

Payment Matters®

Update on Medicare and Medicaid Payment Issues

[Subscribe](#)

[Payment Group](#)

[Payment Matters Archive](#)

January 11, 2012

www.ober.com

IN THIS ISSUE

[Independence at Home Demonstration: Testing In-Home Primary Care Services](#)

[FY 2012 Wage Index Appeals Due Soon](#)

[Bundled Payment Application Deadline Extended until April](#)

[Sunshine Proposed Rule Sheds Light on Reporting Requirements](#)

Editors: [Leslie Demaree Goldsmith](#) and [Carel T. Hedlund](#)

Independence at Home Demonstration: Testing In-Home Primary Care Services

By: [Sarah E. Swank](#)

On December 20, 2011, CMS announced that it is seeking applications for the [Independence at Home Demonstration](#) (IAH Demonstration). The IAH Demonstration will measure the cost effectiveness and quality of primary services by physicians and nurse practitioners provided in the homes of chronically ill Medicare beneficiaries. Among the goals of the Demonstration is to test whether in-home primary care services reduce hospitalizations, hospital readmissions and emergency room visits. CMS also hopes that the Demonstration will increase access to care, improve patient satisfaction and promote care that matches beneficiary preferences. Those eligible practices interested in participating must complete and submit an application or letter of intent (LOI), as discussed below, by Monday, **February 6, 2012**.

Eligible Beneficiaries

Under the IAH Demonstration, Medicare beneficiaries will receive care in their homes rather than in physician offices or facilities. The practices are responsible for reporting to CMS eligible patient caseloads, as well as identifying newly eligible or new beneficiaries in the practice by checking claims data and medical records. Applicable beneficiaries for this Demonstration must meet the following requirements:

- Be entitled to benefits under Part A and enrolled in benefits under Part B
- Not be enrolled in a Medicare Advantage plan under Part C
- Not be enrolled in a Program for All-Inclusive Care for the Elderly (PACE)
- Have 2 or more chronic illnesses
- Have had a hospital admission within the past 12 months
- Received acute or sub-acute rehabilitation services within the past 12 months
- Have 2 or more functional dependencies requiring the assistance of another person (e.g., bathing, dressing, toileting, walking or feeding)

Payment Matters® is not to be construed as legal or financial advice, and the review of this information does not create an attorney-client relationship.

Copyright© 2012, Ober, Kaler, Grimes & Shriver

Payment Matters®

Update on Medicare and Medicaid Payment Issues

[Subscribe](#)

[Payment Group](#)

[Payment Matters Archive](#)

Medicare beneficiaries may choose whether or not to participate in the Demonstration. The practice will provide CMS a list of the patients served under the IAH Demonstration, as well as those participants that voluntarily leave the Demonstration. The IAH Demonstration is limited to participation of 10,000 applicable beneficiaries.

Eligible Practices

Eligible practices must maintain an average of at least 200 eligible beneficiaries. Eligible practices must also meet the following requirements:

- Be a legal entity
- Be comprised of an individual physician or nurse practitioner, or group of physicians and nurse practitioners, and others who provide care as part of a team (e.g., pharmacist, social worker)
- Have experience providing home-based primary care to applicable beneficiaries
- Make in-home visits
- Be available 24 hours per day, 7 days a week
- Use electronic health information systems

The practice must also meet additional criteria as determined appropriate by the Secretary.

Definition of Home

The definition of "home" includes a house and an apartment, as well as an assisted living facility. A long-term residence, such as a nursing home, does not meet the definition of "home" under this Demonstration. A beneficiary may remain in the Demonstration and receive services at a skilled nursing facility (SNF) unless the beneficiary is not expected to return home after the end of the SNF stay.

Payment Matters® is not to be construed as legal or financial advice, and the review of this information does not create an attorney-client relationship.

