

MEMO

DATE: September 20, 2011
TO: ACO Clients and Friends
FROM: John Gorman
SUBJECT: CMS Bundled Payments for Care Improvement Initiative

The Center for Medicare and Medicaid Innovation (CMMI) held a conference call on August 23 to discuss a new payment initiative designed to help improve quality of care and reduce costs. There were a number of new announcements in the Request for Application (RFA), the CMMI Fact Sheet, and in the supporting documents.

The Affordable Care Act (ACA) provides a number of new tools and resources to help improve health care and lower costs for all Americans. Bundling payment for services that patients receive across a single episode of care is one way to encourage doctors, hospitals and other health care providers to work together to better coordinate care for patients both when they are in the hospital and after they are discharged. Such initiatives can help improve health, improve the quality of care, and lower costs.

The Centers for Medicare & Medicaid Services (CMS) is working in partnership with interested providers to develop models of bundling payments for specific episodes of care through the Bundled Payments initiative. During the call on August 23, 2011, CMS invited providers to apply to help test and demonstrate the efficacy of four different models of bundling payments. Through the Bundled Payments initiative, according to CMS, providers have great flexibility in selecting conditions to bundle, developing the health care delivery structure, and determining how payments will be allocated among participating providers.

At Gorman Health Group, we believe that meaningful change to how we access, deliver and price health care services can only be accomplished through a concerted and collaborative redesign of our approach to health care delivery – one that involves all relevant stakeholders.

The Bundled Payment Care Improvement Initiative is targeted at a) providers who are already experimenting with episode of care payment models, b) those providers anxious to experiment in this payment space with support of CMS, and c) those provider systems that have applied for or are considering participating in, Accountable Care Organizations (ACOs).

As with the Pioneer ACO Demonstration program, CMS is committed to partnering with providers to test alternative payment models which incentivize health care stakeholders to collaborate in the redesign of health services delivery and motivate patients to more actively engage in decision making affecting their own health.

Please note that filing a Letter of Intent (LOI) with CMS indicating interest in the Bundled Payment Initiative does not obligate you to proceed beyond the LOI filing if you chose not to do so. However, not filing an LOI prevents will prohibit organizations from participation.

We encourage you to review the CMS Bundled Payment Care Improvement Initiative [Request for Application \(RFA\)](#) and contact us with any questions you have regarding this or other CMS-sponsored demonstration programs.

From application development, financial impact analysis, contract review and development to bundled pricing modeling, we can help. For more information on understanding this opportunity, please contact Gorman Health Group at ghg@gormanhealthgroup.com.

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