

# HEALTH REFORM **IMPACT**

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## **Another Player in the Care Coordination Field: CMS Launches the Comprehensive Primary Care Initiative**

October 12, 2011

On September 27, 2011, the Centers for Medicare & Medicaid Services (“CMS”) released a notice soliciting participation in a Comprehensive Primary Care Initiative (“CPCI”) conducted by the Center for Medicare and Medicaid Innovation (“Innovation Center”).<sup>1</sup> The Innovation Center’s stated goal for the CPCI is to “strengthen free-standing primary care capacity by testing a model of comprehensive, accountable primary care supported by multiple payers to help deliver higher quality, better coordinated, and more patient-centered care.”<sup>2</sup> According to CMS Administrator Donald Berwick, M.D., the CPCI will support the goals of better health, better healthcare and lower per-capita costs by allowing “doctors... to spend [more] time with their patients...and better coordinate care with specialists.”<sup>3</sup> In addition to other programs, such as Accountable Care Organizations (ACOs)<sup>4</sup> and the Bundled Payment Initiative,<sup>5</sup> the CPCI extends and builds upon a wider-ranging effort by the Obama Administration to promote coordination of care and lower healthcare costs. The CPCI is authorized under section 1115A of the Social Security Act (the Act), as added by section 3021 of the Patient Protection and Affordable Care Act, to test innovative payment and service delivery models that reduce spending under Medicare, Medicaid and CHIP.

*Program Overview.* As the first part of the CPCI, CMS is soliciting both public and private payers<sup>6</sup> who will collaborate with the Innovation Center and approximately 75 primary care practices in approximately five to seven geographic markets<sup>7</sup> over the course of four years,

<sup>1</sup> See [CMS Fact Sheet: The Comprehensive Primary Care Initiative](#). The request for applications was subsequently released in the federal register. See Medicare Program: Comprehensive Primary Care Initiative: Request for Applications, 76 Fed. Reg. 61,103 (October 3, 2011).

<sup>2</sup> 76 Fed. Reg. 61,103 (October 3, 2011)

<sup>3</sup> See *HHS News: [HHS Launches New Affordable Care Act Initiative to Strengthen Primary Care](#)*.

<sup>4</sup> See our previous series of *Health Reform IMPACT* articles on ACOs, available [here](#).

<sup>5</sup> See our earlier issue of *Health Reform IMPACT*, [“Go Ahead And Make An Offer: CMS Solicits Bundled Payment Proposals”](#) (September 23, 2011).

<sup>6</sup> “Payers” may be commercial insurers, Medicare Advantage plans, states (through the Medicaid program, state employees program, or other insurance purchasing), Medicaid managed care plans, state or federal high risk pools, self-insured businesses or administrators of a self-insured group (Third Party Administrator(TPA)/Administrative Service Only (ASO)). See [CMS Center for Medicare and Medicaid Innovation Solicitation for the Comprehensive Primary Care Initiative](#).

<sup>7</sup> CMS stated “the final definition of a ‘market’ will be based on the overlapping, contiguous geographic service areas of participating payers. To discern those geographic areas, applicants will be asked to propose a market using a combination of Department of Commerce Metropolitan Statistical Areas (MSAs), counties, and/or zip codes to describe the service area in which they are

beginning in June 2012. The solicitation of participating primary care practices will after occur payers and markets have been selected. The Innovation Center will make enhanced payments averaging \$20 per beneficiary per month to the participating primary care practices for treating Medicare and Medicaid patients in the context of a collaborative multi-payer environment in which participating payers would also be expected to adopt payment, care coordination, and accountability strategies which are aligned with those of the Innovation Center. The Innovation Center will also offer an opportunity for the participating primary care practices to share in savings in years two through four of the program if the market in which the practice participates experiences reductions in its total health system costs. The Innovation Center will not provide financial support to payers (other than payments to states to support Medicaid fee-for-service beneficiaries), but appears to expect that payers who are already engaged in implementing similar programs will volunteer to participate in the CPCI.<sup>8</sup>

*Payers.* To be eligible to participate in the CPCI, payers must meet the following requirements: payers must (1) commit to enter into compensation contracts with participating primary care practices to support the infrastructure necessary to accomplish five specified comprehensive primary care functions, which will be discussed in more detail below; (2) commit to enter into compensation contracts with participating primary care practices that include an opportunity for the practices to qualify for shared savings; (3) share with CMS their attribution methodologies to identify the population of applicable beneficiaries for whom the primary care practices within the payer's market are accountable for care and cost; (4) be willing to provide participating practices, at regular intervals, with aggregate and member-level data about cost and utilization for their members receiving care in the initiative; (5) be willing to align quality, practice improvement and patient experience measures with the Innovation Center and other payers in their market for purposes of monitoring implementation milestones, quality improvement, and patient experience of care from practices participating in this initiative. Further, in order to encourage states to apply for the CPCI, the Innovation Center will provide support to participating states through a monthly per beneficiary care management fee for Medicaid fee-for-service beneficiaries utilizing or assigned to participating practices for the duration of the CPCI. The states would be expected to describe in their participation applications how they would, in turn, "augment" primary care case management (PCCM) payments or other payments to primary care practices serving Medicaid fee-for-service beneficiaries. However, shared savings will not be part of the payment methodology for Medicaid fee-for-service.

