

Today the CMS Center for Medicare and Medicaid Innovation announced a new initiative to allow for Medicare bundled payments. The initiative builds on earlier programs like the Acute Care Episode (ACE) and gainsharing demonstration programs. The AMA has been urging Congress and the Administration to experiment with bundled payment models as part of a menu of payment and delivery innovations that should be available to physicians. Current Medicare rules prohibit hospitals from sharing savings with physicians who help them lower costs by, for example, negotiating discounts on implantable devices. The bundling initiative waives these prohibitions so that hospitals, physicians and post-acute care providers can coordinate and share in savings from improving care and lower costs.

Links to the CMS fact sheet on the new program and the Request for Applications are provided below. There are four different models and CMS allows applicants considerable flexibility within them to define the episodes of care included in the bundled payments and propose the level of discount that they will offer. CMS also indicates that it is prepared to provide data that prospective applicants will need to understand their current costs and develop their proposals.

As described in the fact sheet, there is a September 22, 2011 deadline for letters of intent for Model 1 and a November 4, 2011 deadline for Models 2, 3 and 4. If your society knows of physician organizations that plan to apply for one or more of the bundled payment models, please let us know.

<http://www.healthcare.gov/news/factsheets/bundling08232011a.html>

http://www.innovations.cms.gov/documents/payment-care/Request_for_Applications.pdf

Terri Marchiori
Director, Federation Relations
American Medical Association
312.464.5271
terri.marchiori@ama-assn.org

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Sent by: American Medical Association * Helping doctors help patients
515 N. State Street
Chicago, IL 60654