

**CENTERS FOR MEDICARE & MEDICAID SERVICES**

**Moderator: Barbara Cebuhar**  
**January 5, 2012**  
**2:30 p.m. ET**

Operator: Ladies and gentlemen, this is your conference operator. Today's conference is scheduled to begin momentarily. So until that time, your lines will again be placed on music hold. Thank you for your patience.

Good afternoon ladies and gentlemen. My name is (Sheila) and I will be your conference facilitator today. At this time I would like to welcome everyone to the Centers for Medicare and Medicaid Special Services Open Door Forum on the Review of the Advance Payment Accountable Care Organization Model. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the pound key. Thank you. Ms. Barbara Cebuhar, you may begin your conference.

Barbara Cebuhar: Good afternoon. Thank you very much (Sheila). I – and welcome to our special open-door forum to discuss the Advance Payment Accountable Care Organizations Model. My name is Barbara Cebuhar and I work in the office of public engagement here at CMS. We will be using some slides today so I want to make sure that everyone who is at their computer can get access to those. It's <http://innovations.cms.gov/news/upcoming-events/>. You just need to scroll down a little and you'll be able to get to the slides. They are right there at the <http://innovations.cms.gov/news/upcoming-events/>. So scroll down a little and you'll be able to get access to this.

We have several subject matter experts available to help answer your questions at the end of the presentation but I'd like to turn the meeting over to Kelly Hall who works in the CMS Innovation Center who will go through the slides. We appreciate you're joining us for the call. And now I'd like to introduce Kelly Hall who will take over the call.

Kelly Hall: Thank you, Barb. Hi everyone. My name is Kelly Hall, and as Barb mentioned, I work at the Innovation Center here at CMS. Before we begin, I wanted to start with a brief reminder that today's call is not intended for press. Today's call is for stakeholders only. All comments made today should be considered off the record.

Today, we are going to be discussing the Advance Payment ACO Model, a new initiative at the CMS Innovation Center. First we'll give a brief overview of the Advance Payment ACO Model and after that review, we'll pause for questions. Next, we will review the application process for the Advance Payment ACO Model. A recording of this call will be made available on the Advance Payment Model website next week. I also want to start by offering you some other resources. If you have questions after today's call, you can go to the Advance Payment Model website which is available off of [www.innovations.cms.gov](http://www.innovations.cms.gov). And you can also email the Advance Payment Model team at [advpayaco@cms.hhs.gov](mailto:advpayaco@cms.hhs.gov).

So we'll start working through the slides starting with the agenda which I briefly covered. We'll start with an overview of the Advance Payment Model. If there are questions, we can pause then through a brief question and answer period then we'll cover how to apply a review of the application questions themselves. We'll review how to fill out the worksheet addendum and then move to a question-and-answer period. So we're now moving on to the first Advance Payment Model slide.

The Advance Payment Model provides participants in the Shared Savings Program with advance payments that will be recouped from the shared savings that they earned through participation in the Shared Savings Program. This Advance Payment Model is only open to ACO's that start in the Shared Savings Program either in April of 2012 or July of 2012. The Advance

Payment Model is also only open to a certain subset of those Shared Savings Program participants.

Those two types of ACOs that are eligible are first, the ACOs that do not include any inpatient facilities and that have less than \$50 million in total annual revenue. And we will engage a little bit later in how that is calculated. The second category of ACOs that is eligible are those in which the only inpatient facilities are either critical access hospitals or Medicare low-volume rural hospitals and the total ACO has less than \$80 million in total annual revenue.

So on to the next slide, participating ACOs in the Advance Payment Model will receive three types of payment. They will receive an upfront fixed payment of \$250,000, an upfront variable payment which will be equal to \$36 per preliminarily prospectively aligned beneficiary, and a monthly payment of varying amount depending on the size of the ACO, and that is equal to \$8 per preliminarily prospectively aligned beneficiary

Applying ACOs will also have the opportunity to apply for a smaller amount of advance payment if they choose. So advance payment applicants in – when they apply, can set a number that would be lower than what would be calculated on the basis of the formula that's described here. If they marked that in their application, that means that they are foregoing the higher amount and will only be eligible for the amount that they designate.

At this point, (Sheila), if you don't mind, we could pause for a very brief question and answer period if there are questions about the Advance Payment Model itself before we move on to the application process.

Barbara Cebuhar: (Sheila), if you could tell people how to queue up again please, I'd appreciate it. Thank you.

