

Understanding Medicare (CJR): Hip/Knee Joint Replacement Bundled Payments

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Joint Replacement Program Overview

- Generally applies to lower extremity joint replacements or reattachments at hospitals in 67 MSAs with > 400 cases per year
- Hospitals are accountable for quality and cost of all Part A and Part B services provided from hospital admission to 90 days after discharge
- In year 2, up to 5% risk/reward; in year 3, up to 10%; in year 4 and 5, up to 20%
- There are also quality requirements and compensation adjustments based on quality

Joint Replacement Program: Fraud & Abuse Waivers

- Collaborator agreements permit “gainsharing payments” and “alignment payments” from/to hospitals and their “CJR collaborator,” e.g., (1) SNF, (2) HHA, (3) LTCH, (4) IRF, (5) Physician, (6) Non-physician Practitioner, (7) Outpatient Therapy Provider, or (8) Physician Group Practice
- The hospital’s governing body and compliance department document must oversee the policies and agreements and compliance with CJR requirements
- There are detailed rules for these arrangements, e.g. how CJR collaborators are selected, what services they must perform, and how much the hospital may pay to or collect from its CJR collaborators

Joint Replacement Program: Fraud & Abuse Waivers

- Hospitals must maintain a list of their CJR collaborators and post it on their website
- Hospitals must document their policies, criteria, agreements, payments, calculations, internal cost savings tracking system, etc.
- Medical groups may distribute gainsharing payments received from hospitals only in accordance with specific requirements, e.g. written agreements between the group and participating physician, payments cannot be based on referrals, payment can be made only to physicians providing services to beneficiaries receiving care covered by joint replacement program, etc.

Joint Replacement Program: Fraud & Abuse Waivers

- **The waivers apply to the Stark law and anti-kickback statute, for both gainsharing payments and alignment payments, if:**
 - All the requirements of the joint replacement program are met
 - The hospital does not add conditions, limits or restrictions beyond what the regulation permits
 - The CJR collaborator is selected in part based on quality of care, and the CJR collaborator meets these quality criteria as established by the hospital
 - The method for paying gainsharing must include quality
 - All payments must be by electronic funds transfer
- **The waivers apply only as to the joint replacement program and not beyond it**
- **There is a corresponding waiver for payments from a group to its physicians**
- **There is a waiver for in-kind items or services provided to beneficiaries for preventive care or to incentivize adherence to treatment plan, reductions in readmission and management of chronic conditions**

Questions?



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