



Medicare Acute Care Episode Demonstration for Orthopedic and Cardiovascular Surgery

Description:

The Acute Care Episode (ACE) Demonstration is a new demonstration that will test the use of a bundled payment for both hospital and physician services for a select set of inpatient episodes of care for orthopedic and cardiovascular procedures.

Currently, CMS generally pays the hospital a single prospectively-determined amount under the Inpatient Prospective Payment System (IPPS) for all the care it furnishes to the patient during an inpatient stay. The physicians who care for the patient during the inpatient stay are paid separately under the Medicare Physician Fee Schedule for each service they perform. Under this demonstration, Medicare will pay the hospital a single payment for both hospital (Part A) and physician (Part B) services furnished during an inpatient stay.

It is believed that this bundled payment will better align the incentives for both hospitals and physicians to improve quality and greater efficiency in the care that is delivered to Medicare beneficiaries. The demonstration will also test to what extent the provision of price and quality outcome information about the hospital affects the choices made by Medicare beneficiaries in selecting where to have their inpatient procedures.

Goal - The goals of this demonstration are to improve quality of care and outcomes for Medicare beneficiaries while providing a savings for beneficiaries, providers, and the Medicare program, and to improve decision making for beneficiaries and increased cooperation among providers.

Savings Shared with Medicare Patient - This demonstration provides an opportunity for Medicare to share savings achieved through the demonstration with beneficiaries who, based on quality and cost, choose to receive care from participating demonstration providers. However, beneficiaries will still be able to choose a hospital that best meets their needs and will not be restricted by this demonstration. Medicare will share 50 percent of the savings it gains under the demonstration with the Medicare beneficiary up to a maximum of the annual Part B premium, currently \$1,157. The exact amount of the shared savings payment will vary by site and procedure. Medicare will send the shared savings payment directly to qualified beneficiaries approximately 90 days after they are discharged from the hospital. These payments are subject

to Federal, state and other income taxes. (Those Medicare beneficiaries who are receiving Medicaid benefits are not eligible to receive shared savings payments.)

Inpatient Procedures Included in Demonstration - The ACE Demonstration provides this bundled payment for each of a select set of inpatient episodes of care for orthopedic and cardiovascular procedures. The following procedures are included in this demonstration:

Orthopedic Procedures:

Hip replacement
Knee replacement
Other lower extremity joint replacement

Cardiovascular Procedures:

Coronary Artery Bypass Graft Surgery
Cardiac Valve Replacement Surgery
Cardiac Pacemaker Implantation and Replacement
Cardiac Defibrillator Implantation
Coronary Artery Angioplasty

Click on the following link to find a detailed list of the inpatient procedures, listed by Diagnosis Related Groups (DRGs), which are included in this demonstration: [DRG Listing](#)

Demonstration Sites - Five health care systems were chosen to participate and provide services to Medicare beneficiaries under this demonstration for cardiovascular procedures, orthopedic procedures or both. The demonstration sites are listed below along with a link for each site's webpage. For a complete list of all hospital addresses for each of the demonstration sites, click on the following link: [ACE Locations](#)

Current Demonstration Site Participants:

Tulsa, Oklahoma – The Hillcrest Medical Center in Tulsa, Oklahoma provides both orthopedic and cardiovascular procedures under the demonstration. For a listing of the shared savings payment amounts by DRG for this site, click on the following link:

[Shared Savings – Hillcrest](#) (Effective January 1, 2010)

[Shared Savings – Hillcrest](#) (Effective October 1 – December 31, 2009)

[Shared Savings - Hillcrest](#) (Effective through September 30, 2009)

Click on the following link to reach the site webpage:

www.todayhillcrest.com/patients/incentive_program/

San Antonio, Texas – The Baptist Health System in San Antonio, Texas provides both orthopedic and cardiovascular procedures under the demonstration. For a listing of the shared savings payment amounts by DRG for this site, click on the following link:

[Shared Savings – Baptist](#) (Effective January 1, 2010)

[Shared Savings – Baptist](#) (Effective October 1 - December 31, 2009)

[Shared Savings - Baptist](#) (Effective through September 30, 2009)

Click on the following link to reach the site webpage: www.baptisthealthsystem.com/ACE

Oklahoma City, Oklahoma – The Oklahoma Heart Hospital LLC in Oklahoma City, Oklahoma provides cardiovascular procedures under the demonstration. For a listing of the shared savings payment amounts by DRG for this site, click on the following link:

[Shared Savings – Oklahoma](#) (Effective January 1, 2010)

Click on the following link to reach the site webpage: <http://www.okheart.com>

Future Demonstration Site Participants:

Albuquerque, New Mexico - The Lovelace Health System in Albuquerque, New Mexico provides orthopedic procedures under the demonstration. For a listing of the shared savings payment amounts by DRG for this site, click on the following link: **(Not Yet Available)**

Click on the following link to reach the site webpage: **(Not Yet Available)**

Denver, Colorado - The Exempla Saint Joseph Hospital in Denver, Colorado provides cardiovascular procedures under the demonstration. For a listing of the shared savings payment amounts by DRG for this site, click on the following link: **(Not Yet Available)**

Click on the following link to reach the site webpage: **(Not Yet Available)**

FURTHER INFORMATION: This CMS web page is directed specifically to providing information about the demonstration to interested Medicare beneficiaries. For further information about the Acute Care Episode Demonstration including press releases, the demonstration site solicitation and the terms and conditions governing the participation of demonstration sites, please click on the following link:

<http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD/itemdetail.asp?filterType=dual,%20keyword&filterValue=Acute%20Care&filterByDID=0&sortByDID=3&sortOrder=descending&itemID=CMS1204388&intNumPerPage=10>

This demonstration is conducted by:

Medicare Demonstrations Program Group
Office of Research, Development and Information
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244