

Resolution 16-405
Bundled Payments
South Florida Caucus

Resolution 16-405, Bundled Payments, directed the Board of Governors study and evaluate Medicare's new bundled payment model and report back to House of Delegates in 2017. Below is the report as presented by the Council on Medical Economics and Practice Innovation. House Action: Adopted as amended.

Background on Care for Joint Replacement Model (CJR):

As a result of MACRA, Medicare payment policy is rapidly evolving. As part of this process, the Centers for Medicare and Medicaid Services (CMS) has been working to develop and implement alternative payment models (APMs), which are shifting reimbursement away from fee for service.

As part of this effort, CMS has developed a new bundled payment demonstration known as the Comprehensive Care for Joint Replacement Model (CJR). CJR, which includes bundled payments for hip and knee replacements, was mandatorily implemented in hospitals across 67 U.S. regions in April, 2016. These regions include the metropolitan statistical areas that encompass Port St. Lucie and Gainesville. Under this model, hospitals that fail to contain the cost of bundled procedures will see their Medicare payments reduced. In addition, hospitals that keep costs under a specified benchmark and meet certain quality criteria may receive additional payment from Medicare. Since the spending benchmark for the bundled services include both Part A and Part B spending, this will theoretically apply to pressure to hospitals to partner with physicians and other providers to increase quality and reign in excess expenditures.

Expansion of CJR and Cardiac Bundles for Coronary Artery Bypass Grafts (CABG) and Acute Myocardial Infarction (AMI):

Mere months after the implementation of CJR, CMS announced plans to expand the demonstration to include surgical hip and femur fractures. In addition, CMS announced plans to implement mandatory bundled payments for acute myocardial infarction and coronary artery bypass grafts in hospitals across 98 regions. The implementation of these additional bundled payments is currently scheduled for October 1st, 2017.

CMS has further announced that physicians whom choose to partner with hospitals under any of these demonstrations could potentially receive credit for participating in an advanced alternative payment model (A-APM) under MACRA, beginning in 2018.

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The Florida Medical Association recognizes the importance of appropriately designing and implementing new payment models, and was asked by the 2016 House of Delegates to study this issue and report back with its findings. The FMA Board of Governors assigned this task to its Council on Medical Economics and Practice Innovation, which is comprised of experts that have experience with a wide range of alternative payment models.

Impact on physicians:

Given the recent development of the program and the rate at which regulatory guidelines are evolving, it is difficult to assess the impact of these new bundled payment models at this time. On one hand, CJR and the newly announced cardiac bundles may provide some physicians with an additional way to participate in an A-APM under MACRA, thereby rendering those physicians exempt from MIPS and eligible for a significant Medicare payment bonus. However, it is concerning that hospital participation under these new bundled payment models has been made mandatory. Although the financial impact of these new bundled payment models is targeted at hospitals, physicians may still bare some financial accountability if they choose to enter into risk-sharing agreements with participating facilities. Moreover, it is the position of the FMA that all new payment models should be carefully monitored to ensure they do not result in harm to caregivers or patients.

It is therefore the recommendation of the Council that the FMA continue to monitor the development and implementation of these new bundled payment demonstrations and to engage in advocacy with CMS as necessary. The current HHS Secretary has expressed a willingness to listen to physicians, and may be receptive to modifying the parameters of these bundled payment models if such action is needed. The Council further suggests that the Florida Medical Association, as part of its ongoing educational and advocacy efforts, encourage physicians that have experience with any new Medicare bundled payment demonstrations to share their perspective – whether positive or negative – with the FMA. The FMA and its Council plans to further update physicians on any significant developments that occur.