



DATE: Oct. 3, 2012

TO: Chief Executive Officers
Chief Financial Officers
Chief Medical Officers
Program Coordinators – Medicare Physician-Hospital Collaboration Demonstration

FROM: Sean J. Hopkins, Senior Vice President, Health Economics

RE: **CMMI BPCI Model 1 Pilot Suspended – Demonstration Extension Continues Through July 2013**

As one of the original gainsharing demonstration hospitals that is currently participating in the extension of that demonstration project, I wanted to convey directly some very unexpected and disappointing news that we recently received directly from Dr. Gilfillan, director of the Center for Medicare and Medicaid Innovation. You will also receive another communication shortly that will be sent to all the Model 1 BPCI awardee hospitals that will contain similar information.

Specifically regarding this notification, I received a call directly from Dr. Gilfillan on Friday, September 28. We subsequently spoke again on Sunday and twice yesterday. Succinctly the message from Dr. Gilfillan was as follows:

- The current demonstration hospitals will be permitted to continue with the demonstration through July 31, 2013.
- However, as far as the BPCI Model 1 Pilot is concerned, CMS is not going forward with live implementation of Model 1 at this time until they see who and how many hospitals proceed with Models 2 and 4. CMS wants to see how Model 1 fits in within the context of the other models.
- CMS said it will evaluate that context over the next three to six months and will render a final decision on live implementation of Model 1 at that time.

NJHA expressed bitter disappointment at this decision on behalf of our awardee hospitals and the up to 5,000 physicians who would have enrolled in the program. We also impressed upon Dr. Gilfillan that our hospitals have spent a significant amount of resources and capital getting prepared to go live effective Jan. 1, 2013. Dr. Gilfillan appreciated the efforts of NJHA and each of you, but was not ready to revisit the CMMI decision to place live implementation of Model 1 on hold at this time. So at this time live implementation of BPCI Model 1 is suspended.

We will be communicating this decision, which occurred so late in the process, to the other BPCI Model 1 awardee hospitals in a subsequent memorandum. For those of you that are original demonstration hospitals it is important to know that CMS has the authority to extend the current demonstration through July 31, 2014, and should we not be able to compel CMS to go live with the BPCI Model 1 Pilot, we will most certainly press them for the maximum extension of the demonstration.

We will shortly be scheduling two conference calls, one with all the BPCI Model 1 awardee hospitals and one with the original demonstration hospitals. We will also attempt to speak to each awardee hospital, one on one within the next week.

If you should have any questions contact me at 609-275-4022, shopkins@njha.com.