CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

The Comprehensive ESRD Care (CEC) Model

Open Door Forum

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Introduction

- The purpose of this initiative—the Comprehensive ESRD Care (CEC) Model—is to create financial incentives for dialysis facilities, nephrologists, and other Medicare providers of services and suppliers to comprehensively improve beneficiary outcomes and reduce per capita expenditures.
- Beneficiaries with end-stage renal disease (ESRD) are among the most medically fragile and high cost populations served by the Medicare program.
- CMS expects approximately 20,000 beneficiaries will match to 10 to 15 unique ESRD seamless care organizations (ESCOs) during the test of the Model

http://innovation.cms.gov/initiatives/comprehensive-ESRD-care

RFA Changes

- This presentation incorporates the changes in the RFA updated April 15, 2014.
- It also includes information, much of which was incorporated into the RFA, from the Frequently Asked Questions (FAQ's) document April 15, 2014.

Policy Revisions

The revisions reflecting revised policy for the CEC initiative are as follows:

- Removal of the requirement for an *independent* nephrologist and/or nephrology practice to be a participant owner of the ESCO entity. A nephrologist and/or nephrology practice are still required participants of the ESCO.
- Revisions to the financial risk arrangements to increase the financial incentive for both large dialysis organization (LDO) and non-LDO applicants to reduce costs to Medicare.
- Additional option for non-LDO aggregation for the purposes of financial calculations. Aggregation will allow for non-LDO applicants to pool together to collectively increase the number of matched beneficiaries.

Application Process Change

- Letters of Intent are due on **June 23, 2014 for LDO applicants** and **September 15, 2014 for non-LDO applicants.**
  - Applicants will be unable to access the application page without first submitting an LOI.
- Applications are due on **June 23, 2014 for LDO applicants** and **September 15, 2014 for non-LDO applicants.**
- Questions about the Letter of Intent should be directed to: ESRD-CMMI@cms.hhs.gov

Model Background

- Establishes a new Medicare model of payment to test for
  - improving care for beneficiaries with ESRD
  - reducing costs to the Medicare program
- Developed under the authority of the Center for Medicare and Medicaid Innovation (CMMI)
  - Section 3021 of the Affordable Care Act

Model Description

- Hypothesis: comprehensive medical management of, and better care coordination for, ESRD beneficiaries will result in improved outcomes and expenditure savings
  - Comprehensive and Coordinated Care Delivery
  - Enhanced Patient-Centered Care and Improved Communication
  - Improved Access to Services

What is an ESCO?

- Group of healthcare providers and suppliers who will work together to provide beneficiaries with a more patient-centered, coordinated care experience.
- The ESCO and its participants agree to become accountable for the quality, cost and overall care of matched beneficiaries and to comply with the terms and conditions of the ESCO Model Participation Agreement.
  - Participants include participant owners and participant non-owners

What is an ESCO? (cont'd)

- Must have a taxpayer identification number (TIN)
- Separate and unique legal entity
- Recognized and authorized to conduct business
- Must be capable of:
  - Receiving and distributing shared savings payments;
  - Repaying shared losses, if applicable; and,
  - Establishing reporting mechanisms and ensuring ESCO participant compliance with program requirements, including but not limited to quality performance standards

What is an ESCO? (cont'd)

- Legal entity recognized and authorized under applicable State, Federal, or Tribal law and identified by a Tax Identification Number (TIN);
- Each ESCO **must** have at least one of each of the following included as participant owners:
  - A dialysis facility; and
  - A nephrologist and/or nephrology practice.
- This **may** also include eligible Medicare-enrolled provider or supplier including physicians and non-physician practitioners, but excluding Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) suppliers, ambulance suppliers, and drug/device manufacturers.
- CMS **no longer requires** that at least one nephrologist and/or nephrology practice be an independent entity.