Operator: Ladies and gentlemen, just a reminder. To ask a question, please press star one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of (Vic Saini) from Florida Physicians. Your line is now open.

(Vic Saini): How are you doing, Kelly? This is Vic. I had a quick question to clarify how long will those \$8 variable payments go for?

Kelly Hall: Well, the Advance Payment Model last until the middle of 2014 which will be at the – roughly the same time that the ACO receives its first settlement through this first full settlement in the Shared Savings Program. So that's until June of 2014.

(Vic Saini): OK.

Kelly Hall: So those ACOs that come in in April of 2012 will receive 27 months of advance payment and those who come in in July of 2012 will receive 24 months of those monthly payments.

(Vic Saini): OK. And then I have one quick follow-up question. Is there going to be – do you stand a better chance to securing an ACO – an advance payment in ACO if you take a tier 1 versus a tier 2? Is there any weight given to either one?

Kelly Hall: No. That's – that's not part of the evaluation of the advance payment application. I assume you are referring to track 1 and track 2 of the Shared Savings Program?

(Vic Saini): Sorry. That's what I meant, track 1, not tier 1.

Kelly Hall: Yes, that's – that is not a determining factor in the evaluation of the advance payment application.

(Vic Saini): OK. Thank you so much.

Operator: Your next question comes from the line of (Rick Dean) from North Mountain. Your line is now open.

(Rick Dean): Are you guys referencing a PowerPoint or something or presentation?

Barbara Cebuhar: Yes, we are. And just so you know where it is, it's located at <http://innovations.cms.gov/news/upcoming-events>, and you just scroll down a little and you'll be able to get the slides.

(Rick Dean): Thank you.

Operator: Your next question comes from the line of (Jay Fisher) Congressman. Your line is now open.

(Jay Fisher): You answered the question. I needed that again.

Operator: Your next question comes from the line of Thomas McClure from West Penn. Your line is now open.

Thomas McClure: Yes. Can you tell me how you define Medicare low-volume rural hospital? Is there a definition for that?

Kelly Hall: There is. There is a statutory definition that is a little bit more detailed than I can do over the phone right now. But if you go to the advance payment page of the Innovation Center website, there is both a solicitation for the advance payment model that has a link to that statutory definition. It's also in the application template document that's available on the advance payment page of the Innovation Center website. Both of those give you where in statute that's defined and a link to where you can read that part of the Medicare statute.

Thomas McClure: Great. Thanks a lot.

Operator: Your next question comes from the line of (Vassat Stevens) from Physicians Home. Your line is now open.

(Vassat Stevens): Yes, I just want to figure out how the pricing model works because I represent a home health based agency and we have a group of about 25 physicians that work in our organization and they go out and they bill Medicare or we bill Medicare for the physicians. And I'm just wondering, based on the numbers that you're talking about, it seems to be a lot less than what we bill and get paid for. So would this advance payment model not be a fit for us because

usually our, you know, returning visits are usually billed at least \$100 per visit. So do you have a cap on what the cost or what the payout is for the Advance Payment Model per visit?

Kelly Hall: So to clarify, the Advance Payment Model does not replace your regular fee for service billing. If you are participating in the Shared Savings Program, you would be subject to all of the regulation of the Shared Savings Program and those are detailed very clearly in the final rule that is published for that – for that program. But part of that model is that you continue – an ACO continues to bill Medicare for services provided to Medicare beneficiaries, and then is accountable for savings or loses relative to historical cost of those beneficiaries. The advanced payment model payments are intended to help a Shared Savings Program, ACO, develop the care coordination infrastructure or other upfront cost that it may have or ongoing care coordination cost that it may have in order to be successful in managing the total cost of care and improvement of quality of the aligned beneficiaries and its Shared Savings Program, ACO. And so these are supplemental funds to the pay-per service billing, not in replace of them. And then these payments would then be recouped from any shared savings that the ACO earns.

(Vassat Stevens): OK. Thank you.

Operator: Your next question comes from the line of Paula Smith from Tulsa Health. Your line is now open.

Paula Smith: The first caller already answered my question. Thank you though.

Operator: Your next question comes from the line of (Robert Culper) from American Blood. Your line is now open.

(Robert Culper): I'm sorry. I – I actually have the PowerPoint up but I can't see anything beyond the first page. Am I the only one?

Barbara Cebuhar: I think you might be. I'm having no problem with it. Just – just use the cursor to advance it down on the side. See the bottom arrow?

