

Notice: This CMS-approved document has been submitted to the Office of the Federal Register (OFR) for publication and has been placed on public display and is pending publication in the Federal Register. The document may vary slightly from the published document if minor editorial changes have been made during the OFR review process. Upon publication in the Federal Register, all regulations can be found at <http://www.gpoaccess.gov/fr/> and at <http://www.cms.hhs.gov/QuarterlyProviderUpdates/>. The document published in the Federal Register is the official CMS-approved document.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS-5042-N2]

RIN 0938-ZB00

Medicare Program; Solicitation for Proposals From Rural Hospitals to Participate in the Medicare Hospital Gainsharing Demonstration Program Under Section 5007 of the Deficit Reduction Act

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

ACTION: Notice.

SUMMARY: This notice is to inform rural inpatient hospitals of an opportunity to apply to participate in the Medicare Hospital Gainsharing Demonstration being implemented by CMS.

The Medicare Hospital Gainsharing Demonstration authorized under section 5007 of the Deficit Reduction Act (DRA) of 2005 was established to test and evaluate methodologies and arrangements between hospitals and physicians designed to

govern the utilization of inpatient hospital resources and physician work. The purpose of this demonstration is to

CMS-5042-N2 2

improve the quality and efficiency of care provided to Medicare beneficiaries and to develop improved operational and financial hospital performance with the sharing of remuneration payments between hospitals and physicians in six projects, each project consisting of one hospital. Two projects must be rural. Because we received a limited response from rural hospitals to our original solicitation in September 2006, we are re-issuing our solicitation for proposals from rural hospitals only. Rural hospitals that submitted proposals previously are eligible to reapply. The goals and objectives of the demonstration remain unaltered. This demonstration will be limited in scope: we intend to focus on the short-term impacts of gainsharing programs.

DATES: Applications will be considered timely if we receive them on or before 5 p.m., eastern standard time, on

[OFR please insert 60 days after the date of publication].

ADDRESSES: Mail or deliver applications to the following address:

Centers for Medicare & Medicaid Services,

Attention: Lisa Waters (CMS-5042-N2),

Mail Stop: C4-17-27,

7500 Security Boulevard,
Baltimore, Maryland 21244.

Because of staff and resource limitations, we cannot accept applications by facsimile (FAX) transmission or by e-mail.

CMS-5042-N2 3

FOR FURTHER INFORMATION CONTACT: Lisa Waters at

(410) 786-6615 or GAINSHARING@cms.hhs.gov. Interested parties can obtain a complete solicitation, application, and

supporting information on the following CMS Web site at

http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/2006_DRA_5007_Medicare_Hospital_Gainsharing_Demonstration.pdf

Paper copies can be obtained by writing to Lisa Waters at the address listed in the "ADDRESSES" section of this notice.

Eligible Organizations: CMS is seeking applications from rural inpatient hospitals that receive payment under section 1886(d) of the Social Security Act (the Act), which is the authority for the hospital inpatient prospective payment system. For purposes of this demonstration, a hospital will be considered rural if it is rural under the inpatient prospective payment system (see 42 CFR 412.64(b)(1)).

For the purpose of this demonstration, section 5007(g)(4) of the DRA provides that hospitals may

provide gainsharing payments to physicians (as defined in section 1861(r)(1) or (r)(3) of the Act) and practitioners (as "described in section 1842(e)(18)(C) of the Act"). The latter reference to "section 1842(e)(18)(C)" of the Act, however, clearly is a typographical error, as there is no such section, and it is clear from the context and

CMS-5042-N2 4

legislative history that the reference was intended to be to section 1842(b)(18)(C) of the Act. Section 5007(g) of DRA explicitly provides that the reference to physicians who are permitted to participate in the demonstration is deemed to include certain "practitioners." Conference Report language also specifically refers to the inclusion of practitioners as part of the gainsharing arrangement. Since section 1842(e)(18)(C) of the Act does not exist, and since section 1842(b)(18)(C) of the Act is, with the exception of substituting (b) for (e), identical to that section, and specifically defines practitioners, we believe that section 1842(b)(18)(C) of the Act is the intended reference. We do not believe this typographical error impedes any authority to otherwise implement this demonstration. Furthermore, a comprehensive list of all eligibility requirements can be

found in the "Eligible Organizations" section of the solicitation.

SUPPLEMENTARY INFORMATION:

I. Background

Section 5007 of the Deficit Reduction Act of 2005 (DRA) requires the establishment of a qualified gainsharing demonstration program that will test and evaluate methodologies and arrangements between hospitals and physicians designed to govern the utilization of inpatient hospital resources and physician work to improve the quality

CMS-5042-N2 5

and efficiency of care provided to beneficiaries and to develop improved operational and financial hospital performance with the sharing of remuneration as specified in the project. It will have a short-term focus given the limited size of the demonstration.

II. Provisions of the Notice

This notice solicits applications to participate in the DRA section 5007 Medicare Hospital Gainsharing Demonstration that will assist in determining if gainsharing can align incentives between hospitals and physicians to improve the

quality and efficiency of care provided to beneficiaries, which will promote improved operational and financial performance of hospitals. The focus of each demonstration will be to link physician incentive payments to improvements in quality and efficiency. Each demonstration will provide measures to ensure that the quality and efficiency of care provided to beneficiaries is monitored and improved. Overall, we seek demonstration models that result in savings to Medicare. We will assure the demonstration is budget neutral.

III. Collection of Information Requirements

This information collection requirement is subject to the Paperwork Reduction Act of 1995; however, the collection is currently approved under OMB control number 0938-0880 entitled "Medicare Demonstration Waiver Application."

Authority: Section 5007 of the Deficit Reduction Act of 2005, Pub. L. 109-171.

(Catalog of Federal Domestic Assistance Program No. 93.773 Medicare--Hospital Insurance Program; and No. 93.774, Medicare--Supplementary Medical Insurance Program)

Dated: _____

Leslie V. Norwalk,

Acting Administrator,

Centers for Medicare & Medicaid

Services.

BILLING CODE 4120-01-P