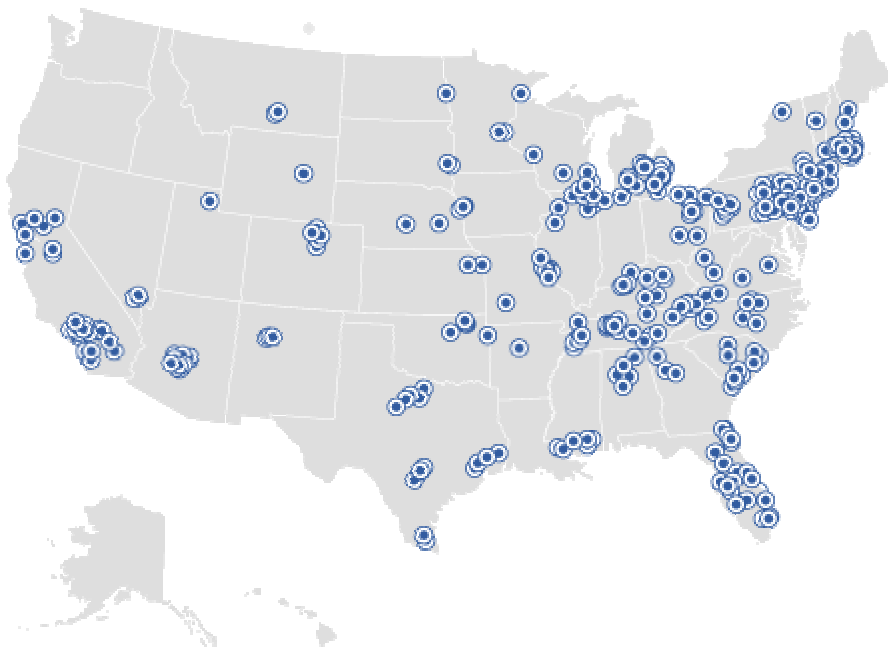


Bundled Payments for Care Improvement (BPCI) Initiative: General Information

On January 31, 2013, the Centers for Medicare & Medicaid Services (CMS) announced the health care organizations selected to participate in the Bundled Payments for Care Improvement initiative, an innovative new payment model. Under the Bundled Payments for Care Improvement initiative, organizations will enter into payment arrangements that include financial and performance accountability for episodes of care. These models may lead to higher quality, more coordinated care at a lower cost to Medicare.



Source: Centers for Medicare & Medicaid Services

Background

Traditionally, Medicare makes separate payments to providers for each of the individual services they furnish to beneficiaries for a single illness or course of treatment. This approach can result in fragmented care with minimal coordination across providers and health care settings. Payment rewards the quantity of services offered by providers rather than the quality of care furnished. Research has shown that bundled payments can align incentives for providers – hospitals, post-acute care providers, physicians, and other practitioners– allowing them to work closely together across all specialties and settings.

The 4 Models

The Bundled Payments initiative is comprised of four broadly defined models of care, which link payments for multiple services beneficiaries receive during an episode of care. Model 1 includes an episode of care focused on the acute care inpatient hospitalization. Awardees agree to provide a standard discount to Medicare from the usual Part A hospital inpatient payments.

Models 2 and 3 involve a retrospective bundled payment arrangement where actual expenditures are reconciled against a target price for an episode of care. Model 4 involves a prospective bundled payment arrangement, where a lump sum payment is made to a provider for the entire episode of care. Over the course of the three-year initiative, CMS will work with participating organizations to assess whether the models being tested result in improved patient care and lower costs to Medicare.

	<p><u>Model 1: Retrospective Acute Care Hospital Stay Only</u></p> <p>Under Model 1, the episode of care is defined as the inpatient stay in the acute care hospital. Medicare will pay the hospital a discounted amount based on the payment rates established under the Inpatient Prospective Payment System used in the original Medicare program. Medicare will continue to pay physicians separately for their services under the Medicare Physician Fee Schedule. Under certain circumstances, hospitals and physicians will be permitted to share gains arising from the providers' care redesign efforts. Participation will begin as early as April, 2013 and no later than January, 2014 and will include most Medicare fee-for-service discharges for the participating hospitals.</p>
	<p><u>Model 2: Retrospective Acute Care Hospital Stay plus Post-Acute Care</u></p> <p>In Model 2, the episode of care will include the inpatient stay in the acute care hospital and all related services during the episode. The episode will end either 30, 60, or 90 days after hospital discharge. Participants can select up to 48 different clinical condition episodes.</p>

	<p><u>Model 3: Retrospective Post-Acute Care Only</u></p> <p>For Model 3, the episode of care will be triggered by an acute care hospital stay and will begin at initiation of post-acute care services with a participating skilled nursing facility, inpatient rehabilitation facility, long-term care hospital or home health agency. The post-acute care services included in the episode must begin within 30 days of discharge from the inpatient stay and will end either a minimum of 30, 60, or 90 days after the initiation of the episode. Participants can select up to 48 different clinical condition episodes.</p>
	<p><u>Model 4: Acute Care Hospital Stay Only</u></p> <p>Under Model 4, CMS will make a single, prospectively determined bundled payment to the hospital that would encompass all services furnished during the inpatient stay by the hospital, physicians, and other practitioners. Physicians and other practitioners will submit “ no-pay” claims to Medicare and will be paid by the hospital out of the bundled payment. Related readmissions for 30 days after hospital discharge will be included in the bundled payment amount. Participants can select up to 48 different clinical condition episodes.</p>

Episodes of Care

Under the Bundled Payments for Care Improvement initiative, organizations will enter into payment arrangements that include financial and performance accountability for episodes of care. These models may lead to higher quality, more coordinated care at a lower cost to Medicare.

Click "Read More" below to see the DRGs that are included in each episode. There are 48 episodes that participants were able to choose from. [See details on the health care facilities and the episodes they will be testing.](#)