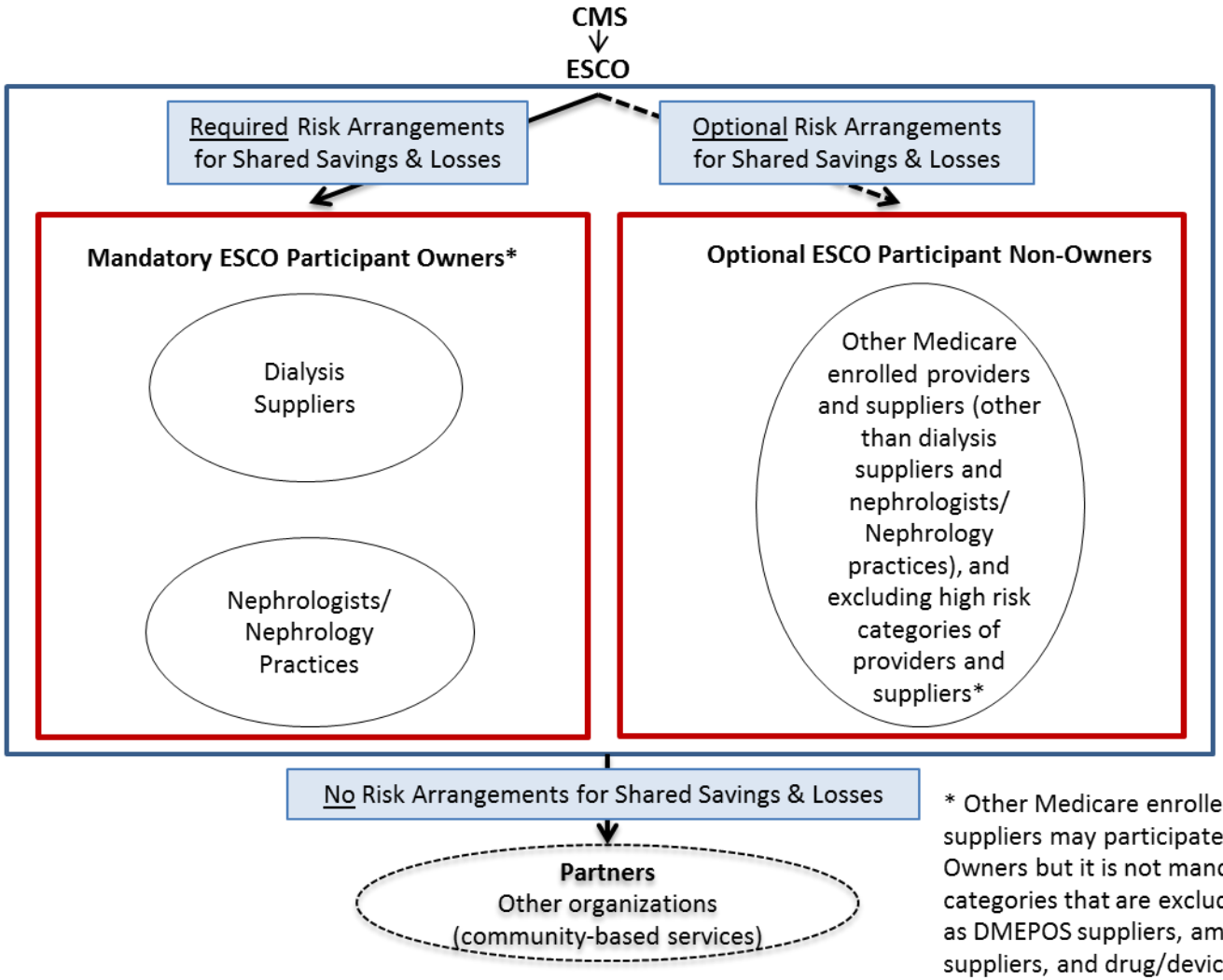
What is an ESCO provider/supplier?

- An individual or entity that
  - is a Medicare-enrolled provider or supplier other than a DMEPOS supplier, ambulance suppliers and drug or device manufacturers,
  - is identified by an or National Provider Identifier (NPI) or CMS Certification Number (CCN); and,
  - bills for items and services it furnishes to Medicare fee-for-service beneficiaries under a Medicare billing number assigned to a TIN of an ESCO participant.
- All ESCO providers/suppliers
  - must be included on the ESCO's TIN/NPI list submitted to CMS on an annual basis and
  - Are required to comply with applicable terms and conditions of the CEC Model Participation Agreement.

