



## Executive Summary – Episodic Payment Model (EPM) Cancellation Proposed Rule

### Eight Takeaways Providers Need to Understand from the Episodic Payment Model (EPM) Cancellation Proposed Rule:

The proposed rule was published on August 17, 2017. A full summary of the rule will be available shortly on the HFMA [Regulatory Resources page](#).

- 1) *EPM Episodes Canceled*: The proposed rule cancels the episodes below which were finalized for a January 1, 2018, start date for selected hospitals.
  - a. Surgical Hip Femur Fracture Treatment (SHFFT): MS-DRGs 480 – 482
  - b. Acute Myocardial Infarction (AMI):
    - i. AMI, Discharged Alive: 280 – 282
    - ii. Percutaneous Cardiovascular Procedure (PCI): MS-DRGs 246 – 251, with an AMI ICD-CM diagnosis code in the principal or secondary diagnosis code position
  - c. Coronary Artery Bypass Graft (CABG): MS-DRGs 231 - 236

CMS anticipates that hospitals interested in participating in similar bundled payment models will have the opportunity to do so through a voluntary initiative that builds on the Bundled Payment for Care Improvement program.

- 2) *Cardiac Rehabilitation Incentive Payment Model*: The cardiac rehabilitation (CR) payment model, which was to begin on January 1, 2018, will also be canceled if the proposed rule is finalized. CMS states it may revisit this model in the future.
- 3) *CJR Model Participation Requirements*: In the rule, CMS proposes that participants in the Comprehensive Care for Joint Replacement (CJR) model in approximately half of selected Metropolitan Statistical Areas (MSAs) (33 of 67) could continue on a voluntary basis. CMS proposes to continue requiring participation (with the exception of low volume and rural exclusions discussed below) of hospitals in 34 MSAs it has identified as high cost. Please see Appendix I and Appendix II, which provide included and excluded MSAs.

Any new CMS certification number that comes into existence after the proposed voluntary election period would not be required and/or eligible to participate in the CJR model. Further, any change in a hospital's rural status after the end of the voluntary election period would not change the hospital's CJR model participation requirements.

- 4) *Low-Volume/Rural Hospitals*: CMS proposes to automatically withdraw low-volume and rural hospitals from the proposed 34 mandatory participation MSAs. This would be effective on February 1, 2018. All of their performance year three episodes to date will be canceled. Please see Table 3 in the proposed rule for the list of excluded low volume hospitals in the mandatory MSAs.
- 5) *CJR Voluntary Participation*: CMS proposes that hospitals in the 33-voluntary participation MSAs and low-volume or rural hospitals (criteria discussed below) can elect to continue participating for years



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3 – 5. This is a one-time election and hospitals that choose to participate will be subject to all model requirements. The rule proposes that the voluntary participation election period would run from January 1, 2018, to January 31, 2018. “Voluntary” hospitals that do not affirmatively elect to continue participating by January 31, 2018, will have all of their performance year three (including those beginning in the prior year) canceled, effective February 1, 2018.

CMS will provide additional detail on the form and manner of the letter to be submitted to continue participating.

- 6) CJR Telehealth PE RVUs: CMS is proposing to use the facility practice expense relative value unit (PE RVUs) for the analogous services in pricing the 9 HCPCS G codes shown in Table 5 in the proposed rule. CMS recognizes there are some costs that are not being accounted for by the current pricing for these CJR model codes. It believes an alternative to assigning zero PE RVUs (as is currently done) would be to use the facility PE RVUs for the analogous in-person services. CMS acknowledges assigning the facility PE RVUs would not provide a perfect reflection of practice resource costs for remote telehealth services under the CJR model, in the absence of more specific information, it is likely a better proxy for such PE costs than zero.
- 7) Proposed Clinician Engagement Lists: CMS is proposing that each physician, nonphysician practitioner, or therapist who is not a CJR collaborator during the period of the CJR model performance year specified by CMS, but who does have a contractual relationship with the participant hospital based, at least in part, on supporting the participant hospital’s quality or cost goals under the CJR model during the period of the performance year specified by CMS, would be added to a clinician engagement list.

In addition to the clinician financial arrangement list that is considered an Affiliated Practitioner List for purposes of the Quality Payment Program, CMS proposes the clinician engagement list would also be considered an Affiliated Practitioner List. The clinician engagement list and the clinician financial arrangement list would be considered together an Affiliated Practitioner List and would be used by CMS to identify eligible clinicians for whom it would make a Qualifying Alternative Payment Model (APM) Participant determination based on services furnished through the Advanced APM track of the CJR model.

This would broaden the scope of eligible clinicians that are considered Affiliated Practitioners under the CJR model, to include those without a financial arrangement under the CJR model, but who are either directly employed by or contractually engaged with a participant hospital to perform clinical work for the participant hospital when that clinical work, at least in part, supports the cost and quality goals of the CJR model.

- 8) Year 1 CJR Reconciliation – Use of Amended Quality Composite: Changes (more generous criteria for earning quality improvement points) in the CJR model quality measures and composite quality score were delayed until after the initial year 1 CJR reconciliation. CMS anticipates that the difference in the second reconciliation will be greater than those that would be expected as a result of using more complete claims and programmatic data that will be available for the subsequent



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reconciliation (due to the additional 12 months of time that will occur between the initial and subsequent reconciliation calculations), more accurate identification of model overlap and exclusion of episodes, as well as factoring in adjustments to account for shared savings payments, and post-episode spending.

