



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

Top 10 Issues Providers Need to Understand from the Episodic Payment Model (EPM) for Cardiac and Surgical Hip/Femur Fracture Treatment Final Rule:

The Episodic Payment Model (EPM) final rule was published on January 3, 2017. A full summary of the rule will be available shortly on the HFMA [regulatory resources website](#).

- 1) **Episode of Care**: CMS finalizes three new episodes of care models for cardiac Acute Myocardial Infarction (AMI) and Coronary Artery Bypass Graph (CABG) and hip/femur fracture. An episode begins with a Medicare Part A beneficiary's admission that results in the assignment of Medicare Severity-Diagnosis Related Group (MS-DRGs) listed below.
 - a. Surgical Hip Femur Fracture Treatment (SHFFT): MS-DRGs 480 – 482
 - b. 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. CABG: MS-DRGs 231 - 236

The patient must be admitted to an inpatient prospective payment system (IPPS) hospital located in one of the selected metropolitan service areas (MSAs). Episodes include all Part A and Part B expenditures that occur within 90 days of discharge. A limited number of services CMS considers unrelated are excluded. Also, beneficiaries who are being treated in Bundled Payments for Care Improvement (BPCI) episodes are also excluded.

- 2) **Model Duration**: The new models begin on July 1, 2017, through December 31, 2021.
- 3) **Selected MSAs**: In the final rule, CMS selected 90 MSAs for the AMI and CABG episodes (see appendix). CMS finalizes the 67 Comprehensive Care for Joint Replacement (CJR) MSAs for the SHFFT episode.
- 4) **Payment Method**: All providers involved in an episode of care will continue to be paid under the relevant fee-for-service payment schedule. Expenditures for an episode will be reconciled to a target price.
- 5) **Target Price**: CMS will use three years of historical blended hospital specific and regional payment data grouped into episodes of care. The blended target price increasingly will be based on regional data.

Target Price Data Blend: Regional vs. Hospital Specific

Performance Year(s)	% Regional	% Hospital Specific
1 (2017) – 2 (2018)	33	66
3 (2019)	66	33
4 (2020) – 5 (2021)	100	0

Low-episode volume hospitals (fewer than 50 SHFFT, 75 AMI (MS-DRG 280 – 282), PCI (MS-DRG 246 – 251), 50 CABG episodes) will have their target price based on regional data for all five years.



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

The historical data will be updated to reflect current pricing in the various Medicare fee-for-service payment systems involved. Certain special payment provisions designed to improve value will be excluded from both the target price and actual spending calculation. In subsequent years, CMS incorporates related gainsharing payments to/from providers into the target price calculation. Once CMS calculates a target price it will be reduced by up-to two percent in years three and four and three percent in year five based on how a facility scores on a quality composite. For organizations that voluntarily take risk in year two, the maximum discount factor is two percent. The range of discount factors will vary based on quality scores as illustrated in the table below.

Beyond the MS-DRG weighting, CMS does not include any additional risk adjustment mechanism for the episodes. However, the final rule states that CMS will propose a risk adjustment methodology for the cardiac episodes before mandatory risk taking occurs in PY 3 (starting January 1, 2019).

- 6) ***Degree of Risk Transferred:*** The first two performance years (July 1, 2017 – December 31, 2018) of the model are upside only. Beginning with the third performance year (January 1, 2019), hospitals must repay CMS if their actual expenditure is above the target price. CMS is allowing participants to voluntarily elect downside risk beginning in PY 2 (for episodes ending on or after January 1, 2018 with anchor discharges that occur on or after October 4, 2017).

The model incorporates a progressive stop-loss and stop-gain mechanism.