(Robert Culper): Yes, I am but it's – the rest of the pages are coming up blank. I'll try it again.  
Thanks.

Barbara Cebuhar: Try it again. Sorry.

Operator: Your next question comes from the line of (Jonas Varnum) from Spencer Health. Your line is now open.

(Jonas Varnum): Hi. I have a question regarding the requirement for Medicare low-volume rural hospitals and they are less than \$80 million in total annual revenue. I'm seeking clarifications on how you define total annual revenue. Are you defining that as maybe a hospital's total actual charges of their filing of their accounts receivable? I think it's – it's probably kind of rare that the hospital receives all of the charges that they're filing in the current area and I would just like some more clarification on that.

Kelly Hall: I'm actually going to defer this question. I'm sorry. We're going to get through sort of how to answer all of the questions in the application...

(Robert Culper): OK.

Kelly Hall: ...that's more detailed. And that's certainly something that we recognize as a frequently asked question over the past several weeks. And we'll go into that in greater detail just in a few moments.

(Robert Culper): Great. Thank you.

Kelly Hall: Thanks.

Operator: Your next question comes from the line of (Al Cross) from Coastal Medical. Your line is now open.

(Al Cross): Hi, good afternoon. My question is whether a successful healthcare Innovation Challenge Grant application affects the status of an applicant to this program in any way?

Kelly Hall: You are still eligible to apply for the Innovation's Challenge Grant Program and the Advance Payment Model program as well. I will refer you to the

language in the solicitation for the challenge award program that mentioned that we wont be awarding those – those challenge grants to – to be replacing funds that the Innovation Center are paying out for the same purpose. So for example, in the Advance Payment Model application you will be describing the way in which you intend to use advance payment funds, the spend plan is part of the application. It's highly unlikely that we respond in innovation grants that overlapped with the plans that you already submitted to the Advance Payment Model, but simply participating in both doesn't necessarily exclude you. You need to have a sort of an innovative new idea, a different purpose for the funds for the challenge grant.

(Jonas Varnum): OK, I understand that. Thank you.

(Al Cross): our next question comes from the line of Tom Martin from Lincoln Hospital. Your line is now open.

Tom Martin: Yes. The question I have is there a minimum number of beneficiaries required for participation? And then the second question is what costs are included in the savings calculations? Are you including specialty care, outpatient and inpatient or just the services offered by the CAH and the RHCs?

Kelly Hall: I would note that both of these questions are questions that are directly relevant to the Shared Savings Program details. I can answer both of them but I would refer you for more details to review the final rule that was published regarding the Shared Savings Program. You happen to have folks on the phone today who are focused on the Advance Payment Model which is a supplement to the Shared Savings Program. So to answer your first question about the number of beneficiaries, there is not a separate threshold for the Advance Payment Model. It's the same threshold for the eligibility for the Shared Savings Program which is 5,000 aligned beneficiaries and the cost or the total cost of part A and B services for the aligned beneficiaries. It's not just those bills by, as you mentioned, a particular hospital or a clinic, nor is it just the services that are billed by the ACO participants themselves.

Tom Martin: Thank you.



Operator: Your next question comes from the line of Avi Day from QL Group. Your line is now open.

(Avi Day): Yes, thank you. My question is this; I'm missing the approved list of consultants. I think there are about 75 of them in my state, Virginia, and so maybe about – Virginia and Northern Virginia, D.C. and Maryland area, there's probably about six. Would you specify what is the role of these consultants relating to application?

Kelly Hall: I'm sorry. I'm having a lot of difficulty understanding your ques – understanding you. It sounds like your phone is maybe fading in and out.

(Avi Day): OK. Can you hear me better now?

Kelly Hall: I can.

(Avi Day): OK. That was – I was on a conference call. OK. The question is the approved list of consultants that I got, I think there were about 75 that were selected as consultants. And the question is what is – what is the role of the consultant's reference to submitting an application by a qualified organization?

Kelly Hall: I would – I have to admit, I don't know what list of consultants you're referring to. There isn't any approved list of consultants that's relevant to submitting an advance payment application. Is this – I think if you could submit to the advance payment email box, it would...

(Avi Day): Yes, I was...

Kelly Hall: ...advpayaco@cms.hhs.gov. What you received, we can try to tell you whether it's a legitimate CMS source but it – it – there isn't role for outside consultants that's required in submitting an advance payment application.