What is an ESCO participant-owner?

- A Medicare-enrolled entity that:
  - is comprised of one or more ESCO providers/suppliers, each of whom bills under the same Medicare-enrolled TIN assigned to the entity,
  - has an ownership stake in the ESCO,
  - is a signatory to the ESCO Model Participation Agreement, and
  - assumes a minimum portion of the liability for shared losses ("downside risk") as specified by CMS and agrees CMS may recover such shared losses.
- All dialysis facilities and nephrologists/ nephrologist group practices participating in the ESCO must be participant-owners.

Formal Legal Structure



* Other Medicare enrolled providers and suppliers may participate as Participant Owners but it is not mandatory. High risk categories that are excluded are defined as DMEPOS suppliers, ambulance suppliers, and drug/device manufacturers.

Applicant Eligibility

- Together, the following providers are eligible to form an ESCO that may apply to participate in the Model:
  - Medicare Certified dialysis facilities, including
    - facilities owned by large dialysis organizations (LDOs),
    - facilities owned by small dialysis organizations (SDOs),
      - SDOs also referred to as non-LDOs
    - hospital-based facilities, and
    - independently-owned dialysis facilities;
  - Nephrologists and/or nephrology practices; and
  - Certain other Medicare enrolled providers and suppliers

Applicant Eligibility

- The same ESCO may not include dialysis facilities owned by different LDOs.
- Dialysis facilities owned by LDOs cannot partner with dialysis facilities owned by non-LDOs.
  - There are no limitations on partnerships among non-LDO organizations/facilities in the submission of a single ESCO application

Applicant Eligibility

- Must have a minimum of 350 ESRD beneficiaries matched to ESCO
  - Non-LDO ESCOs will be offered the opportunity to aggregate the beneficiaries it serves with those served by other non-LDO ESCOs to form an “aggregation pool”
- Organizations will not be able to submit a single application for multiple facilities located across different markets
  - Markets are defined as no more than two contiguous Medicare core-based statistical areas (CBSA) with permissible inclusion of contiguous rural counties that are not included in a Medicare CBSA.
    - Exception: For rural applicants not included in any Medicare CBSA, the market area of the ESCO will be defined based on a geographic unit no larger than a state.

Applicant Eligibility

Question: If I am already participating in another Shared Savings Program, am I eligible to participate in this initiative?

Answer: The Taxpayer Identification Numbers (TIN) of ACO participants and the TINs through which ACO providers/suppliers bill in the Medicare Shared Savings Program are NOT eligible.

Individual providers/suppliers participating in other shared savings programs, with the exception of primary care providers participating in the Pioneer ACO model, **are** eligible.

Applicant Eligibility

- Individual ESCO applicants in a given non-LDO aggregation pool will remain independent legal entities and be treated as such for purposes of meeting all other program requirements
- Non-LDO applicants that have preferences regarding which other organizations will be aggregated with for purposes of financial calculations should provide that information to ESRD-CMMI@CMS.hhs.gov before the close of the application period

Other Provider Types

Question: Other than dialysis facilities and nephrologists or nephrology practices, are ESCOs required to include other particular types of providers or suppliers?

Answer: CMS does not have requirements for how many other providers or supplies should participate in the ESCO.

ESCO Beneficiary Matching

- CMS will match beneficiaries to an ESCO based on dialysis utilization using a “first touch” approach—meaning that a beneficiary’s first visit to a given dialysis facility during a particular period will prospectively match that beneficiary to the dialysis facility, and by extension the ESCO, for the upcoming performance year.
- Historical matching is based on “first touch” using historical claims data for a prescribed look-back period
- Quarterly matching

ESCO Beneficiary Matching

To be matched to an ESCO, a beneficiary:

- Must be enrolled in Medicare parts A and B
- Must be receiving dialysis services
- Must reside in the United States and within the market area of the ESCO and receive at least 50% of his/her annual dialysis services (measured by expenditures) in the ESCO's geographic area
- Must be age 18 years of age or older
  - Pediatric beneficiaries (age 17 and younger) are excluded from matching due to different needs of this small population (<1% of total ESRD beneficiaries).