	PY1	PY2	PY3	PY4	PY5
Downside Risk for All Participants– DR effective for episodes ending on or after 1/1/2019 (anchor discharges occurring on or after 10/4/2018)					
Stop-loss threshold	n/a as no downside risk in PY1 and PY2 without election of voluntary downside risk for PY2		5%	10%	20%
Stop loss threshold for certain hospitals (MDH/RRC/SCH)			3%	5%	5%
Discount percentage (range) for Repayment, Depending on Quality Category			0.5%-2.0%	0.5%-2.0%	1.5%-3.0%



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

Voluntary Downside Risk – DR effective for episodes ending on or after 1/1/2018 (anchor discharges occurring on or after 10/4/2017)					
Stop-loss threshold	n/a as no downside risk in PY1	5%	5%	10%	20%
Stop loss threshold for certain hospitals (MDH/RRC/SCH)		3%	3%	5%	5%
Discount percentage (range) for Repayment, Depending on Quality Category		0.5%-2.0%	0.5%-2.0%	0.5%-2.0%	1.5%-3.0%

To protect hospitals against catastrophic cases, the final rule defines “high payment episodes” as an episode with payments two standard deviations or more above the mean calculated at the regional level. For high payment episodes, CMS will apply ceilings separately for each of these MS-DRGs at the regional level, consistent with its approach for other groupings.

- 7) **Quality Measures**: Each of the new episodic payment models (EPMs) has unique quality measures. For each EPM, CMS includes an EPM *composite quality score* linking quality to payment. This score includes a composite *performance* score plus an *improvement* score; the performance component is more heavily-weighted. CMS, during reconciliation, will reference individual EPM participant’s most recent results to the national performance percentile distributions of measure results for subsection (d) IPPS hospitals meeting preset patient case or survey count minimums. Low volume EPM participants, new hospitals, and participants whose measure values are suppressed by CMS due to errors in the data are assigned to the 50th performance percentile.

CMS will add into the EPM-specific composite quality score up to 10 percent of the measure’s maximum value for participants demonstrating substantial improvement year-over-year; voluntary measures are excluded. EPM composite quality scores would be capped at 20 points. For the AMI and CABG models, improvement is defined as any year-over-year improvement in a participant’s own measure point estimates if the participant falls into the top 10 percent of participants based on the national distribution of measure *improvement*. For the SHFFT model, CMS defines *improvement* as a year-over-year gain of two deciles or more referenced to the relevant national distributions. CMS will also award up to 10 percent of the maximum measure performance scores on both final measures, capping the SHFFT composite quality score at 20 points.

CMS encourages voluntary measure data submission with eligibility for additional composite quality score points, thereby fostering the continued development of these measures. CMS notes that data submitted by SHFFT participants also would be credited under the CJR model, eliminating duplicate submissions. Below are the model specific quality measures:

CMS includes three required measures, plus one voluntarily reported measure for the AMI model:



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

- Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate (RSMR) Following AMI (National Quality Forum (NQF) #0230) (MORT-30-AMI)
- Excess Days in Acute Care after Hospitalization for AMI (NQF submitted) (AMI Excess Days)
- Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) Survey (NQF #0166), and
- Voluntary Hybrid Hospital 30-Day, All-Cause, Risk-Standardized Mortality Rate Following Acute AMI Hospitalization (NQF #2473) (Hybrid AMI Mortality data submission).

CMS includes two required measures for the CABG model and one voluntary:

- Hospital 30-Day, All-Cause, RSMR Following CABG Surgery (NQF #2558) (MORT-30-CABG), and
- HCAHPS Survey (NQF #0166)
- Society of Thoracic Surgeons (STS) composite measure (includes 11 distinct measures - voluntary)

CMS includes two required and one voluntarily reported measures for the SHFFT model:

- Hospital-level Risk-Standardized Complication Rate (RSCR) following elective primary THA and/or TKA (NQF #1550) (Hip/Knee Complications)
- HCAHPS Survey (NQF #0166)
- Total Hip Arthroplasty (THA)/Total Knee Arthroplasty (TKA) voluntary patient-reported outcome (PRO) and limited risk variable data submission (PRO and limited risk variable data following elective primary THA/TKA).

These are the same measures as used in CJR.

