstration projects that suggest the approach has tremendous potential. According to CMS, a Medicare heart bypass surgery

bundled payment demonstration saved the program \$42.3 million, or roughly 10 percent of expected costs, and saved patients \$7.9 million in coinsurance, while improving care and lowering hospital mortality.

How To Apply

Organizations interested in applying to the Bundled Payments for Care Improvement Initiative must submit a non-binding Letter of Intent no later than September 22, 2011, for Model 1 and November 4, 2011, for Models 2, 3, and 4.

For more information about the various models and the initiative itself, providers can visit the **Bundled Payments for Care Improvement Initiative web site**.

Interested parties also may obtain answers to specific questions by e-mailing CMS at: **BundledPayments@cms.hhs.gov**.

For further questions, contact **Jed Morrison** in the Jackson Walker health section at **jmorrison@jw.com** or 210.978.7780.

*If you wish to be added to this e-Alert listing, please **SIGN UP HERE**. If you wish to follow the JW Health Care group on Twitter, please **CLICK HERE**.*

Austin

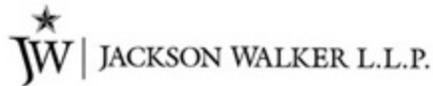
Dallas

Fort Worth

Houston

San Angelo

San Antonio



Health e-Alert is published by the law firm of Jackson Walker L.L.P. to inform readers of relevant information in health care law and related areas. It is not intended nor should it be used as a substitute for legal advice or opinion which can be rendered only when related to specific fact situations. For more information, please call 1.866.922.5559 or visit us at **www.jw.com**.

©2011 Jackson Walker L.L.P.

Click here to unsubscribe your e-mail address
901 Main Street, Suite 6000 | Dallas, Texas 75202