*Primary Care Practices.* To be eligible to participate in the CPCI, a practice in one of the selected markets must (1) be a primary care practice composed of predominately primary care providers<sup>9</sup> (2) be led by a board-certified practitioner<sup>10</sup> and (3) provide predominately primary

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interested in participating in the CPCI. For purposes of this initiative, the final definition of a market will remain within one state, but may span multiple MSAs and/or counties. We will give preference to markets where the payers are interested in including rural counties in the final boundary of a market." See [CMS Center for Medicare and Medicaid Innovation Solicitation for the Comprehensive Primary Care Initiative](#):

<sup>8</sup> See *Primary Care Model Would Compensate Practices for Better Coordination of Care: BNA Health Law Resource Center* (September 30, 2011).

<sup>9</sup> "Primary care providers" are defined "as one of the following: a physician who has a primary specialty designation of family medicine, internal medicine, or geriatric medicine; a nurse practitioner, clinical nurse specialist, or physician assistant for whom primary care services accounted for at least 60% of allowed charges under the Physician Fee Schedule."

<sup>10</sup> A "practitioner" must be a physician general practitioner, internist, family physician, geriatrician or advanced practice nurse (as allowed by state law).

care services<sup>11</sup> as the first point of contact for patients as well as providing ongoing care. Eligible primary care practices must also use an electronic health record system or electronic registry<sup>12</sup>, have at least 60% of their revenues generated by CPCI participating payers, have an NPI and Tax ID Number, and have a minimum of 200 eligible Medicare beneficiaries.<sup>13</sup>

Once a primary care practice is selected in a given market, the Innovation Center will reimburse each practice with a care management fee averaging \$20 per applicable beneficiary per month in the first two years of the CPCI and \$15 per month per beneficiary, thereafter. The Innovation Center will also adjust this average to reflect variation in geographic costs and, moreover, will risk-adjust the care management fee from \$8 to \$40 for each practice. Participating primary care practices will be free to choose how they use the enhanced funding, provided that they invest within the framework of the following five comprehensive primary care functions: 1) risk-stratified care management; (2) access and continuity; (3) planned care for chronic conditions and preventive care; (4) patient and caregiver engagement; and (5) coordination of care across the medical neighborhood.

In addition to the care management fee, the Innovation Center is interested in implementing a shared savings program for the participating primary care practices in years two through four of the program related to reductions in total health system cost. The savings would be measured at the market level – not the individual practice level – and the amount of savings would be allocated based on quality measures reported by the practice, which are likely to be a subset of those included in the final rule for the Medicare Shared Savings Program. CMS stated in the September 27, 2011 notice that shared savings methodology will be finalized in the subsequent participating primary care practice solicitation.

*Non-binding Letters of Intent and Application Deadlines.* Payer organizations interested in participating in the CPCI must submit a nonbinding letter(s) of intent (“LOI”) by November 15, 2011, using the LOI template on the Innovation Center website.<sup>14</sup> Applications from payers must be received through an online portal, on or before 5 p.m., Eastern Standard Time (E.S.T), on January 17, 2012. The Innovation Center reserves the right to request additional information from applicants in order to assess their applications. The LOI will be used for planning purposes only and will not be binding. Applications from payers that do not submit a timely LOI will not be considered. Once payers and markets have been selected, primary care practices will be recruited and selected in those markets. The Innovation Center will invite primary care practices to apply to participate in CPCI in a separate solicitation at a later date.

If you have any questions about this issue of *Health Reform IMPACT*, please contact any of the attorneys in our Healthcare Practice Group listed below. Also, please visit our special [website](#) for Health Reform IMPACT.

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<sup>11</sup> “Primary care services” are defined as those “services [that] may include those denoted by the following codes: 99201-99215; 99304-99318; 99324-99340; 99341-99350; G0402, G0438, and G0439; 99241-99245; 99354-99355; 99358-99359; 99381-88387; 99391-99387; 99401-99404; 99406-99409; 9941-99412; 99420; 99429; 99374-99380; and G0008-G0010.

<sup>12</sup> The Innovation Center will give preference to practices that have achieved stage 1 meaningful use of certified EHRs as defined by the Health Information Technology for Economic and Clinical Health (HITECH) Act.

<sup>13</sup> The eligible Medicare beneficiaries must be non-institutionalized and eligible for Part A and enrolled in Part B, but but must not be enrolled in a Part C plan, Medicare Cost Plan, Demonstrations Plan, or PACE Plan, and must not have end-stage renal disease (ESRD). Medicare must be the primary insurer for these beneficiaries.

<sup>14</sup> The Innovation Center website is available at: [www.innovation.cms.gov/](http://www.innovation.cms.gov/). See [LOI template](#), which includes an Excel document identifying preliminary markets of interest. LOIs should be submitted electronically in PDF format via encrypted email to the following email address by the applicable date specified in the “DATES” section of this notice: [CPCI@cms.hhs.gov](mailto:CPCI@cms.hhs.gov). LOIs will only be accepted via email. Applications will only be accepted via the online application portal.

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