- 8) **Gainsharing**: Hospitals can enter into agreements with physicians, ACOs, other hospitals, and post-acute providers in order to align incentives. These agreements can be up-side only (gainsharing) or include downside risk (alignment payments) should the actual per episode cost exceed the target price. Gainsharing agreements with physicians can also include both savings generated for CMS and internal cost savings generated for the hospital through improved efficiency and supply cost management. The final rule expanded gainsharing opportunities to include therapists and groups of non-physicians for the CJR model.
- 9) **Data Sharing**: CMS will provide EPM participants in the AMI, CABG, and SHFFT models, upon request, beneficiary-level claims data for the historical period used to calculate episode benchmark and quality-adjusted target prices, as well as with ongoing quarterly beneficiary-identifiable claims data. It also will provide EPM participants with aggregate regional data because it intends to incorporate regional pricing in the calculation of benchmark and quality-adjusted target prices.
- 10) **Waivers**: CMS and the OIG issued a joint statement waiving the federal anti-kickback and physician self-referral statutes to facilitate gainsharing arrangements for CJR participants.

The rule also waives Medicare regulations related to the:



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

- Skilled nursing facility (SNF) 3-day rule: during performance years 3 – 5 of the program, beneficiaries discharged from an anchor admission of an AMI episode to a SNF with an overall rating of three stars or more will receive coverage for their SNF stay even if they don't have a "qualifying" three-day stay in an acute hospital. CMS will not permit the waiver for SHFFT or CABG episodes due to concerns about the link between short hospital stays and increased mortality.

Further, CMS clarifies the requirement for use of the SNF waiver in the EPM final rule. Where CMS determines that the waiver requirements were not met and the beneficiary was not provided adequate notice of their financial liability, CMS will apply the following rules:

- CMS would make no payment to the SNF for such services.
 - The SNF could not charge the beneficiary for the expenses incurred for such services and the SNF would have to return to the beneficiary any monies collected for such services.
 - The hospital would be responsible for the cost of the uncovered SNF services furnished during the SNF stay.
-
- Home Health: While the rule does not waive the homebound requirement, it does waive the incident-to rule. Beneficiaries may receive a limited number of post-discharge home visits (AMI model - 13 visits, CABG and SHFFT model - 9 visits).
-
- Telehealth: The geographic site requirements are waived for beneficiaries, permitting those involved in an AMI, CABG, or SHFFT episode to receive telehealth visits in their home related to the episode.



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

Appendix I: MSAs Selected for AMI, CABG, SHFFT Episodes and Cardiac Rehabilitation Demonstration

MSA	MSA Title	CJR	SHFFT	AMI	CABG	Cardiac Rehab
10740	Albuquerque, NM	Y	Y	N	N	N
11540	Appleton, WI	N	N	N	N	Y
11700	Asheville, NC	Y	Y	N	N	N
12020	Athens-Clarke County, GA	Y	Y	N	N	N
12700	Barnstable Town, MA	N	N	N	N	Y
13020	Bay City, MI	N	N	N	N	Y
13140	Beaumont-Port Arthur, TX	Y	Y	N	N	N
13900	Bismarck, ND	Y	Y	N	N	N
14010	Bloomington, IL	N	N	N	N	Y
14500	Boulder, CO	Y	Y	N	N	N
15260	Brunswick, GA	N	N	N	N	Y
15380	Buffalo-Cheektowaga-Niagara Falls, NY	Y	Y	N	N	N
16180	Carson City, NV	Y	Y	N	N	Y
16580	Champaign-Urbana, IL	N	N	N	N	Y
16740	Charlotte-Concord-Gastonia, NC-SC	Y	Y	N	N	N
16940	Cheyenne, WY	N	N	N	N	Y
17140	Cincinnati, OH-KY-IN	Y	Y	N	N	N
17460	Cleveland-Elyria, OH	N	N	N	N	Y
18020	Columbus, IN	N	N	N	N	Y
18580	Corpus Christi, TX	Y	Y	N	N	Y
19340	Davenport-Moline-Rock Island, IA-IL	N	N	N	N	Y
19500	Decatur, IL	Y	Y	N	N	N
20020	Dothan, AL	Y	Y	N	N	N
20260	Duluth, MN-WI	N	N	N	N	Y
21780	Evansville, IN-KY	N	N	N	N	Y
22220	Fayetteville-Springdale-Rogers, AR-MO	N	N	N	N	Y
22420	Flint, MI	Y	Y	N	N	N
22500	Florence, SC	Y	Y	N	N	Y
23540	Gainesville, FL	Y	Y	N	N	N
24660	Greensboro-High Point, NC	N	N	N	N	Y
24780	Greenville, NC	Y	Y	N	N	N
25060	Gulfport-Biloxi-Pascagoula, MS	N	N	N	N	Y
25420	Harrisburg-Carlisle, PA	Y	Y	N	N	Y
25620	Hattiesburg, MS	N	N	N	N	Y
26300	Hot Springs, AR	Y	Y	N	N	N
28660	Killeen-Temple, TX	Y	Y	N	N	N
28940	Knoxville, TN	N	N	N	N	Y



