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Administrative Manual
Policy #: 1285

COMPREHENSIVE CARE FOR JOINT REPLACEMENT PROGRAM
COLLABORATOR PAYMENT METHODOLOGY POLICY

Objective: To establish Sharing Arrangement payment calculation standards and methodology for the Centers for Medicare and Medicaid Services (CMS)-mandated Comprehensive Care for Joint Replacement (CJR) program.

Scope: All Covenant facilities and wholly owned entities.

Policy: Covenant HealthCare shall follow all payment methodology standards for Sharing Arrangements with CJR Collaborators, as described in 42 C.F.R. §510, Subpart F.

Procedure:

1. To incentivize the participation of Collaborators in care redesign programs, to cooperate with the Hospital to achieve a reduction of costs for Episodes of Care involving Lower Extremity Joint Replacement, and to more closely align the financial incentives of both the Hospital and Collaborators, Covenant HealthCare shall establish a Net Reconciliation Payment Account consisting of 100% of any NPRA received by the Hospital from CMS for any Performance Year covered by the CJR Model (the "NPRA Pool"). The NPRA Pool is contingent on Covenant HealthCare's receipt of a positive Net Reconciliation Payment from CMS. No additional funds will be contributed to the NPRA Pool beyond the Reconciliation Payment received from CMS. Collaborators will be eligible to receive a Gainsharing Payment from the NPRA Pool as calculated, should they meet all requirements of this policy and Policies 12.83.3, Comprehensive Joint Replacement Quality Measure Criteria.
2. Covenant HealthCare's NPRA Pool shall be funded with NPRA payments from CMS. Covenant shall then deduct from the deposited funds the administrative costs attributable to the CJR Model which it incurred during the Performance Year, including costs of staff, and consulting services directly related to the operation of the CJR Model. Administrative deductions attributed to the NPRA Pool shall not exceed \$50,000 in any Performance Year.

3. Following the end of each Performance Year, and as reasonably as possible within ninety (90) days after receipt of an annual NPRA payment from CMS, Covenant HealthCare shall calculate and distribute through Electronic Fund Transfer only. All Collaborator Gainsharing Payments are subject to approval of the Covenant Medical Center Board of Directors, or its' designated Committee, which approval shall not be unreasonably withheld.
4. Calculations of Gainsharing Payments shall be based off of Qualifying Episodes initiated after execution of the Sharing Arrangement that are in compliance with all relevant Federal and State regulations, including 42 C.F.R §510.500. Performance Metrics to be utilized in the calculation of Qualifying Episodes for Performance Year 2017 are attached as "Exhibit B – 2017."
5. Gainsharing Payments will be derived only from Reconciliation Payments. Loans or advances on funds will not be permitted. All payments may only be paid annually by Electronic Fund Transfer and will be clearly identified. Payments will not be made based on referrals or other business generated. Additionally, all payments to Collaborators will be actually and proportionally related to care of beneficiaries in a CJR episode.
6. The total Gainsharing Payment for a calendar year paid to any individual Collaborator must not exceed 50 percent of the total Medicare approved amounts under the Physician Fee Schedule (PFS) for services furnished to the participant hospital's CJR Eligible Beneficiaries during a CJR episode by that Collaborator. Should the NPRA from CMS not be sufficient to pay each Collaborator the maximum Gainsharing Payment as calculated above, said Gainsharing Payment will be prorated based upon the total funds in the NPRA Pool and the amounts owing other Collaborators who have executed Sharing Arrangements for the applicable Performance Year.
7. The Sharing Arrangement shall require the recoupment of any gainsharing payment paid to Collaborators if Gainsharing Payments contain funds derived from a CMS overpayment on a reconciliation report or were based on the submission of false or fraudulent data.
8. All Gainsharing Payments shall be calculated using Generally Accepted Accounting Principles. The aggregate amount of all Gainsharing Payments distributed in a calendar year by Covenant HealthCare that are derived from a CJR Reconciliation Payment may not exceed the amount of the Reconciliation Payment received from CMS for the corresponding calendar year.

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Board of Directors-January 2018

Approved By:

Lawrence H. Sims, Chairman of the Board

Date

Daniel M. George, Executive Vice President of Operations

Date

EXHIBIT B – 2018

PERFORMANCE METRICS

In order to be deemed a Qualifying Episode of Care to be utilized in calculating a Gainsharing Payment for Physician, such Episode:

1. Shall not have resulted in a readmission of the patient within 90 days after the patient's discharge from the Anchor Hospitalization; and
2. Shall contain written evidence in the Medical Record that the appropriate clinical pathways for that patient were followed by Physician.