



## Bundled Payment Best Practices Web Conference Series

# How to Make CJR a Success — Negotiating Gainsharing Agreements

Friday, April 29, 2016



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## Presenters



**Fred Bentley**  
Vice President  
[fred.bentley@avalere.com](mailto:fred.bentley@avalere.com)



**Christopher Donovan**  
Partner  
[cdonovan@foley.com](mailto:cdonovan@foley.com)



**Frederick Geilfuss II**  
Partner  
[fgeilfuss@foley.com](mailto:fgeilfuss@foley.com)

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## Topics Covered

- 1. Brief Overview of CJR Program**
- 2. Leveraging the Data**
- 3. Round Table Discussion of Issues**
- 4. Q & A**

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## Brief Overview

- **Mandatory Program for 67 MSAs, Nearly 800 Hospitals**
- **DRGs 469 and 470**
- **Inpatient Stay Plus 90 days Post-Discharge**
- **All Part A and Part B Services with Limited Exceptions**
- **5-Year Program**
- **1<sup>st</sup> Year Upside Only; Thereafter Upside and Downside**

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## Overview (cont)

- No Bundled Payment Paid as Such
- All Bill Fee-For-Service
- Measure All Medicare Payments During Episode Against Episode Target Price
- Episode Target Price
  - Years 1 & 2: 2/3 Hospital Specific; 1/3 Regional
  - Year 3: 1/3 Hospital Specific; 2/3 Regional
  - Years 4 & 5: 100% Regional
- Quality Impact; Discount Rate (3%); Caps; and Percentage Sharing
- Program Waivers
  - 3-day in-patient stay before SNF admission (if SNF has 3-star rating)
  - Incident to direct supervision for physician home visits
  - Telehealth (waives geographic site requirement)
  - Preferred providers in discharge planning


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## Overview (cont)

- Hospital at Core
- Hospital May Share Upside and Downside, but Requires a Contract with Collaborators (Providers)
- Contract Requirements are Specific
- Hospital Must Keep 50% of Downside; No One Collaborator Can be Responsible for More than 25%
- Physician Upside Limited to 50% of the Total Medicare Approved Amounts Under the Physician Fee Schedule
- Fraud and Abuse Waivers


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## Importance of Regional Costs

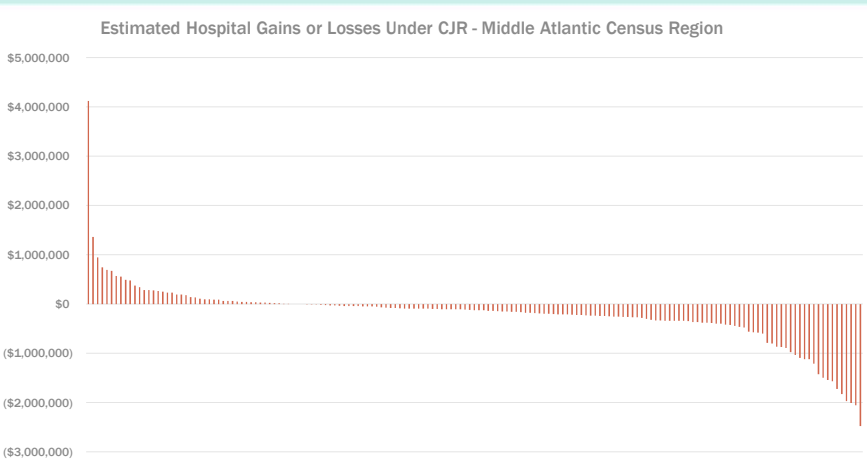
- **Region is not the MSMA**
- **Target Episode Prices for Nine Census Regions**
- **If Price Over the Regional Target, May Well Owe Money Back**

