



News Flash - The April 2008 version of the *Critical Access Hospital Fact Sheet* is now available in downloadable format from the Centers for Medicare & Medicaid Services Medicare Learning Network at <http://www.cms.hhs.gov/MLNProducts/downloads/CritAccessHospfctshf.pdf> on the CMS website. If this hyperlink does not take you directly to the fact sheet, please copy and paste the URL in your Internet browser. The fact sheet provides information about eligible Critical Access Hospital (CAH) providers; CAH designation; CAH payments; reasonable cost payment principles that do not apply to CAHs; election of Standard Method or Optional (Elective) Payment Method; Medicare Rural Pass-Through funding for certain anesthesia services; Health Professional Shortage Area Incentive payments; Physician Scarcity Area Bonus payments; Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and grants to states under the Medicare Rural Hospital Flexibility Program.

MLN Matters Number: MM6001

Related Change Request (CR) #: 6001

Related CR Release Date: June 27, 2008

Effective Date: Admissions occurring on or after January 1, 2009

Related CR Transmittal #: R58DEMO

Implementation Date: January 1, 2009

Medicare Acute Care Episode (ACE) Demonstration. CR 6001 rescinds and fully replaces CR 5767

Provider Types Affected

Hospitals submitting claims to Medicare contractors (especially those providers billing the Part A/B Medicare Administrative Contractor (A/B MAC)) in Medicare MAC jurisdiction 4. Physicians and other providers treating inpatients or referring inpatients covered by the demonstration within MAC jurisdiction 4 may also find this article of interest.

Provider Action Needed



STOP – Impact to You

This article is based on Change Request (CR) 6001 which provides details regarding the Medicare Acute Care Episode (ACE) Demonstration and rescinds and replaces CR 5767 (Transmittal 55, dated January 25, 2008). The article is

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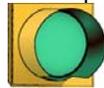
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informational, especially for hospitals and providers in Texas, Oklahoma, Colorado, and New Mexico. Only hospitals in those states may apply to participate in this demonstration.



CAUTION – What You Need to Know

CR 6001 remains the same as CR 5767 (Transmittal 55) except for specifying that the geographic location of the Medicare Acute Care Episode (ACE) Demonstration is A/B MAC Jurisdiction 4 (Texas, Oklahoma, Colorado, and New Mexico). Only providers in these states may volunteer to participate in the ACE demonstration. CR 6001 also contains claims processing instructions and changes required for Medicare systems to process and pay for acute inpatient episodes of care under this demonstration. A summary of the demonstration design and how it relates to the required system changes is included in Attachments I through V of CR 6001.



GO – What You Need to Do

See the Background and Additional Information Sections of this article for further details regarding this demonstration project.

Background

The Acute Care Episode (ACE) Demonstration is being implemented under the provisions of the Medicare Health Care Quality Demonstration Programs (Social Security Act; Section 1866C; see http://www.ssa.gov/OP_Home/ssact/title18/1866C.htm on the Internet), as amended by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Public Law 108-173; Section 646). Section 1866C of the Social Security Act allows the Secretary to approve demonstration projects that examine health delivery factors that encourage the delivery of improved quality in patient care, including the provision of incentives for improving the quality and safety of care and achieving the efficient allocation of resources.

As a value-based purchaser of care, the Centers for Medicare & Medicaid Services (CMS) seeks to devise and test new methods of paying providers that will encourage improvements in both the efficiency and quality of care provided to Medicare beneficiaries. With this in mind, the goal of the ACE Demonstration is to align hospitals' and physicians' incentives to work together to provide coordinated, cost-effective care by:

- Bundling all related services into an "episode of care," and
- Paying a single, global payment that can be used as the providers of care deem most appropriate.

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It is expected that the ACE Demonstration will achieve savings to the Medicare program and give hospitals and physicians the flexibility to allocate resources as they determine to be most appropriate.

Approximately 15 demonstration sites will be selected to participate in this demonstration, currently projected to start on January 1, 2009, with site selection occurring during the fall of 2008. Sites will be selected from states previously mentioned in this article that pay claims under the diagnostic related group (DRG) inpatient prospective payment system (IPPS). Individual demonstration sites will participate for three years from their first date of operation, and CMS has the option to add demonstration sites.

All proposals will be thoroughly reviewed by a technical expert panel to insure the organization's capacity to carry out the demonstration. Entities may submit proposals for a global payment under the demonstration for one or more of the categories listed in Attachment II of CR 6001. However, if a demonstration site is selected for a particular category of DRGs, all admissions for eligible beneficiaries to the facility for DRGs in that category shall be processed under the demonstration payment rules. In addition, participating entities will be required to submit quality data relevant to the services being provided under the demonstration.

CMS staff will provide Medicare contractors with a list of all demonstration providers and their associated identification numbers (e.g. National Provider Identifier (NPI), Medicare legacy provider identification number, etc) as well as DRGs covered under the demonstration for each facility. This information is expected to be relatively static and stable during the course of the demonstration. However, there is the possibility that some information may require infrequent updates during the course of the demonstration.

Systems will be operational to process claims under this demonstration with dates of admission on or after January 1, 2009. Claims will begin to be processed under the demonstration on January 1, 2009. The period October through December, 2008 will be used to educate providers, beneficiaries, and other stakeholders about the demonstration and test the claims processing systems. Under this demonstration, it is intended that the cost reports and settlement for disproportionate share and indirect medical education be processed based on what the A/B MAC would have paid for Part A services in the absence of the demonstration.

Patients eligible for the demonstration must be eligible for Medicare Part A and Part B under Medicare's traditional fee-for-service program and they must have at least one lifetime reserve day at the time of admission to the demonstration

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hospital in order for the stay to be covered under the demonstration. Beneficiaries enrolled in any type of Medicare health plan are not eligible for the demonstration, even if all or a portion of the claim is processed using Medicare fee-for service claims processing systems

Additional Information

The official instruction, CR 6001, issued to your A/B MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R58DEMO.pdf> on the CMS website. Attached to CR6001 you will find a more detailed description of the demonstration design and the DRGs that may be part of a hospital's demonstration application.

If you have any questions, please contact your A/B MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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