



Integrated Healthcare Association
300 Lakeside Drive, Suite 1975
Oakland, California 94612

office: 510.208.1740
fax: 510.444.5842
website: www.ihha.org

Center for Medicare and Medicaid Innovation (CMMI) Announces Bundled Payments for Care Improvement Initiative August 2011

The Integrated Healthcare Association (IHA), which is currently implementing the AHRQ-funded, California-wide [Bundled Episode Payment and Gainsharing Demonstration](#), would like to commend the Center for Medicare and Medicaid Innovation (CMMI) on its announcement of the [Bundled Payments for Care Improvement initiative](#). This exciting new initiative is designed to improve care coordination and quality and reduce costs associated with acute and post-acute care for Medicare fee-for-service beneficiaries, and gives participating providers a great deal of flexibility in deciding which procedures to bundle; on what scope of the care continuum to focus coordination efforts; how to redesign care processes to deliver more efficient, higher quality care; and how to allocate savings from increased coordination amongst participating providers.

Under the initiative, providers can apply for any of four models of care, three of which involve a retrospective bundled payment, and one of which involves a prospective payment. The models are defined as:

1. Model One: a retrospective bundle that covers only the acute care hospital stay
2. Model Two: retrospective payment for the acute care hospital stay plus post-acute care associated with the stay, for a period to be defined by providers
3. Model Three: post-acute care only, beginning with the initiation of post-acute care after discharge from an acute inpatient stay, which will be paid retrospectively
4. Model Four: prospective payment for all services provided during the inpatient stay

Applicants will propose discounted prices for the covered services to the Center for Medicare and Medicaid Services (CMS), and may be able to share in any savings that accrue. Interested organizations must submit letters of intent by September 22, 2011 for Model One, and November 4, 2011 for all other models. Final applications are due on October 21, 2011 for Model One, and March 15, 2011 for Models Two through Four. Historical Medicare claims data will also be available to organizations interested in Models Two through Four under a separate application.

In addition to seeking participation from providers, CMMI's initiative explicitly acknowledges the role of "conveners" – organizations like IHA that are working in communities to facilitate the adoption of bundled payments by bringing together multiple providers and providing administrative and technical assistance. This is a key strength of the initiative, as traditionally, healthcare stakeholders have not worked together in the ways that are needed to facilitate the adoption of bundled payment, and "conveners" can act as neutral forums where definitional and operational issues can be resolved in a collaborative manner.