

LONG-TERM CARE IN BRIEF: EXPLAINING THE MEDICAID BUNDLED PAYMENTS DEMONSTRATION PROJECT

HR 3590, Sec. 2704. Demonstration Project to Evaluate Integrated Care Around a Hospitalization

The Patient Protection and Affordable Care Act (The Affordable Care Act), signed into law on March 23, 2010, includes several initiatives that are designed to improve system quality. One example of this, the Demonstration Project to Evaluate Integrated Care Around a Hospitalization, will provide selected states with the authority to temporarily restructure part of the Medicaid payment delivery system (HR 3590, Sec. 2704).

The demonstration project will look for opportunities in which service providers and suppliers could potentially improve the quality of care they furnish to Medicaid beneficiaries, while reducing the total expenditures under the state Medicaid program.

What states can participate? The Secretary will choose up to eight states to participate in the demonstration project. In making these selections, the Secretary will take into consideration the state's potential to implement the project in such a way as to reduce costs to the Medicaid program, while simultaneously improving care for beneficiaries. In order to be selected, a state must specify one or more episodes of care to address in administering the project, including the services that will be subject to the bundled payments, and the reasoning behind the state's choices. Before or after approving the application, the Secretary will have the authority to modify the state's selections.

How will the program operate? With respect to an episode of care that requires a Medicaid beneficiary to be hospitalized, and for concurrent physician's services provided to a beneficiary during a hospitalization, the integrated care provided to Medicaid beneficiaries will be reimbursed using a bundled payment model. Payments made under the project will be adjusted to take into consideration the characteristics of beneficiaries, such as severity of illness. The states selected by the Secretary to participate in the demonstration project will have the flexibility to implement the project to target several populations, including particular categories of beneficiaries, beneficiaries with particular diagnoses, or beneficiaries in particular geographic regions of the state. However, the Secretary will insure that as a whole, the demonstration project is representative of the demographic and geographic composition of Medicaid beneficiaries nationally.

How will Medicaid beneficiaries be affected? States must ensure that Medicaid beneficiaries are not subject to any additional cost-sharing requirements as a result of the demonstration project. Throughout the demonstration period, beneficiaries whose care is subject to payment bundling must not receive less medical assistance under Medicaid than what he or she would be receiving if the demonstration project were not in place. To guarantee that Medicaid beneficiaries who require post-acute care are quickly placed in an appropriate setting to receive these services, hospitals participating in the demonstration project must operate robust discharge planning programs.

IMPORTANT DATES

January 1, 2012	The Program will begin
December 31, 2016	The Program will end
December 31, 2017	The Secretary must submit a report to Congress on the Program's results