CMS Issues Long-Awaited Proposal on ACOs

BY MARY ELLEN SCHNEIDER

After months of deliberation, officials at the Centers for Medicare and Medicaid Services released a proposed rule outlining how physicians, hospitals, and long-term care facilities can work together to form accountable care organizations and share in the savings they achieve for Medicare.

The voluntary program was created under the Affordable Care Act and will begin in January 2012.

Under the proposal, accountable care organizations (ACOs) could include physicians in group practice, networks of individual practices, hospitals that employ physicians, and partnerships among these entities, as well as other providers. The idea is for ACOs to be a partnership among a range of physicians, including specialists and primary care providers. However, only primary care providers will be able to form an ACO, according to CMS.

According to the proposed rule, providers in the ACO would continue to receive their regular fee-for-service payments under Medicare, but they could also qualify for additional payment if their care resulted in savings to the program.

The proposed framework requires that ACOs meet certain quality standards and demonstrate that they have reduced costs in order to be eligible to share in any savings. The proposal outlines 65 quality measures in five quality domains: patient experience, care coordination, patient safety, preventive health, and care of at-risk and frail elderly populations.

"ACOs aren't just a new way to pay for care; they're a new model for the organization and delivery of the care under Medicare," said Dr. Donald Berwick, CMS administrator, during a press conference to announce the proposed rule.

Less-developed ACOs can choose to receive shared savings for 2 years before assuming risk. Organizations that are more mature can assume risk immediately.

Dr. Berwick said he doesn't know how many ACOs will form under the program, but that the level of interest is "enormous."

Since the Affordable Care Act was passed last year, the health care community has been buzzing about how ACOs might be structured and if they could succeed in reducing health care costs.

Integrated care organizations like Geisinger Health System in Danville, Pa., are considered to have a leg up because their hospital and outpatient care is already coordinated.

But Dr. Berwick said that the proposal allows for ACOs at various levels of development to participate. For example, less-developed ACOs can choose to receive shared savings for 2 years before assuming risk. Organizations that are more mature can assume risk immediately but be eligible for greater levels of shared savings.

"Our aim is to create on-ramps that will allow many to participate, depending on the different levels of maturity they are starting with," said Dr. Berwick.

CMS officials estimate that the program could result in as much as $960 million in Medicare savings over a period of 3 years.

Although federal officials said that they expect the coordinated care to pay dividends in savings to Medicare, ACOs will not be set up like HMOs. Medicare beneficiaries will continue to be able to see their choice of providers under fee-for-service Medicare. Providers will be the ones that enroll in ACOs and must notify patients that they are receiving care within an ACO.

In addition to the ACO proposed rule, the Department of Justice and the Federal Trade Commission have issued guidance on how physicians and hospitals that form an ACO can steer clear of antitrust laws.

Officials at the CMS and the Office of the Inspector General have also issued a notice on potential waivers that could be granted to ACOs in connection with the shared savings program, and the Internal Revenue Service has issued new guidance for tax-exempt hospitals that are seeking to participate in the program.

The CMS will be accepting comments on the proposed rule for 60 days. The agency also plans a series of open-door forums and listening sessions to explain the proposal and to get feedback from the public.

At press time, the American Medical Association said that it was reviewing the proposed rule and the policy statements from the Federal Trade Commission and the Department of Justice. In a statement, Dr. Jeremy A. Lazarus, the speaker of the AMA House of Delegates, said that ACOs offer "great promise" but that there are still a number of barriers to success, including the large capital requirements to fund an ACO and to make the necessary changes to individual physician practices. ■

Medicare Now Accepting 'Meaningful Use' Submissions

BY MARY ELLEN SCHNEIDER

Physicians can now send data to the federal government to qualify for thousands of dollars in bonus payments under the new Medicare electronic health record incentive program.

The program officially began on Jan. 3, but April 18 was the first day that physicians and other eligible providers could submit data on their "meaningful use" of electronic health records (EHRs). In order to qualify for Medicare incentive payments for 2011, physicians must report on at least 90 days of meaningful use occurring during this calendar year. Oct. 1, 2011, is the last day that physicians can begin their 90-day reporting period to receive a 2011 incentive payment.

The first checks for the Medicare incentive program are expected to go out in May, according to the Centers for Medicare and Medicaid Services.

The incentive program, which was authorized under the 2009 Health Information Technology for Economic and Clinical Health (HITECH) Act, offers payments to physicians who use health information technology to improve patient care. Federal regulations governing the program spell out how physicians and hospitals can meet standards for the meaningful use of certified EHR technology.

Physicians that meet the criteria are eligible to receive up to $44,000 over 5 years under the Medicare program. Physicians can still receive bonuses if they begin their meaningful use of the technology later, but they must qualify for the program before the end of 2012 to get all the available incentives.

A similar program is in place under the Medicaid program, with physicians eligible to receive up to $64,000 over 6 years for the adoption and use of certified EHR technology.

As part of the attestation process, physicians and other eligible providers must go online to report data on a number of meaningful use and quality measures established by CMS. Through the online portal, physicians can report the numerator, denominator, and any potential exclusions for the objectives.

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Oct. 1, 2011, is the last day that physicians can begin their 90-day reporting period to receive a 2011 incentive payment.

They can also attest that they have successfully met the program requirements. For example, the meaningful use regulations require that providers maintain an up-to-date accounting of current and active diagnoses. To be eligible for incentives, providers must report that more than 80% of all unique patients seen by the provider have at least one entry, or an indicator that no problems are known for the patients. The data must be recorded in a structured format.

"There is a great deal of interest in the meaningful use program," said William Underwood, a senior associate in the division of medical practice, professionalism, and quality at the American College of Physicians.

But while interest is high, that doesn't mean physicians will be clamoring to report on meaningful use immediately. Right now, physicians in both small and large practices are struggling with logistical hurdles, Mr. Underwood said.

For example, there is currently not a process in place to allow practice administrators to submit meaningful use data to CMS on behalf of large physician practices. The current setup requires a physician to report the information.

While CMS officials plan to address this, it hasn't happened yet, Mr. Underwood said.

Some small practices are having difficulty meeting meaningful use thresholds because other entities are not exchanging information with them regarding labs and referrals. And practices of all sizes are waiting for vendors to finish rolling out updates that show they are in compliance with meaningful use certification, he said.

Dr. Steven Waldren, director of the Center for Health IT at the American Academy of Family Physicians, agreed that while some physicians will submit data immediately, a large portion are still trying to figure out what they need to do to meet meaningful use requirements and ensure that their EHR system is certified. It may take until at least October to get a real sense of how many physicians plan to participate, he said. ■