(Avi Day): Yes. No, these were – this was the list that was – that I got from the same organization, you know, same as yours. I think it is an ACO organization. They just had them all over the country and looked like each date had maybe, well, depending on which particular state, some state had more than others I

noticed but these were list of consultants. I actually contacted a faculty member at a university here at George Mason who is listed, and they were, you know – I wanted to contact them to figure out what his role was and that’s what I’m waiting for. That was two days ago but I’d be happy...

Kelly Hall: Yes.

(Avi Day): ...to forward this to – if you can give me a phone number I’ll call in and...

Kelly Hall: Sir, you can email the – the inbox that we listed at the beginning of the call and just now it’s also in the slide, but we’re going to move on to the next question.

(Avi Day): Sure. OK. Thank you.

Operator: Your next question comes from the line of Carol Romano from Pro Health Care. Your line is now open.

Carol Romano: Hi. I have a question regarding the \$50 million threshold in annual revenue. My ACO will have participants that will share the same TIN number. However, there are other physicians who will share the same TIN number who will not be participants. So if the revenue for all those physicians who share the same TIN number is over \$50 million, does that preclude our participation? Hello? Hello?

Kelly Hall: One moment. So ma’am, what the – the reason for our momentary confusion is that the Shared Savings Program doesn’t allow partial TINs to come...

Carol Romano: Yes. No, I’m talking about for the advance payment.

Kelly Hall: You have to apply for – with the exact same ACO participants as your Shared Savings Program. So if...

Carol Romano: Right. So – but if my – if my ACO participants are only a portion of the physicians that share the same TIN number.

Kelly Hall: That’s what I’m saying is that the Shared Savings Program will not allow you to have that list of ACO participants. You have to have a complete – all of the

physicians that bill under the TIN will be participants in your ACO or none of them. It's – it's all or none within a particular TIN.

Carol Romano: So – all right. So if I – if we're in – if we have a physician LLP with 250 doctors, we're going to create an ACO as a separate corporate entity, and then we'll have ACO – and that will – that ACO will be the ACO participant and then we'll have ACO providers that will be providers drawn from our LLP. Must all the physicians in our LLP become providers if they share the same TIN number?

Kelly Hall: I have to say that that's my understanding but this is a question that's best directed towards our Shared Savings Program colleagues and you can reach them at [aco@cms.hhs.gov](mailto:aco@cms.hhs.gov) and ask that specific question. For the purposes of the Advance Payment Model, all of the participants in your Shared Savings Program, ACO will be the participants that are used for the Advance Payment Model. So it will be a corresponding list and the lists that are Shared Savings Program, colleagues being eligible, will be the one that we go by.

Carol Romano: OK. Thank you very much.

Kelly Hall: So at this point, (Sheila), I think we should move on to the rest of the presentation. And if folks have remaining questions about the overview of the Advance Payment Model, hopefully we'll have time at the end after we review the how to apply section of the – of the presentation.

So now I'm moving on to the first how to apply slide. Applicants for the Advance Payment Model must complete applications for both the Shared Savings Program and the Advance Payment Model. Applicants are strongly encouraged to submit their Shared Savings Program applications before applying to the Advance Payment Model. One reason for this is that by submitting your Advance Payment Model application, you will be asked to certify that in a number of places your responses in this application correspond exactly to your Shared Savings Program application. And so it may be to your advantage if you have already submitted your Shared Savings Program application so that you are 100 percent certain there's nothing and it will change before you submit your advance payment application. There are

two start dates for the Advance Payment Model and two application periods. For those ACOs participating beginning on April 1, 2012. Applications will be accepted between January 3 and February 1, 2012. For those ACOs that would like to start in the shared program and the Advance Payment Model beginning on July 1<sup>st</sup>, applications will be accepted between March 1<sup>st</sup> and March 30<sup>th</sup> of 2012.

The second how to apply slide begins with the Advance Payment Model will not require a separate Notice of Intent letter prior to – prior to filling out the application. I will note that in order to receive a username and license and in order to fill out the application for the Advance Payment Model, you will need to reference the ACO ID number that your organization received in the acknowledgment letter of your Notice of Intent to apply to the shared savings program. So that Notice of Intent letter is relevant to your application to the Advance Payment Model. The Innovation Center will accept applications to the Advance Payment Model online. Application must – applications sent in hard copy or by email will not be accepted. And applicants will need a username and password to use the web tool through which we look such application.

