

Medicare Participating Centers of Excellence Demonstration For Cardiovascular Health Care Facilities Expanding in 2001

Background

In 1991, HCFA created the Medicare Participating Heart Bypass Center Alternative Payment Demonstration. The Bypass Demonstration combined physician and hospital payments into a single or global payment. Ten criteria were utilized to rank applicants based on quality and price. Ten hospitals and their participating physicians were selected as finalists based on the selection criteria. The selected hospitals agreed to participate under a three-year contract, which was expanded to five years in the spring of 1993. Initially, four (4) hospitals were selected as part of the Demonstration. The selected hospitals were the following:

- *Saint Joseph's Hospital of Atlanta,*
- *St. Joseph Mercy Hospital in Ann Arbor,*
- *The Ohio State University Hospitals in Columbus, and,*
- *University Hospital in Boston.*

Later, the remaining six finalist hospitals not initially selected were invited to submit new bids to participate in the Demonstration. Only three of the hospitals submitted bids. In the spring of 1993, the government expanded the demonstration to include these three additional participants to include the following:

- *St. Luke's Episcopal Hospital in Houston,*
- *St. Vincent's Hospital in Portland, Oregon, and,*
- *Methodist Hospital in Indianapolis.*

Each of these three hospitals began receiving global payments under the criteria of the Demonstration project in the second quarter of 1993. Each hospital received a three-year contract to participate in the Demonstration. The original four hospitals agreed to continue receiving global payments under the demonstration through the second quarter of 1996.

HCFA planned on expanding the Bypass Demonstration project in March of 1996. The original seven participating hospitals and hospitals in the San Francisco and Chicago regions, comprising ten states, were invited to submit applications for future participation. Applications were submitted by hospitals in these regions; however, due to budget constraints caused by the Y2K issues and the Balanced Budget Act of 1997, the project was put on hold until recently when HCFA announced it will begin a new Demonstration, beginning with hospitals in Illinois, Michigan and Ohio in the spring of 2001.

Original Bypass Demonstration Results

The original Bypass Demonstration project is estimated to have saved Medicare approximately \$40 million, or 10 percent of the cost for the 10,000 coronary bypass surgeries performed at the original seven sites. Beneficiaries also are estimated to have saved approximately \$7.9 million in Part B coinsurance payments.

New Bypass Demonstration Project to Be Implemented in Early 2001

Last Month, HCFA announced a new demonstration program to “provide incentives to hospitals and physicians to provide coordinated, cost effective care, thus achieving savings to the Medicare program.” The new Demonstration will initially involve cardiovascular programs in three states:

- Illinois,
- Michigan, and,
- Ohio.

The Demonstration will give bundled Part A and Part B payments to premier cardiovascular facilities for selected cardiovascular procedures. To be included in the new Demonstration, clinical programs will need to meet “explicit criteria reflective of the provision of high quality care and monitoring of them (criteria) on an ongoing basis.”

Richard Beveridge & Associates, Inc. has experienced consultants on its staff that assisted cardiovascular programs with their applications during the 1996 application period. RB&A is uniquely qualified to assist cardiovascular programs in the application process for inclusion in the new Bypass Demonstration project. We strongly recommend that cardiovascular programs in the states of Illinois, Michigan and Ohio began examining their cardiovascular programs from an objective perspective to position the programs for participation in the Demonstration. Programs cannot wait until the Application for consideration to participate is made available. Given the requirements identified in the previous application process, RB&A recommends that cardiovascular programs begin now to audit their current capabilities to meet the stringent and explicit requirements for participation that, most likely, will be part of the new application process. Some of the issues, among many, that must be addressed now include the following:

- Assessing MIS capabilities for collecting, sorting, storing and reporting required data to HCFA
- Identifying procedure volumes, by program and individual provider, and the outcomes achieved by the providers

- Identifying physician partners that provide high quality, low cost clinical services for inclusion in the packaged priced arrangement required for the application process
- Performing a complete and thorough procedure cost analysis for all cardiovascular procedures and services that will be provided under the global priced arrangements
- Developing appropriate bundled or package priced services for the identified HCFA services

RB&A assists cardiovascular providers, both physician and hospitals, with assessments of current capabilities to include MIS and database capabilities; equipment and facility capacities; provider relations and team building; quality assessments to include outcomes analyses and benchmarking; procedure cost analyses; and package or global price development, among others. Our program and practice assessments and audits can assist providers in preparing for the successful application and participation in the new Bypass Demonstration this spring when the application period will begin.

To find out how RB&A can assist providers in preparing for the new Bypass Demonstration project and for additional information on Program Assessments, Practice Assessments, Procedure Cost Analysis, Package Price Development, Team Building and other RB&A services, please call RB&A at 801-565-0909.