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# Bundle up: CMS releases request for applications for new version of Bundled Payments for Care Improvement model

January 12, 2018

This week, the Centers for Medicare & Medicaid Services (CMS) released details on the much-anticipated new version of the Bundled Payments for Care Improvement (BPCI) payment model, which will be known as BPCI Advanced.

The original BPCI model was designed to bundle payment for health care providers and practitioners providing items and services to Medicare beneficiaries across settings over an episode of care in order to generate savings and improve quality through better care management, elimination of unnecessary care, and reduction of post-discharge emergency department visits and readmissions. CMS will build on its experience with the original BPCI model and other bundled payment models in BPCI Advanced.

Like the original BPCI model, BPCI Advanced will be a voluntary model, and prospective participants must apply and be accepted by CMS to participate. The Request for Applications (RFA) released by CMS lays out the timeline for applications and enrollment and offers information on how CMS will structure the new model, including the list of 32 available Clinical Episodes, details on how shared savings or losses will be calculated, and other requirements that participants will need to meet.

Our alert below describes some of the key elements of the BPCI Advanced Model.

### Timing

The online portal for applications opened on January 11, 2018, and applications must be submitted by **March 12, 2018**. The model's performance period will begin on October 1, 2018, with a second enrollment date available on January 1, 2020. The performance period will end on December 31, 2023.

### Participant Roles

A Participant can be either a Convener Participant or a Non-Convener Participant.

Convener Participants apply to participate in the model and take on risk both on their own behalf and on behalf of one or more Episode Initiators (physician group practices or acute care hospitals that trigger the beginning of a Clinical Episode). Convener Participants can be any type of entity, whether or not enrolled in Medicare as a provider or supplier.

Non-Convener Participants take on risk only for themselves and apply to participate in the model on their own. Non-Conveners can be only Medicare-enrolled physician group practices and acute care hospitals.

Participants of either type may enter into agreements with individual physicians and non-physician practitioners, referred to as Participating Practitioners, who will furnish care during Clinical Episodes. (See more details on Clinical Episodes below.)

Participants of either type also may choose to include provisions in their agreements with Participating Practitioners to share any gains or losses under BPCI Advanced. Participating Practitioners, as well as Episode Initiators, entering into such agreements are referred to as Net Payment Reconciliation Amount (NPRA) Sharing Partners. (The NPRA is the payment that CMS will make to Participants that achieve net savings under the terms of the model. But note that an NPRA Sharing Partner may share both net savings and net losses with its partner Participant.)

### Clinical Episodes

The Clinical Episode is the basic unit used to measure a Participant's performance under the model. A Clinical Episode is triggered when an Episode Initiator submits a claim for a qualifying inpatient hospital stay, or outpatient procedure. Whether a claim triggers a Clinical Episode for a particular BPCI Advanced Participant depends on the types of Clinical Episodes for which that Participant has agreed to be held accountable under the model.

Once triggered, the Clinical Episode includes the triggering stay or procedure and all other items and services furnished to the patient over the next 90 days, if paid for under Medicare fee-for-service (FFS). Certain items and services are specifically excluded from the Clinical Episode, such as those provided to beneficiaries enrolled in a Medicare Advantage plan or who die during the triggering stay or procedure, services furnished during inpatient stays for major trauma, cancer care, or organ transplants, new technology add-on payments or pass-through payments, and hemophilia clotting factors.

BPCI Advanced will initially include 29 inpatient Clinical Episodes and three outpatient Clinical Episodes. Participants must commit to be held accountable for one or more Clinical Episodes and may not add or drop those selected Clinical Episodes until January 1, 2020.

A full list of the Clinical Episodes is available on the CMS website, and includes Clinical Episodes related to cardiac, gastrointestinal, joint, pulmonary, spine, joint, and renal diagnoses and procedures. Unlike the original BPCI model, BPCI Advanced includes three outpatient Clinical Episodes: Percutaneous Coronary Intervention (PCI); Cardiac Defibrillator; and Back & Neck except Spinal Fusion.

### Bundled Payments Through Retrospective Reconciliation

BPCI Advanced will use a retrospective bundled payment mechanism under which claims for items and services furnished during a Clinical Episode will be subject to a semi-annual reconciliation against the target price for that Clinical Episode, which is determined in advance based on a 3 percent discount off the benchmark cost of the Clinical Episode and subject to adjustment based on the Participant's actual patient case mix. As noted above, all items and services furnished to a BPCI Advanced beneficiary during the Clinical Episode (with limited exceptions) are included in the expenditures to be compared to the target price. If the total expenditures for the Clinical Episode are below the target price, the Participant earns a "Positive Reconciliation Amount," but, if the total expenditures for the Clinical Episode are greater than the target price, the Participant owes a "Negative Reconciliation Amount."

At each semi-annual reconciliation, CMS calculates each Participant's total reconciliation amount by netting the reconciliation amounts (positive and negative) for each Clinical Episode. In short, whether a Participant receives a payment from CMS, or owes a payment to CMS at the semi-annual reconciliation depends on how the Participant has performed across all Clinical Episodes during that reconciliation period.

Unlike the original BPCI model, a Participant's final payment received or owed is adjusted up to 10 percent based on its performance on certain quality metrics. For the first two years, these clinical metrics include claims-based measures that will be collected by CMS directly. Starting in 2020, Participants will be accountable for reporting additional quality metrics.

The final reconciliation amount paid to or owed by a Participant is subject to a 20 percent stop-gain or stop-loss limit, calculated at the Episode Initiator level. If a Participant chooses to enter into NPRA Sharing Agreements, the Participant may distribute the reconciliation payment or amount owed among its NPRA Sharing Partners, as agreed among the partners. However, shared payments and repayment obligations may not exceed 50 percent of the total Medicare FFS expenditures included in Clinical Episodes attributed to the Participant.

### Other Program Elements

In addition to taking on risk of gains or losses, BPCI Advanced Participants are required to participate in certain BPCI Advanced Activities, including implementing care redesign activities, reporting on quality measures, using certified electronic health record technology, and attesting to a minimum of four Merit-Based Incentive Program System (MIPS) Improvement Activities. CMS is also introducing required Learning System Activities in BPCI Advanced, which will provide support to applicants as they prepare to redesign care and bear financial risk under BPCI Advanced, and to Participants in lowering the cost of care and maintaining or improving the quality of care for beneficiaries.

The BPCI Advanced model is expected to meet the criteria for an Advanced Alternate Payment Model (APM) under the Quality Payment Program, which means that practitioners who are qualifying participants in BPCI Advanced are expected to be exempt from payment adjustments under MIPS.

BPCI Advanced Participants also are eligible for certain payment waivers similar to those offered in the original BPCI model, including waivers of the three-day skilled nursing facility (SNF) rule, geographic area limitations for telehealth services, and limitations on post-discharge home visit services.

Further information about the BPCI Advanced model is available on the CMS website: https://innovation.cms.gov/initiatives/bpci-advanced. If you have further questions, please contact one of the Hogan Lovells lawyers listed on this alert or with whom you usually work.

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