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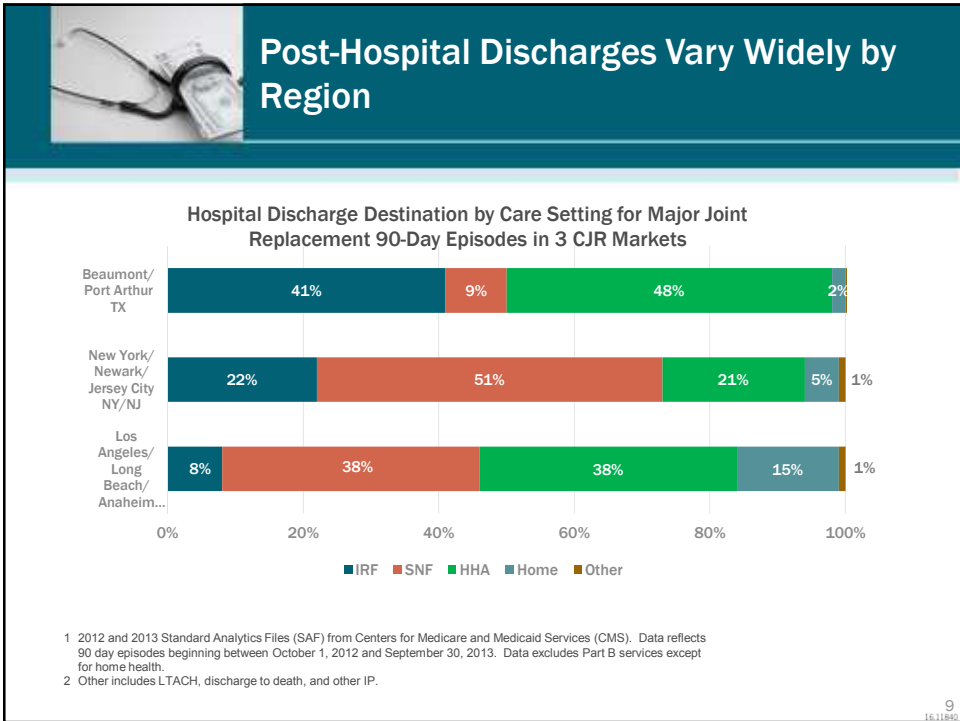
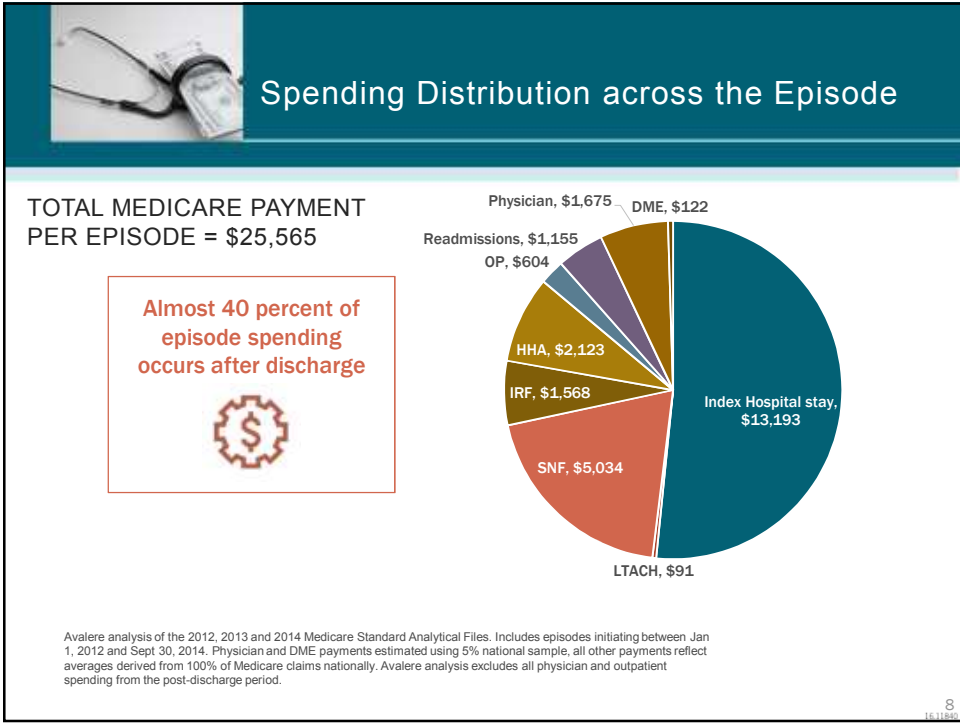
## Step #1 – Understanding Your Financial Position Relative to the Market

Estimated Hospital Gains or Losses Under CJR - Middle Atlantic Census Region



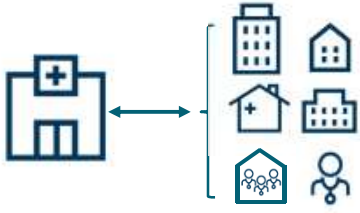
Avalere analysis of the 2012 and 2013 Medicare Standard Analytical Files. Includes episodes initiating between Jan 1, 2012 and Sept 30, 2013. Data excludes Part B services except for home health.