ESCO Beneficiary Matching (Cont'd)

To be matched to an ESCO, a beneficiary:

- Must NOT have already been assigned or aligned to a Medicare ACO or another Medicare program/demonstration/model involving shared savings at the date of initial matching for the ESCO Model
- Must NOT have a functioning transplant
- Must NOT have Medicare as a secondary payer
- Must NOT be enrolled in a Medicare Advantage plan, cost plan, or other non-Medicare Advantage Medicare managed care plan

Non-LDO Aggregation

Question: What is non-LDO Aggregation and why is it important?

Answer: Non-LDO aggregation allows non-LDO ESCOs to more easily satisfy the requirement that an ESCO have a minimum of 350 matched beneficiaries for financial purposes. CMS will offer each non-LDO ESCO applicant an opportunity to aggregate the beneficiaries it serves with those served by other non-LDO ESCOs. Non-LDO ESCOs that aggregate matched beneficiaries with one another form an "aggregation pool."

Non-LDO Aggregation (Con't)

Question: Who is eligible to participate in non-LDO Aggregation?

Answer: Only non-LDO applicants are eligible to select aggregation. This includes both non-LDO applicants that can meet the minimum threshold for matched beneficiaries as well as those ESCOs who are unable to meet the requirement.

Determination of Aggregation Pools

Question: How will CMS determine aggregation pools?

Answer: CMS will take into account the applicant's preferences for aggregation partners when making final decisions.

- CMS will provide information on the matched population size, location, and organizational composition of all non-LDO finalists.
- All non-LDO finalists will be given the option to enter the model through a default aggregation pool that includes all non-LDO finalists.
- CMS will also consider requests by multiple subsets of such finalists to form a smaller aggregation pool as long as that smaller pool would still meet the 350 beneficiary minimum.

Clarification

- The Innovation Center has closely worked with other CMS components and stakeholders to revise the CEC model to allow for broad participation by both large dialysis organizations (LDOs) and non-LDOs.
- The new policy of non-LDO aggregation will ensure non-LDO participation by allowing non-LDOs that cannot individually meet beneficiary minimums to collectively meet the minimum for financial purposes.
- It will also allow all non-LDOs the opportunity to collectively lower minimum savings rate and increase financial incentives under the Model.

Payment Arrangements

- The payment arrangements included in the CEC Model are directly tied to the organizational size of the applicant—namely whether or not the applicant ESCO includes an LDO facility. (Risk-based)
- The payment arrangements are non-negotiable.
- All applicants that include an LDO facility will be in the two-sided payment track.
- Applicants that include only non-LDO facilities will be in the one-sided payment track.

Payment Arrangement (cont'd)

- For all ESCOs that enter agreements to continue participation in the model for years 4 and 5, the benchmark would not be rebased
- LDO ESCOs will **have benchmarks reduced** to reflect a discount applied only to all non-dialysis Fee-for-Service Medicare Part A and Part B costs

LDO 2-Sided Risk Track

Question: In the revised RFA published on April 15, 2014, what are the changes to the LDO 2-sided risk track?

Answer: In the LDO 2-sided risk track, CMS has eliminated rebasing in performance years 4 and 5. In addition, CMS will only apply the guaranteed discount to the non-dialysis FFS Part A and B per capita benchmark starting in year 2 at 1%, year 3 at 2%, year 4 and onwards at 3%.

Non-LDO Risk Track

Question: In the revised RFA published on April 15, 2014, what are the changes to the non-LDO risk track?

Answer: CMS no longer is offering two-sided risk track options for non-LDOs. The revised RFA describes the one-sided risk track now being offered for non-LDO ESCOs. The shared savings percentage between CMS and the ESCO will be 50% in performance years 1 through 5. Like the LDO risk option, CMS has eliminated rebasing in performance years 4 and 5.