So to receive log-in information and link to the application web tool, applicants should email the advance payment inbox which is, as we said before, [advpayaco@cms.hhs.gov](mailto:advpayaco@cms.hhs.gov). The subject line should read license request and colon and then your ACO ID number which I just made reference – should have been in your acknowledgment letter from the Shared Savings Program Notice of Intent. The body of the e-mail should include the name of the applying ACO, the ACO ID number and a contact phone number where we can reach the person who will be preparing your advance payment application.

After the Innovation Center received this license request, the applicant will receive two emails in response. The first will be an acknowledgement from the Advance Payment Team which will include instructions for using the web tool. And the second will be an automatically generated email from [salesforce.com](http://salesforce.com) providing the user name, temporary password and the link to the application website. We note that these will be two separate emails so that

applicants can make sure that their spam filters are set to accept salesforce.com email. If, for some reason, an applying ACO hasn't received both the emails within two days of the license request, please get in touch with us at the same email address.

So today – we're now moving on to the application questions. We're going to be reviewing the Advance Payment Model Application Template which is available on the Advance Payment Model website. This template is not an application form. It should not be filled out and mailed in or emailed to the advance payment inbox. It is simply a listing of the questions that will be asked in the actual web tool that applicants will use to submit their applications. I'll also note that the web tool has some slight differences in the order of the questions. Today, I'll be making reference to the numbering and order in the template since that is what is publicly available on our website that everyone can follow along. But please don't be alarmed if you once you get into the application they're slightly reordered.

So Section 1 is the ACO Contact Information. This information should correspond exactly to the applicant's Shared Savings Program application. The ACO contact that's listed here in the advance payment application should be either the CMS liaison or application contact from the Shared Savings Program application. And the EFT contact information which is electronic funds transfer should match that which is provided in Appendix A of the Shared Savings Program application at form 588. Also in the section, applicants are asked whether they would like to use a different bank account for – to receive advance payments than they would for shared savings through the Shared Savings Program. If you select this, we'll be following up with your application to have you fill out a second 588 form if you're selected into the Advance Payment Model.

Section 2 is an optional section. We referenced this earlier in the overview of the Advance Payment Model. This is where applying ACOs, if they chose to, could select a lower amount of advance payment than would otherwise be calculated through the default formula that we reviewed. By leaving this blank and applying ACO would indicate that they would like to receive

payments according to the default formula that's listed in the advance payment solicitation.

So Section 3 is referencing the ACO organizational structure. These questions are fundamental to determining the eligibility for the Advance Payment Model. The application web tool may not allow the submission of ineligible responses so it maybe that you get to this part of the application and are not able to – to proceed. We encourage interested applicants to use an eligibility checking tool that is available on the Advance Payment page of the Innovation Center website to review their eligibility based on these organizational structure characteristics before proceeding to the application.

An ACO is considered co-owned with a licensed health insurance entity if the health insurer has an ownership stake of five percent or higher in the ACO. That's in reference to question 20 of the application template.

So moving on to Section 4 which is ACO Financial Characteristics. These questions are directly tied to the results generated through completion of the Advance Payment Application Worksheet Attachment. That's an Excel spreadsheet which is also available on the Innovation Center website on the Advance Payment Application page. The purpose of that worksheet which we'll review how to fill out in the few moments, is to both disclose all the relevant revenue information but it will also automatically calculate the answers that should be filled in to questions 21 and 22 here on this template.

Applications will be disqualified if the responses to questions in Section 4 do not exactly match the corresponding fields in the worksheet. And total annual revenue means all net revenue of each listed organization, not only Medicare revenue and not only patient revenue. So to go back to the – the question that was asked earlier regarding the billings of particular hospitals, this is actually received revenue, not all billable charges.

And when calculating percentage of patient revenues derived from Medicaid which include Medicaid managed care, applicants may choose to use total revenue as the denominator of that calculation instead of patient revenues. So as you'll see, we asked what percentage of patient revenues are derived from

Medicaid and Medicaid managed care. In the previous question, the ACO is already having to disclose total revenue and will have to disclose total revenue for all of its participants.

If the ACO would prefer just to use those total revenue calculation rather than separately calculating patient revenue, they have that discretion. You can also choose to calculate patient revenue and then take the percentage of Medicaid and Medicaid managed care revenue as a percentage of that.

