



# Overview of the Medicare Acute Care Episode Demonstration

Applicant Teleconference  
June 4, 2008



# Inefficient Healthcare Market

Dartmouth Atlas evidence regarding link between number of treating physicians and poor quality.

Misaligned Medicare incentives, hospital PPS pays per discharge, physicians paid per service



# ACE Demonstration Goals

Improve quality of care through consumer and provider understanding of both price and quality of care information

Increase collaboration among providers and health systems

Reduce Medicare payments for acute care services using market mechanisms



# ACE in Context

Medicare Participating Heart Bypass Center demonstration (CMS)

Virginia Cardiac Surgery Quality Initiative (VCSQI)

Northern New England Cardiovascular Disease Study Group



# Solicitation Period

May 15<sup>th</sup> to August 15<sup>th</sup> 2008

Direct mailing

ACE demonstration webpage

Outreach

Guidance for prospective applicants



# Eligible Applicants

Medicare providers in TX, OK, NM, CO

Physician-Hospital Organizations

Participation in CMS' quality reporting initiative

Volume thresholds



# What's in it for Medicare Providers

Potentially increased volume (Beneficiaries incentivized & CMS/VBCC marketing)

Coordination leading to efficiency of care

Marketing as Medicare Value-Based Care Center

Flexibility of managing bundled payments

The option to engage in gainsharing



# ACE Applicant Bundled Bids

Applicants will supply CMS with a competitive bid reflecting expected payment for both Part A and Part B Medicare services during selected inpatient episodes.

Sites may distribute each single, bundled payment as it sees fit.



# Bundled Bids - Evaluation

The bundled (global) price and amount of the discount represented by the bundled payment amounts will be compared with regular average payments to the hospital and physicians by CMS and its contractor.

The size of the percent discount will be weighted more heavily than the total gross dollar savings to Medicare.

# How Bundled Payment Works

All physicians practicing at demo sites

Annual IPPS updates



# What's in it for Beneficiaries

Financial benefit for selecting Medicare VBCC

Help paying OOP costs

High quality care – better coordination

Simplicity of single coinsurance payment

Greater understanding of value of their care



# CMS Marketing/Education of ACE Demonstration

Two audiences: beneficiaries and referring physicians

Transparency

Strategies:

CMS website tools; CMS Regional Office and partner organizations; Media outlets such as print, radio PSAs, and community outreach, etc.



# Application & Guidance

CMS guidance available:

Historical financial information

Guidance Tables – pre-formatted

Developing Provider Incentive (or Gainsharing) programs



# Thank you

To locate the ACE demonstration webpage, go to [cms.hhs.gov/demoprojectsevalrpts](https://cms.hhs.gov/demoprojectsevalrpts); select “Medicare Demonstrations” from the left-hand column and select “Medicare Acute Care Episode Demonstration” from the main display.

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