Payment Arrangement (cont'd)

Design Feature	LDO ESCO 2-Sided Risk	Non-LDO ESCO 1-Sided Risk
Risk Structure	2-sided	1-sided
Minimum savings rate (MSR)	+/-1% threshold for first-dollar shared savings or losses (option for higher threshold if desired)	4.75% MSR for first-dollar shared savings at 350 beneficiaries, decreasing to 2% as number of beneficiaries increase to 2,000

Payment Arrangement (cont'd)

Design Feature	LDO ESCO 2-Sided Risk	Non-LDO ESCO 1-Sided Risk
Guaranteed Discount	Guaranteed discount applied only to non-dialysis FFS Part A and B per capita benchmark Year 1: 0% Year 2: 1% Year 3+: 2% Year 4+: 3%	None
Shared Savings / Shared Loss Percentages	After locking in guaranteed discounts, sharing up to 70% of first-dollar savings/losses in year 1, 75% in years 2+	50% in years 1-3, 3+

Payment Arrangement (cont'd)

Design Feature	LDO ESCO 2-Sided Risk	Non-LDO ESCO 1-Sided Risk
Caps on Shared Savings/Shared Losses	10% years 1&2 15% years 3+	5% in years 1-3, 3+
Rebasing	No rebasing	No rebasing

Payment Arrangement
ESCO MSR Linear Interpolation Table

Number of Beneficiaries			MSR (low end of assigned beneficiaries)	MSR (high end of assigned beneficiaries)
350	-	399	4.75%	4.40%
400	-	449	4.40%	4.20%
450	-	499	4.20%	4.00%
500	-	599	4.00%	3.60%
600	-	799	3.60%	3.10%
800	-	999	3.10%	2.80%
1,000	-	1,199	2.80%	2.60%
1,200	-	1,399	2.60%	2.40%
1,400	-	1,599	2.40%	2.20%
1,600	-	1,799	2.20%	2.10%
1,800	-	1,999	2.10%	2.00%
2,000	+		2.00%	2.00%

Length of Agreement

- Agreements will have an initial term consisting of three performance periods with an option to extend for two additional 12-month performance periods.
  - First performance period expected to begin in January 2015 for LDO applicants and July 2015 for non-LDO applicants
- Additional performance periods may be offered in part to the ESCO meeting financial and quality performance targets.

Length of Agreement (cont'd)

- CMS may choose not to offer the additional two performance periods if:
  - The ESCO does not generate savings and/or
  - Meet performance standards or other performance requirements during the first two performance periods.
- CMS may terminate the agreement at any point due to non-compliance with the CEC Model Participation Agreement and/or performance related issues.

Agreement Withdrawal

- Applicants seeking to withdraw or amend their applications must submit an electronic withdrawal request to CMS via the following mailbox: ESRD-CMMI@cms.hhs.gov. The request must be submitted as a PDF on the organization's letterhead and signed by an authorized corporate official, and include:
    - the applicant organization's legal name; organization's primary point of contact; full and correct address of the organization; and, if applicable, the specific CMS Certification Numbers (CCNs) and/or National Provider Identifier (NPI) numbers it seeks to remove from a pending application.

Governance & Leadership

- ESCO must maintain an identifiable governing body
- Must have:
  - Authority to execute the functions of the ESCO
  - Authority for final decision-making for the ESCO
  - A conflict of interest policy
  - A transparent governing process to ensure CMS has the ability to monitor and audit as appropriate.

Governance & Leadership (cont'd)

- ESCO participants (owners and non-owners) must have at least 75% control of the ESCO's governing body.
- No one participant in the ESCO can represent more than 50% of the membership on the governing body.
- Members must place their fiduciary duty to the ESCO before the interests of any ESCO participant.
- The governing body must include an independent ESRD Medicare beneficiary representative and a trained and/or experienced non-affiliated, independent consumer advocate on the governing body.

