New CMS Comprehensive Care for Joint Replacement (CJR) mandatory bundled payments initiative begins April 2016.

Acute care hospitals to be held financially responsible for improving quality and reducing cost of care across 90 day bundled episode.

- Episode triggered by hospitalization for hip, knee or other lower extremity joint replacement or reattachment, specifically:
  - **MS-DRG 469** – major joint replacement or reattachment of lower extremity with complications or comorbidities
  - **MS-DRG 470** – major joint replacement or reattachment of lower extremity without complications or comorbidities
- Episode of Care includes all related Medicare Part A and B costs of care during hospital stay and for 90 days post hospital discharge from joint replacement procedure (including SNF care)

**Two key performance metrics**

1. **Spend vs. Target Price**
   - CMS assesses episodic spend at end of each year against calculated target price
     - Target initially based on mix of hospital-specific and regional historic spending benchmarks
     - Target set 1.5 to 3.0% lower (discounted) than historic/regional spending, depending on hospital’s quality scores

2. **Quality Assessment**
   - Four ratings categories: Excellent, Good, Acceptable, Below Acceptable
   - Ratings determine level of discount percentage and eligibility for reconciliation payment
   - Quality ratings calculated using:
     - THA/TKA complications rate\(^1\)
     - Patient satisfaction (HCAHPS Survey Composite Measure)\(^2\)
     - Optional inclusion of Patient Reported Outcomes (PROs) metrics

**Reconciliation payments**

- Hospital earns payment from CMS if:
  - Spend for episodic care lower than CMS target price, and
  - Quality measure achieves a rating of “Acceptable” or above
- Hospital owes payment to CMS if:
  - Spend for episodic care higher than CMS target price
  - Does not apply Year 1; no downside risk until Year 2 (2017)
- Quality ratings impact level of discount factor for target price
Anticipated savings
• CMS projects episodic savings of $343 million over the five-year model³

Additional information
• Model begins April 1, 2016; ends December 31, 2020
• Participants include hospitals within 67 geographic areas⁴
• Excludes hospitals participating in BPCI Model 1 or risk-bearing phase of Model 2 or 4 for lower extremity joint replacement episodes
• To learn more, visit the CMS website: https://innovation.cms.gov/initiatives/cjr

Proven VNSNY expertise in Orthopedic Home Rehabilitation
• Demonstrated outcomes from an Orthopedic Home Rehab program co-developed with a leading NYC orthopedic hospital
• Unsurpassed experience in bundled payment initiatives
• Over 450 licensed Rehabilitation Therapists, 86% of them full-time employees
• Ability to provide supplemental services through VNSNY Population Health Management and Private Care offerings

For more information please contact your VNSNY Account Team or call 1-844-FOR VNSNY.

¹Risk Standardized Complication rate, Total Hip Arthroplasty/Total Knee Arthroplasty
²Hospital Consumer Assessment of Health Plans Survey