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## CJR Creates Gainsharing Opportunities for Providers

**COLLABORATION AGREEMENT**



LTCHs, SNFs, HHAs, IRFs, physician group practices, and individual practitioners\* may enter into collaboration agreements with CJR hospitals, which may include one- or two-sided risk arrangements

**DISTRIBUTION ARRANGEMENT**



This arrangement applies to physician group practices that choose to distribute gainsharing payments to its member practitioners; Member practitioners cannot independently enter into a collaboration agreement with a CJR hospital

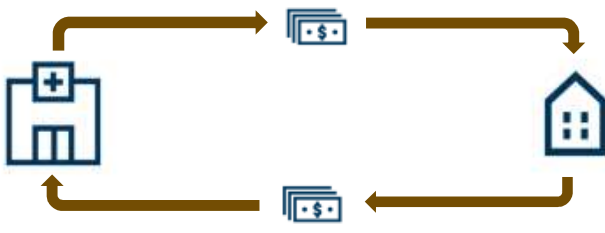
1 \*Individual practitioners are considered physicians, non-physician practitioners, and providers or suppliers of therapy services.  
 2 A physician group practice is not obligated to distribute gainsharing payments to its members.  
 3 Medicare Program; Comprehensive Care for Joint Replacement Payment Model for Acute Care Hospitals Furnishing Lower Extremity Joint Replacement Services

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## CJR Collaborators Can Share in Upside and Downside Risk

GAINSHARING PAYMENTS ARE COMPRISED OF: 1) RECONCILIATION PAYMENTS, 2) INTERNAL COST SAVINGS, OR 3) BOTH

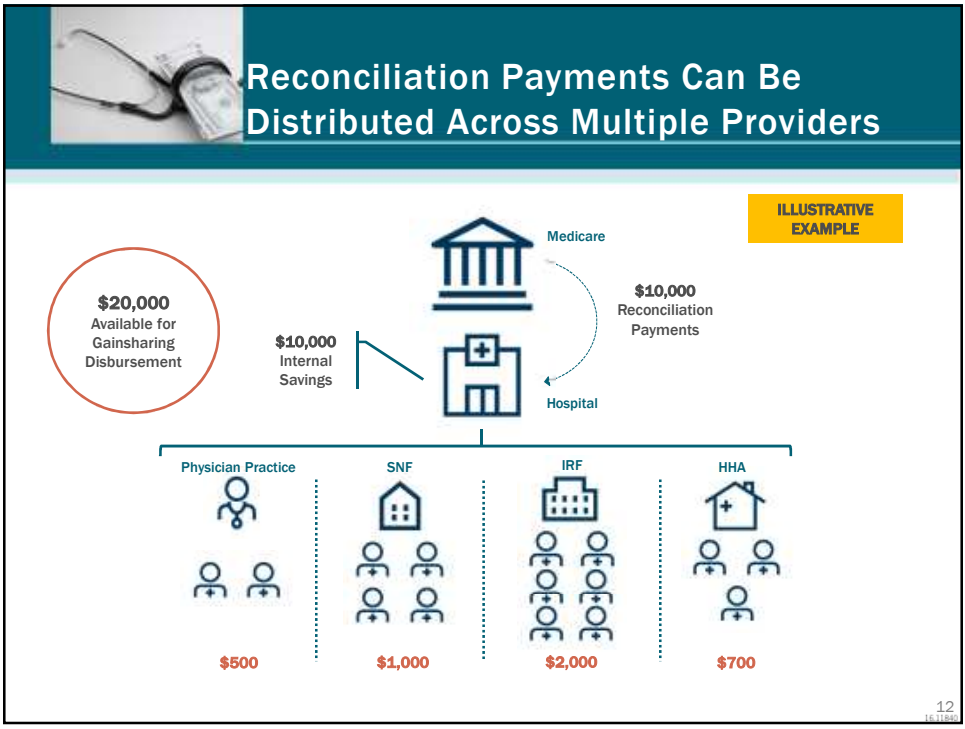
**Gainsharing Payments:**  
Payments from CJR participant hospitals to collaborators



**Alignment Payments:** Payments from collaborators to participant hospitals

Source: Medicare Program; Comprehensive Care for Joint Replacement Payment Model for Acute Care Hospitals Furnishing Lower Extremity Joint Replacement Services

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**Roundtable Discussion/Q&A**

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