



CMS Principles for Beneficiary Alignment in Medicare Fee for Service Models As of July 02, 2012

The Affordable Care Act has created unprecedented opportunities for States and providers to participate in new and innovative models of care to advance better health, better care and lower costs through improvement. Because multiple new initiatives involving shared savings may be operating within a State implementing a managed fee-for-service (MFFS) Financial Alignment Demonstration, the Centers for Medicare & Medicaid Services (CMS) is providing the following guidance on how beneficiaries will be aligned with different models for purposes of calculating shared savings. In all of these Medicare fee-for-service initiatives, beneficiaries will continue to have the freedom to receive care from any provider of their choosing.

Alignment Principles

To avoid potential redundancy of payments between the MFFS Financial Alignment Demonstrations and Medicare initiatives involving shared savings, CMS will allow beneficiaries to be aligned with only one initiative involving shared savings. Also, beneficiaries enrolled in any form of Medicare managed care or PACE programs are not eligible for alignment to fee for service Financial Alignment Demonstration models.

The ability of beneficiaries in Medicare fee-for-service to choose their providers is an important aspect of that care system. CMS has taken this into consideration with respect to the principles of alignment. Some models may allow beneficiaries to indicate their preference for participation (e.g., the Pioneer ACO models allow beneficiaries to attest into a Pioneer ACO). In these cases, CMS will align the beneficiary to the model that he or she has chosen.

Furthermore, CMS is interested in promoting continuity of care while also assuring individuals are aligned with the most integrated care models possible to meet an individual's full spectrum of care needs through a particular model. In order to promote continuity of care, beneficiaries that are already aligned with a Medicare initiative involving shared savings will remain aligned to that model until they no longer qualify for alignment to that model. If a beneficiary is not aligned with a Medicare initiative involving shared savings, CMS will align that beneficiary with the MFFS Financial Alignment Demonstration if he or she qualifies for alignment to the State model.

If the beneficiary qualifies for two models that involve shared savings and both start on the same date, the beneficiary will be aligned with the model that has the greatest level of clinical and financial integration. In the case of an individual who could potentially be aligned with a MFFS Financial Alignment Demonstration and another initiative that start on the same day, the individual would be aligned with the MFFS Financial Alignment Demonstration. CMS will work closely with providers and States in assuring clarity in alignment across initiatives.

Some CMS initiatives do not involve shared savings. Such demonstrations will be considered to be complementary to MFFS Financial Alignment Demonstrations.¹ However, to the extent possible, Medicare, Innovation Center, and/or Medicaid care coordination payments will be included as expenditures for the purpose of calculating beneficiary expenditures under a Financial Alignment Demonstration or other CMS initiative.

Application of Alignment Principles

CMS is developing a centralized system to implement the above alignment principles consistently across initiatives while recognizing the rules and methodologies of each shared savings initiative.

Alignment timelines and length of alignment are dependent upon the rules of each initiative. For MFFS Financial Alignment Demonstrations, once an individual is aligned that beneficiary will continue to be so aligned until he or she loses full dual status or otherwise loses eligibility for the model (e.g. move out of the geographic area). If the MFFS Financial Alignment Demonstration and another Medicare initiative involving shared savings both go live on the same date, beneficiaries not already assigned to providers participating in a shared savings initiative will be aligned in accordance with the alignment principles referenced above, including which initiative is the most integrated.

In States participating in MFFS Financial Alignment Demonstration, some individuals will become newly full dual eligible during a performance year. Medicare and Medicaid payments on behalf of these beneficiaries will be included in the shared savings calculations if they meet the eligibility criteria for the Financial Alignment Demonstration and are not already participating in another Medicare initiative involving shared savings.

The success of any care coordination initiative -- including Financial Alignment Demonstration models-- depends on creating new care delivery models that significantly improve the care that beneficiaries receive. CMS is committed to supporting the development of new coordinated care models across payers. We anticipate that States, managed care entities and providers will work together to develop and support such models. CMS looks forward to working with States and providers to assure that Medicare initiatives involving shared savings incorporate considerations of potential partnerships. We encourage providers and States to work together and to approach CMS with proposals for integrating programs or constructing complementary programs across Medicare and Medicaid.

¹ CMS will assure that that payments across potentially complementary demonstrations are not duplicative (e.g. assure that care management fees across two potentially complementary demonstrations cover in fact different services in order for the care management payments are not duplicative).