



Comprehensive Care For Joint Replacement: Threat or Opportunity?

“ Most people miss opportunity because it is dressed in overalls and looks like work. ”

– THOMAS A. EDISON

On November 24, CMS published its 282-page final regulation implementing the Comprehensive Care for Joint Replacement payment model, or CJR. To learn more about CJR specifics, please visit www.pyapc.com/ccjr-threat-or-opportunity/.

For hospitals in one of the 67 selected MSAs, mandatory bundled payments for hip and knee replacement surgeries begin April 1, 2016. Should your organization view CJR as a financial threat or an opportunity for success under alternative payment models?



To illustrate, let's start with CMS-reported regional historical averages for MS-DRG 470 and apply the formula from the CJR regulation.

ASSUMPTIONS	YEAR 1 April-Dec. 2016	YEAR 2 2017	YEAR 3 2018	YEAR 4 2019	YEAR 5 2020
Episode Price <small>(adjusted annually by current rate of medical inflation)</small>	\$27,464	\$29,991	\$32,751	\$35,765	\$39,057
CJR Episode Target Price <small>(assumes 2% discount on Episode Price; % will vary based on hospital's performance scores)</small>	\$26,915	\$29,392	\$32,096	\$35,050	\$38,275
CJR Stop Loss/Stop Gain <small>(% of Target Price)</small>	0/+5%	-5/+5%	-10/+10%	-20/+20%	-20/+20%
Annual Number of Episodes <small>(adjusted annually for current rate of increase)</small>	355	380	406	435	465

So how much will this hospital stand to gain or lose under CJR? (MS-DRG 470 ONLY)

OPPORTUNITY	YEAR 1 April-Dec. 2016	YEAR 2 2017	YEAR 3 2018	YEAR 4 2019	YEAR 5 2020
Maximum Bonus Per Episode <small>(CJR Stop Gain)</small>	\$1,346	\$1,470	\$3,210	\$7,010	\$7,655
ANNUAL OPPORTUNITY	\$477,736	\$558,600	\$1,303,260	\$3,049,350	\$3,559,575
					CUMULATIVE TOTAL ↑\$8,948,521
THREAT	YEAR 1 April-Dec. 2016	YEAR 2 2017	YEAR 3 2018	YEAR 4 2019	YEAR 5 2020
Maximum Penalty Per Episode <small>(CJR Stop Loss)</small>	\$0	-\$1,470	-\$3,210	-\$7,010	-\$7,655
ANNUAL THREAT	\$0	-\$558,600	-\$1,303,260	-\$3,049,350	-\$3,559,575
					CUMULATIVE TOTAL ↓-\$8,470,785



CJR Success Requires **Ownership** and **Action**

PYA will lead your organization through 8 critical action items to fully realize the CJR opportunity. Our deep and wide experience with bundled payments, our data analytics capabilities, and our detailed working knowledge of the CJR regulations will give you the bench strength this new program demands.

1	Enable Data Acquisition, Analysis, and Activation <ul style="list-style-type: none"> Secure and analyze your CMS claims data to produce customized total cost of care dashboards Compile and analyze your hospital data to produce customized CJR performance metric dashboards 	5	Pursue Hospital Internal Cost Savings <ul style="list-style-type: none"> Identify and quantify your opportunities for internal cost savings Develop detailed workplans Implement, monitor, and refine internal cost savings initiatives
2	Perform Financial Impact Analysis and Environmental Assessment <ul style="list-style-type: none"> Calculate CJR's financial impact on your hospital Estimate CJR impact on future case volume and provider network alignment Evaluate potential collaborators (i.e., physicians and post-acute care providers to participate in care redesign) Leverage CJR with commercial payers 	6	Engage in Care Redesign <ul style="list-style-type: none"> Identify and quantify your opportunities for care redesign Develop detailed workplans Pursue opportunities under special CJR payment rules and waivers Identify key clinical and financial performance indicators Implement, monitor, and refine care redesign initiatives
3	Conduct Service Line Orientation <ul style="list-style-type: none"> Provide education and lead discussion among service line leaders Facilitate operational planning for CJR-related performance improvement activities 	7	Focus on CJR Quality Measures <ul style="list-style-type: none"> Quantify your opportunities for improvement on internal CJR quality measures (i.e., complication rates and patient satisfaction scores) Establish process for collecting and reporting on patient outcome measures Develop detailed workplans Implement, monitor, and revise internal quality measures initiatives
4	Identify and Recruit Collaborators <ul style="list-style-type: none"> Finalize required written selection criteria Quantify opportunities for participation in internal cost savings and care redesign Develop gainsharing methodologies and formal collaborator agreements Secure formal commitments from collaborators 	8	Ongoing Evaluation and Compliance <ul style="list-style-type: none"> Facilitate required reporting to CMS Monitor compliance with collaborator agreements Modify hospital's compliance program per CJR requirements Design and implement beneficiary notification procedures Report on changes in regulations and sub-regulatory guidance