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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-5505-N]

Medicare Program; Advanced Payment Model

AGENCY: Centers for Medicare & Medicaid Services (CMS), HHS.

ACTION: Notice.

SUMMARY: This notice announces the testing of the Advance Payment Model for certain accountable care organizations participating in the Medicare Shared Savings Program scheduled to begin in 2012, and provides information about the model and application process.

DATES: Application Submission Deadline: Applicants must submit both the application for the Medicare Shared Savings Program and the application for the Advance Payment Model by the Shared Savings Program deadline(s). Additional information is available on the Innovation Center website at

<http://www.innovations.cms.gov/areas-of-focus/seamless-and-coordinated-care-models/advance-payment/>.

FOR FURTHER INFORMATION CONTACT:

Questions regarding the Advance Payment Model or the application process should be sent to advpayaco@cms.hhs.gov.

SUPPLEMENTARY INFORMATION:**I. Background**

The Centers for Medicare & Medicaid Services (CMS) is committed to achieving the three-part aim of better health, better health care, and reduced expenditures through continuous improvement for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) beneficiaries. One potential mechanism for achieving this goal is for CMS to partner with groups of health care providers of services and suppliers with a mechanism for shared governance that have formed an Accountable Care Organization (ACO) through which they work together to coordinate care for a specified group of patients. We will pursue such partnerships through complementary efforts, including the Medicare Shared Savings Program and initiatives undertaken by the Center for Medicare and Medicaid Innovation (Innovation Center).

The Advance Payment Model is an Innovation Center initiative designed for participants in the Medicare Shared Savings Program in need of prepayment of expected shared savings to build their capacity to provide high quality, coordinated care and generate cost savings. The Advance Payment Model will test whether and how pre-paying a portion of future shared savings could increase participation in the Medicare Shared Savings Program, and whether advance payments will increase the amount of and speed at which ACOs can effectively coordinate care to generate Medicare savings. More information about the initiative, including instructions on how to apply, is available on the Innovation Center Website at <http://www.innovations.cms.gov/areas-of-focus/seamless-and-coordinated-care-models/advance-payment>.

II. Provisions of the Notice

Consistent with its authority under section 1115A of the Social Security Act (the Act) to test innovative payment and service delivery models that reduce spending under Medicare, Medicaid, or CHIP, while preserving or enhancing the quality of care, the Innovation Center aims to achieve the following goals through implementation of the Advance Payment Model:

- Test whether advance payments will increase the amount of and speed at which ACOs in the Medicare Shared Savings Program can generate Medicare savings.
- Test whether and how pre-paying a portion of future shared saving could increase participation in the Medicare Shared Savings Program.

The Advance Payment model is intended for organizations in need of additional access to capital to make investments necessary for coordinating care, including rural and physician-led ACOs. Not every participant in the Shared Savings Program will be eligible to receive an advance payment. Additional information about eligibility requirements is available in the solicitation available on the Innovation Center website - <http://www.innovations.cms.gov/areas-of-focus/seamless-and-coordinated-care-models/advance-payment/>.

Selected ACOs will receive three types of payments: (1) an upfront, fixed payment; (2) an upfront, variable payment; and (3) a monthly payment of varying amount depending on of the number of Medicare beneficiaries historically attributed to the ACO. Payments to selected ACOs will begin at the start of the first performance year and end at the settlement scheduled the end of that performance year in June 2014. In most cases,

advance payments will be recouped through the ACO's earned shared savings. An ACO that does not complete the full agreement period and does not earn shared savings will be required to repay the advance payment.

Organizations must be accepted for participation in the Medicare Shared Savings Program before they can be considered for the Advance Payment Model. For more information on the Medicare Shared Savings Program see the Medicare Shared Savings Program final rule published elsewhere in this issue of the **Federal Register**. Additional information about the initiative and the application process is available on the Innovation Center website at <http://www.innovations.cms.gov/areas-of-focus/seamless-and-coordinated-care-models/advance-payment/>.

III. Collection of Information Requirements

Section 1115A(d)(3) of the Act provides that the requirements of the Paperwork Reduction Act of 1995 do not apply to the testing and evaluation or expansion of new payment and service delivery models under section 1115A of the Act.

CMS-5505-N

Authority: Section 1115A of the Social Security Act.

Dated: October 6, 2011

Donald M. Berwick,

Administrator,

Centers for Medicare & Medicaid Services.

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