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

MSA	MSA Title	CJR	SHFFT	AMI	CABG	Cardiac Rehab
30700	Lincoln, NE	Y	Y	N	N	Y
31080	Los Angeles-Long Beach-Anaheim, CA	Y	Y	N	N	N
31180	Lubbock, TX	Y	Y	N	N	N
33100	Miami-Fort Lauderdale-West Palm Beach, FL	Y	Y	N	N	N
33700	Modesto, CA	Y	Y	N	N	N
33740	Monroe, LA	Y	Y	N	N	Y
33860	Montgomery, AL	Y	Y	N	N	N
34060	Morgantown, WV	N	N	N	N	Y
34620	Muncie, IN	N	N	N	N	Y
34940	Naples-Immokalee-Marco Island, FL	Y	Y	N	N	Y
35300	New Haven-Milford, CT	Y	Y	N	N	N
35380	New Orleans-Metairie, LA	Y	Y	N	N	N
35620	New York-Newark-Jersey City, NY-NJ-PA	Y	Y	N	N	N
35980	Norwich-New London, CT	Y	Y	N	N	N
36260	Ogden-Clearfield, UT	Y	Y	N	N	N
36740	Orlando-Kissimmee-Sanford, FL	Y	Y	N	N	N
37340	Palm Bay-Melbourne-Titusville, FL	N	N	N	N	Y
37860	Pensacola-Ferry Pass-Brent, FL	Y	Y	N	N	Y
38060	Phoenix-Mesa-Scottsdale, AZ	N	N	N	N	Y
38300	Pittsburgh, PA	Y	Y	N	N	N
38900	Portland-Vancouver-Hillsboro, OR-WA	Y	Y	N	N	N
38940	Port St. Lucie, FL	Y	Y	N	N	Y
39340	Provo-Orem, UT	Y	Y	N	N	N
39460	Punta Gorda, FL	N	N	N	N	Y
40140	Riverside-San Bernardino-Ontario, CA	N	N	N	N	Y
40340	Rochester, MN	N	N	N	N	Y
40420	Rockford, IL	N	N	N	N	Y
40660	Rome, GA	N	N	N	N	Y
40980	Saginaw, MI	Y	Y	N	N	N
41180	St. Louis, MO-IL	Y	Y	N	N	Y
41860	San Francisco-Oakland-Hayward, CA	Y	Y	N	N	Y
42140	Santa Fe, NM	N	N	N	N	Y
42200	Santa Maria-Santa Barbara, CA	N	N	N	N	Y
42540	Scranton--Wilkes-Barre--Hazleton, PA	N	N	N	N	Y
42660	Seattle-Tacoma-Bellevue, WA	Y	Y	N	N	Y
42680	Sebastian-Vero Beach, FL	Y	Y	N	N	N
42700	Sebring, FL	N	N	N	N	Y
43780	South Bend-Mishawaka, IN-MI	Y	Y	N	N	N
44180	Springfield, MO	N	N	N	N	Y
44420	Staunton-Waynesboro, VA	Y	Y	N	N	N