Quality Performance

Question: What is the set of quality measures that will be used for assessing ESCO quality performance?

Answer: CMS will require the assessment of claims-based and clinical quality measures as well as administration of surveys as outlined in the CEC Model RFA for assessing ESCO quality performance.

- CMS and/or its contractor intends to provide a draft set of quality measures to potential ESCOs that apply to participate in the CEC model. CMS will provide a final set of quality measures for review to selected participants prior to requiring participants to sign the CEC Model Participation Agreement.

Quality Performance (cont'd)

- ESCOs will be required to meet a minimum threshold score in order to be eligible for shared savings.
- The quality measure domains are:
  - Preventive health
  - Chronic disease management
  - Care Coordination/Patient Safety
  - Patient/Caregiver Experience
  - Patient Quality of Life

Data Sharing

- CMS plans to share several types of Medicare data with ESCOs to support care improvement efforts
- Beneficiaries will have 30 days to opt out of having their identifiable data shared with the ESCO before CMS begins sharing data.
  - Beneficiaries may opt out of data sharing at any time thereafter.

Data Sharing (cont'd)

- CMS plans to share the following data files and reports with ESCOs on a regular basis:
  - At the start of the first performance year – Detailed, standard (not customized), historical (one year) claims data on matched beneficiaries who have not opted out of data sharing. During each performance year, CMS will also provide historical claims data as additional beneficiaries are matched to the ESCO.
  - On a monthly basis – Standard beneficiary-level claims feeds, which will include beneficiary identifiers, and services delivered by providers inside and outside of the ESCO.

Data Sharing (cont'd)

- CMS plans to share the following data files and reports with ESCOs on a regular basis:
  - On a monthly basis – Total Medicare Part A and B expenditures and claims lag reports.
  - On an annual basis – Financial reconciliation reports, including the ESCO's performance on quality and patient experience metrics.

Public Reporting

- The CEC Model emphasizes transparency and public accountability.
- At a minimum, ESCOs will be required to publicly report information regarding their organizational structure and participants.
- At a minimum, CMS will publicly report the quality performance scores of participating ESCOs, including beneficiary experience outcomes.
  - Specific public reporting requirements will be clearly outlined in the CEC Model Participation Agreement.

Learning and Diffusion Resources

- The CMS Innovation Center is working with national healthcare experts to develop resources and activities to support the CEC Model and its primary aims.
- The CMS Innovation Center will support ESCOs in accelerating their progress by providing them with opportunities to learn how care delivery organizations can achieve performance improvements quickly and efficiently, and opportunities to share their experiences with one another and with participants in other CMS Innovation Center initiatives.

Learning and Diffusion Resources (cont'd)

- The CMS Innovation Center will test various approaches to group learning and exchange, helping program participants effectively:
  - Share their experiences
  - Track their progress
  - Rapidly adopt new ways of achieving improvements in quality, efficiency and population health for Medicare, Medicaid and CHIP beneficiaries.

Learning and Diffusion Resources (cont'd)

- In order to fulfill the terms and conditions of the Model, all selected ESCOs are expected to:
  - Participate in periodic conference calls and meetings and
  - Actively share resources, tools, and ideas with each other via an online collaboration site being developed by the CMS Innovation Center.

Final Take-Aways

Letter of Intent

- Must be submitted by **June 23, 2014 for LDO applicants** and **September 15, 2014 for non-LDO applicants**.
- CMS will only consider applications from organizations that have submitted a letter of intent by the deadline. However, the letter of intent is non-binding.
  - Applicants will be unable to access the application page without first submitting an LOI.
- Template available in Appendix A of the RFA.
- Online-only submission process.

Final Take-Aways (cont'd)

Application

- Must be submitted electronically no later than **June 23, 2014 for LDO applicants** and **September 15, 2014 for non-LDO applicants.**
- Template available in Appendix B.
- Must include 100% of proposed ESCO participant owners

Questions?

For more information visit our website:
innovation.cms.gov/initiatives/comprehensive-ESRD-care

ESRD-CMMI@cms.hhs.gov