Copyright© 2012, Ober, Kaler, Grimes & Shriver

Payment Matters®

Update on Medicare and Medicaid Payment Issues

[Subscribe](#)

[Payment Group](#)

[Payment Matters Archive](#)

Participation Options

Eligible practices have three options to participate in the IAH Demonstration:

- *One Legal Entity:* A practice may meet the eligibility criteria with one legal entity.
- *Consortium:* Practices may meet eligibility criteria through a consortium formed by multiple primary care practices in a geographic area. Consortia have an additional 90 days to apply for the Demonstration, but must submit a LOI to CMS by February 6, 2012.
- *National Pool:* Practices with caseloads of 200 to 500 beneficiaries may select to participate in a national pool of providers. Those practices in the national pool will waive the right to have savings evaluated as a single practice. The threshold incentive payments for practices in the national pool are lower.

Once a practice elects one of these three options, then the practice must remain with that option for the length of the Demonstration. This election remains regardless if the number of eligible beneficiaries changes over the course of the Demonstration.

Program Period

As mandated by the Affordable Care Act, the Demonstration will continue for no more than three years. All practices in the IAH Demonstration will start at the same time with the exception of consortiums that select to take advantage of the additional time provided to form a legal entity. Practices that select the consortium option have an additional 90 days, until May 4, 2012, to form a legal entity and submit an application.

Quality

CMS has identified a set of quality measures, some of which will be used to determine incentive payments and others which will be used only to monitor performance. Each practice will self-report data required for the quality measures rather than rely on claims data for quality reporting. CMS, however, will use claims data to determine savings, if any. Practices must meet at least three of the six

Payment Matters® is not to be construed as legal or financial advice, and the review of this information does not create an attorney-client relationship.

Copyright© 2012, Ober, Kaler, Grimes & Shriver

Payment Matters®

Update on Medicare and Medicaid Payment Issues

[Subscribe](#)

[Payment Group](#)

[Payment Matters Archive](#)

quality measures that are tied to payment to qualify for incentive payments. For example, quality measures such as practice follow-up calls and medication reconciliation in the home are tied to payment of the shared savings, while caregiver stress and voluntary disenrollment rate are not tied to any payments. CMS will remove practices from the Demonstration if they fail to meet the quality measures or fall below 200 eligible beneficiaries for 1 year.

Payment

Under this Demonstration, practices will continue to submit Medicare claims. Participation in the Demonstration will not change billing or payment under Medicare. Incentive payments will be paid, if the practice achieves saving and meets at least three of the six quality measures that are tied to payment. CMS calculates a spending target for each practice and then calculates the savings based on the difference between each practice's spending target and the actual fee for service costs. The practice must meet a minimum savings rate (MSR) to be eligible for the Demonstration. Practices will receive savings as follows:

- If the practice exceeds the MSR by at least 5% of statistical significance - the practice will receive between 50% to 80% of the remaining savings (beyond the first 5% retained by CMS) depending on quality scores.
- If the practice exceeds the MSR by the 10% of statistical significance - the practice will receive between 25% to 50% of the remaining savings (beyond the first 5% retained by CMS) depending on quality scores.

Sharing of savings varies depending on the three participation options. CMS will make the first incentive payment in the middle of the second year of the Demonstration.

Ober|Kaler's Comments

Legal entities may participate in only one shared savings program. Those entities already participating in shared savings programs such as the ACO or Pioneer ACO programs are not eligible for this Demonstration. Applicants will provide tax identification numbers (TINs) in their applications to CMS, which CMS uses to track

Payment Matters® is not to be construed as legal or financial advice, and the review of this information does not create an attorney-client relationship.

Copyright© 2012, Ober, Kaler, Grimes & Shriver

Payment Matters®

Update on Medicare and Medicaid Payment Issues

[Subscribe](#)

[Payment Group](#)

[Payment Matters Archive](#)

participation in each shared savings program. In addition, applicants must be careful to submit their application consistent with the application requirements, including using an excel spreadsheet. For example, the applicant must submit to CMS at least one electronic copy on CD-ROM of the application as well as a paper version of the application with an original signature. CMS will not accept faxed or electronic submissions.

Payment Matters® is not to be construed as legal or financial advice, and the review of this information does not create an attorney-client relationship.

Copyright© 2012, Ober, Kaler, Grimes & Shriver