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

MSA	MSA Title	CJR	SHFFT	AMI	CABG	Cardiac Rehab
45300	Tampa-St. Petersburg-Clearwater, FL	Y	Y	N	N	N
45780	Toledo, OH	Y	Y	N	N	Y
45820	Topeka, KS	Y	Y	N	N	N
46340	Tyler, TX	Y	Y	N	N	N
47380	Waco, TX	N	N	N	N	Y
10180	Abilene, TX	N	N	Y	Y	Y
10420	Akron, OH	Y	Y	Y	Y	N
10780	Alexandria, LA	N	N	Y	Y	Y
10900	Allentown-Bethlehem-Easton, PA-NJ	N	N	Y	Y	Y
11260	Anchorage, AK	N	N	Y	Y	N
12100	Atlantic City-Hammonton, NJ	N	N	Y	Y	N
12220	Auburn-Opelika, AL	N	N	Y	Y	Y
12420	Austin-Round Rock, TX	Y	Y	Y	Y	N
13380	Bellingham, WA	N	N	Y	Y	Y
13460	Bend-Redmond, OR	N	N	Y	Y	N
14020	Bloomington, IN	N	N	Y	Y	Y
14260	Boise City, ID	N	N	Y	Y	N
14460	Boston-Cambridge-Newton, MA-NH	N	N	Y	Y	Y
15940	Canton-Massillon, OH	N	N	Y	Y	Y
15980	Cape Coral-Fort Myers, FL	N	N	Y	Y	Y
16020	Cape Girardeau, MO-IL	Y	Y	Y	Y	N
16300	Cedar Rapids, IA	N	N	Y	Y	N
16700	Charleston-North Charleston, SC	N	N	Y	Y	Y
16860	Chattanooga, TN-GA	N	N	Y	Y	Y
16980	Chicago-Naperville-Elgin, IL-IN-WI	N	N	Y	Y	N
17020	Chico, CA	N	N	Y	Y	N
17660	Coeur d'Alene, ID	N	N	Y	Y	N
17860	Columbia, MO	Y	Y	Y	Y	N
17900	Columbia, SC	N	N	Y	Y	N
17980	Columbus, GA-AL	N	N	Y	Y	Y
18880	Crestview-Fort Walton Beach-Destin, FL	N	N	Y	Y	N
19100	Dallas-Fort Worth-Arlington, TX	N	N	Y	Y	Y
19300	Daphne-Fairhope-Foley, AL	N	N	Y	Y	Y
19740	Denver-Aurora-Lakewood, CO	Y	Y	Y	Y	N
19780	Des Moines-West Des Moines, IA	N	N	Y	Y	N
20100	Dover, DE	N	N	Y	Y	N
20500	Durham-Chapel Hill, NC	Y	Y	Y	Y	Y
21060	Elizabethtown-Fort Knox, KY	N	N	Y	Y	Y
21500	Erie, PA	N	N	Y	Y	N
21660	Eugene, OR	N	N	Y	Y	Y