### Appendix I: Mandatory Participation MSAs

| MSA   | MSA Name                         | State    | Wage-adjusted Episode Payments (in \$) |
|-------|----------------------------------|----------|----------------------------------------|
| 28660 | Killeen-Temple,                  | TX       | 27,355                                 |
| 24780 | Greenville,                      | NC       | 27,446                                 |
| 11700 | Asheville,                       | NC       | 27,617                                 |
| 22500 | Florence,                        | SC       | 27,901                                 |
| 17140 | Cincinnati,                      | OH-KY-IN | 28,074                                 |
| 10420 | Akron,                           | OH       | 28,081                                 |
| 25420 | Harrisburg-Carlisle,             | PA       | 28,360                                 |
| 45780 | Toledo,                          | OH       | 28,658                                 |
| 39740 | Reading,                         | PA       | 28,679                                 |
| 39340 | Provo-Orem,                      | UT       | 28,852                                 |
| 32820 | Memphis,                         | TN-MS-AR | 28,916                                 |
| 36740 | Orlando-Kissimmee-Sanford,       | FL       | 29,259                                 |
| 23540 | Gainesville,                     | FL       | 29,370                                 |
| 31180 | Lubbock,                         | TX       | 29,524                                 |
| 33740 | Monroe,                          | LA       | 30,431                                 |
| 20020 | Dothan,                          | AL       | 30,710                                 |
| 33860 | Montgomery,                      | AL       | 30,817                                 |
| 38300 | Pittsburgh,                      | PA       | 30,886                                 |
| 46340 | Tyler,                           | TX       | 30,955                                 |
| 46220 | Tuscaloosa,                      | AL       | 31,789                                 |
| 26300 | Hot Springs,                     | AR       | 29,621                                 |
| 31080 | Los Angeles-Long Beach-Anaheim,  | CA       | 28,219                                 |
| 35620 | New York-Newark-Jersey City,     | NY-NJ-PA | 31,076                                 |
| 35300 | New Haven-Milford,               | CT       | 27,529                                 |
| 37860 | Pensacola-Ferry Pass-Brent,      | FL       | 29,485                                 |
| 42680 | Sebastian-Vero Beach,            | FL       | 28,015                                 |
| 45300 | Tampa-St. Petersburg-Clearwater, | FL       | 32,424                                 |



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|       |                                        |    |        |
|-------|----------------------------------------|----|--------|
| 35380 | New Orleans-Metairie,                  | LA | 29,562 |
| 38940 | Port St. Lucie,                        | FL | 30,423 |
| 36420 | Oklahoma City,                         | OK | 27,267 |
| 33100 | Miami-Fort Lauderdale-West Palm Beach, | FL | 33,072 |
| 12420 | Austin-Round Rock,                     | TX | 28,960 |
| 13140 | Beaumont-Port Arthur,                  | TX | 32,544 |
| 18580 | Corpus Christi,                        | TX | 30,700 |

## Appendix II: Voluntary MSAs

| MSA   | MSA Name                                    | State | Wage-adjusted Episode Payments (in \$) |
|-------|---------------------------------------------|-------|----------------------------------------|
| 13900 | Bismarck,                                   | ND    | 22,479                                 |
| 38900 | Portland-Vancouver-Hillsboro,               | OR-WA | 22,604                                 |
| 23580 | Gainesville,                                | GA    | 23,009                                 |
| 42660 | Seattle-Tacoma-Bellevue,                    | WA    | 23,669                                 |
| 14500 | Boulder,                                    | CO    | 24,115                                 |
| 45820 | Topeka,                                     | KS    | 24,273                                 |
| 31540 | Madison,                                    | WI    | 24,442                                 |
| 22420 | Flint,                                      | MI    | 24,807                                 |
| 33700 | Modesto,                                    | CA    | 24,819                                 |
| 19500 | Decatur,                                    | IL    | 24,846                                 |
| 36260 | Ogden-Clearfield,                           | UT    | 25,472                                 |
| 40980 | Saginaw,                                    | MI    | 25,488                                 |
| 44420 | Staunton-Waynesboro,                        | VA    | 25,539                                 |
| 17860 | Columbia,                                   | MO    | 25,558                                 |
| 26900 | Indianapolis-Carmel-Anderson,               | IN    | 25,841                                 |
| 10740 | Albuquerque,                                | NM    | 25,892                                 |
| 48620 | Wichita,                                    | KS    | 25,945                                 |
| 19740 | Denver-Aurora-Lakewood,                     | CO    | 26,119                                 |
| 16740 | Charlotte-Concord-Gastonia,                 | NC-SC | 26,736                                 |
| 34980 | Nashville-Davidson--Murfreesboro--Franklin, | TN    | 26,880                                 |
| 30700 | Lincoln,                                    | NE    | 27,173                                 |
| 41860 | San Francisco-Oakland-Hayward,              | CA    | 23,716                                 |



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|       |                                    |       |        |
|-------|------------------------------------|-------|--------|
| 35980 | Norwich-New London,                | CT    | 25,780 |
| 34940 | Naples-Immokalee-Marco Island,     | FL    | 27,120 |
| 12020 | Athens-Clarke County,              | GA    | 25,394 |
| 43780 | South Bend-Mishawaka,              | IN-MI | 23,143 |
| 16020 | Cape Girardeau,                    | MO-IL | 24,564 |
| 41180 | St. Louis,                         | MO-IL | 26,425 |
| 28140 | Kansas City,                       | MO-KS | 27,261 |
| 20500 | Durham-Chapel Hill,                | NC    | 25,151 |
| 16180 | Carson City,                       | NV    | 26,128 |
| 15380 | Buffalo-Cheektowaga-Niagara Falls, | NY    | 26,037 |
| 33340 | Milwaukee-Waukesha-West Allis,     | WI    | 25,698 |