

CMS Gainsharing Demonstration Projects

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Overview of Presentation

- Medicare demonstrations
- Gainsharing background
- Description of current Medicare Gainsharing demonstrations

Examples of Medicare Demonstrations

- Hospital PPS with DRGs
- Medicare managed care and PPOs
- Critical Access Hospitals (CAHs)
- Medicare disease management
- Pay for Performance
- Common elements: learn from implementation process & evaluation

Hospital and Physician Alignment of Incentives

- Medicare pays hospitals prospectively for bundles of services using DRGs
- Physicians generally paid per service
- How to align incentives to improve quality and efficiency?

Gainsharing

- Align incentives between hospitals and physicians
- Hospitals pay physicians a share of savings that result from collaborative efforts between the hospital and the physician to improve quality and efficiency
- Allowed in Medicare managed care

Background to Medicare Gainsharing Demonstrations

- CABG global payment demonstration used shared savings from hospitals to doctors in 1990s, incentives were helpful
- NJ Hospital Association proposed a gainsharing demonstration
 - Demo started in 2004
 - Injunction against demo due to lack of statutory authority to waive gainsharing restrictions

Current Projects

- Gainsharing may offer a model to improve hospital quality and efficiency
- CMS will conduct two demonstration programs to test this concept in the Medicare FFS program
- Acute Care Episode (ACE) Demonstration

Two Demonstrations

- Deficit Reduction Act Sec. 5007: Gainsharing
- MMA Sec. 646: Physician Hospital Collaboration Demonstration

Demonstration Goals

- Improve quality and efficiency of care
- Encourage physician-hospital collaboration by permitting hospitals to share internal savings
- CMS open to wide variety of models; projects must be budget neutral

Possible Approaches

- Reduced time to diagnosis/treatment
- Improved scheduling of OR, ICU
- Reduced duplicate or marginal tests
- Reduced drug adverse events
- Improved discharge planning and care coordination
- Reduced surgical infections, complications
- New technology

Gainsharing Payments

- Must represent share of internal hospital savings and be tied to quality improvement
- No payments for referrals
- Limited to 25% of physician fees for care of patients affected by quality improvement activity

Quality Safeguards

- Savings available for gainsharing derived from quality improvement initiatives
- Plans subject to independent reviews
- Hospital oversight committee to monitor quality and operations
- Incentive payments limited to physicians who contribute to quality efforts
- Ongoing CMS monitoring of projects
 - Quality measurement and tracking

Evaluation

- Independent evaluator will draft reports to Congress
- Issues will include:
 - Quality
 - Internal cost savings
 - Medicare payments/savings
 - Reasonable and fair payments to physicians
 - Any needed changes to policy or design

Demo Comparison

Design Feature	DRA Section 5007	MMA Section 646
Size	Up to 6 hospitals (2 rural)	Physician groups and affiliated hospitals in limited number of geographic areas
Scope of Evaluation	Inpatient episodes and post-discharge window (30 days)	Inpatient episodes including pre- and post-hospital care, 90 days
Eligible Organizations	PPS hospitals, excludes CAHs	Physician groups and affiliated hospitals, integrated delivery systems

Deficit Reduction Act Gainsharing

- DRA Sec. 5007 waives civil monetary penalty (CMP) restrictions that otherwise prohibit gainsharing
- Major focus on quality as well as efficiency
- Scope: Six hospitals, two in rural areas

Physician-Hospital Collaboration

- Preference to applications from consortia
- Consortia = physician groups or integrated delivery systems + up to 12 affiliated hospitals within a geographic area

Demo Requirements

- Standardization of quality & efficiency improvement initiatives ⇒ Synergy across providers within local delivery system
- Standardization of internal cost savings measurement
- Standardization of physician payment methodology

For More Information

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