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

MSA	MSA Title	CJR	SHFFT	AMI	CABG	Cardiac Rehab
22520	Florence-Muscle Shoals, AL	N	N	Y	Y	Y
22660	Fort Collins, CO	N	N	Y	Y	N
23060	Fort Wayne, IN	N	N	Y	Y	N
23580	Gainesville, GA	Y	Y	Y	Y	N
24300	Grand Junction, CO	N	N	Y	Y	Y
24860	Greenville-Anderson-Mauldin, SC	N	N	Y	Y	N
25940	Hilton Head Island-Bluffton-Beaufort, SC	N	N	Y	Y	Y
26580	Huntington-Ashland, WV-KY-OH	N	N	Y	Y	Y
26820	Idaho Falls, ID	N	N	Y	Y	Y
26900	Indianapolis-Carmel-Anderson, IN	Y	Y	Y	Y	N
26980	Iowa City, IA	N	N	Y	Y	N
27620	Jefferson City, MO	N	N	Y	Y	N
27860	Jonesboro, AR	N	N	Y	Y	Y
27900	Joplin, MO	N	N	Y	Y	Y
28020	Kalamazoo-Portage, MI	N	N	Y	Y	N
28140	Kansas City, MO-KS	Y	Y	Y	Y	N
28420	Kennewick-Richland, WA	N	N	Y	Y	N
29100	La Crosse-Onalaska, WI-MN	N	N	Y	Y	N
29420	Lake Havasu City-Kingman, AZ	N	N	Y	Y	N
29460	Lakeland-Winter Haven, FL	N	N	Y	Y	N
29620	Lansing-East Lansing, MI	N	N	Y	Y	N
30460	Lexington-Fayette, KY	N	N	Y	Y	N
30620	Lima, OH	N	N	Y	Y	Y
30780	Little Rock-North Little Rock-Conway, AR	N	N	Y	Y	Y
31540	Madison, WI	Y	Y	Y	Y	Y
31700	Manchester-Nashua, NH	N	N	Y	Y	N
32780	Medford, OR	N	N	Y	Y	N
32820	Memphis, TN-MS-AR	Y	Y	Y	Y	N
33340	Milwaukee-Waukesha-West Allis, WI	Y	Y	Y	Y	Y
33540	Missoula, MT	N	N	Y	Y	Y
34820	Myrtle Beach-Conway-North Myrtle Beach, SC-NC	N	N	Y	Y	N
34980	Nashville-Davidson--Murfreesboro--Franklin, TN	Y	Y	Y	Y	N
35100	New Bern, NC	N	N	Y	Y	Y
35660	Niles-Benton Harbor, MI	N	N	Y	Y	Y
36420	Oklahoma City, OK	Y	Y	Y	Y	N
36540	Omaha-Council Bluffs, NE-IA	N	N	Y	Y	Y
39140	Prescott, AZ	N	N	Y	Y	Y
39380	Pueblo, CO	N	N	Y	Y	Y
39580	Raleigh, NC	N	N	Y	Y	N
39660	Rapid City, SD	N	N	Y	Y	N



Executive Summary – Episodic Payment Model for Cardiac and Hip Fractures Final Rule

MSA	MSA Title	CJR	SHFFT	AMI	CABG	Cardiac Rehab
39740	Reading, PA	Y	Y	Y	Y	Y
39900	Reno, NV	N	N	Y	Y	N
40060	Richmond, VA	N	N	Y	Y	N
40220	Roanoke, VA	N	N	Y	Y	Y
41100	St. George, UT	N	N	Y	Y	Y
41140	St. Joseph, MO-KS	N	N	Y	Y	Y
41420	Salem, OR	N	N	Y	Y	Y
41500	Salinas, CA	N	N	Y	Y	N
42340	Savannah, GA	N	N	Y	Y	N
43300	Sherman-Denison, TX	N	N	Y	Y	N
44060	Spokane-Spokane Valley, WA	N	N	Y	Y	N
44100	Springfield, IL	N	N	Y	Y	Y
46060	Tucson, AZ	N	N	Y	Y	Y
46140	Tulsa, OK	N	N	Y	Y	Y
46220	Tuscaloosa, AL	Y	Y	Y	Y	Y
46540	Utica-Rome, NY	N	N	Y	Y	N
47940	Waterloo-Cedar Falls, IA	N	N	Y	Y	Y
48300	Wenatchee, WA	N	N	Y	Y	N
48620	Wichita, KS	Y	Y	Y	Y	Y
48900	Wilmington, NC	N	N	Y	Y	N
49180	Winston-Salem, NC	N	N	Y	Y	N
49660	Youngstown-Warren-Boardman, OH-PA	N	N	Y	Y	N
49740	Yuma, AZ	N	N	Y	Y	N