Section 5 refers to ACO Rural Location. Rural designation for the purposes of the Advance Payment Model is different between the Shared Savings Program and the Advance Payment Model. Simply being designated as a rural ACO in – in the Shared Savings Program does not necessarily mean that in advance – that they will receive the full rural points in the evaluation of the Advance Payment application which is why we're asking for additional disclosure of those practice locations of the ACO providers and suppliers.

Calculating the exact percentage of ACO providers and suppliers practicing in rural locations is optional. If an ACO does not think that 65 percent of its providers and suppliers practice in rural area which is a threshold to receive additional foreign points in the evaluation of Advance Payment application, you can answer no to question 25 and then skip question 26 and also skip filling out that section of the worksheet addendum. And I'll also note here that calculations on rural location are based on ACO providers and suppliers, whereas revenue calculations are based on ACO participants.

Section 6 is the ACO Investment Plan. We detail here what that investment plan should include. This is something that will be filled out directly into the application form and is a limit of 20,000 characters, that's roughly three pages of text in a Word processor. The response must not contain any graphics or other rich text formatting or it won't be accepted by the web tool. So we would ask just for – for plain text formatting when you fill that out.

So we're now moving on to the Application Worksheet Attachment. And this worksheet attachment is available on the Advance Payment Application page. So you can go to the Innovation Center website, look at our initiative section

to find the Advance Payment page, and there – from there, there is a link to the application page which includes both the eligibility checker that I referenced earlier, the template that I've been referencing in this section and also this worksheet attachment. There's also an instruction document there for filling out the worksheet attachment which go through column by column what the definitions are for each of the – the reflected data fields. And we'll provide more details and I'll be able to review it today. Any questions of greater detail after reviewing from that – reviewing that instruction document can be emailed to the Advance Payment inbox as well.

So this Excel spreadsheet must be completed and submitted as part of the application. It will be uploaded so those who are looking to go ahead and get an early start on filling out their application can go ahead and start filling out the Excel spreadsheet that's available on our website that will be transferable to the – the web tool. Inconsistency that I mention before between the application worksheet will disqualify the application.

And now, we're going to move through each of the tabs under three tabs within this Excel spreadsheet. The first is the ACO participants, and this asks for a name associated with each of the ACO participant. An ACO participant is defined the same way for the purposes of the Advance Payment Model as it is in the Shared Savings Program. As we discuss a little bit before in this question and answer period, those ACO participants are identified by their Tax ID Number or TIN. We are not asking for the submission of the actual TIN, the number themselves in this application, we are asking for the names that corresponds with each of those TINs and the address that's associated with those TINs. Those TINs should also correspond directly to the names and addresses that were affiliated with those TINs in the Shared Savings Program application.

It is important to fill out this ACO participant tab first because it will pre-populate the ACO participants in the subsequent tab which is revenue. The column A will automatically populate with ACO participant's name. ACO participants are not the only organization for which an applying ACO must disclose revenue information. The ACO will have to fill out revenue information for all of the ACO participants that populate into the column A of



the revenue tab. It will have into column A any organization that has an ownership stake of five percent or more in the ACO or in any ACO participant. So those should follow the listing of the ACO participants. And then all of the relevant revenue information must be disclosed for those organizations as well.

The source of revenues which is also in the revenue tab of – of the worksheet refers to where the revenue figures that are being disclosed here were drawn from. Applicants are encouraged to draw revenue figures directly from federal tax returns or from audited financials. There is an option in this worksheet to select other. Any time that you select other, you're obligating yourself to explain what source you're drawing those numbers from. You'll be asked to compile those explanations for each time that you indicated other into one narrative document that will be uploaded as part of your application.

As I mentioned before, filling in total patient revenue in this revenue tab is optional. You would only fill in total patient revenue if you want that to be used as the denominator for your percentage of patient revenues derived from Medicaid and Medicaid managed care. If total patient revenue is left blank for any of the participants or other relevant organization, the – the worksheet will automatically draw the denominator of that calculation from the total revenue column for that participant in that year. That option can be exercised for some participants and not others and it can be exercised in some years and not others. And the worksheet is formatted in such a way to automatically make those adjustments.

So I'm now moving from the Revenue Tab to the Rural Location Tab. As I mentioned before, filling in the Rural Location tab is optional. It is only required if an applicant answered yes to question 25. That means that your ACO believes that 65 percent or more of its providers and suppliers participate – excuse me – practice in rural locations. And this is your way of designating where each of those providers and suppliers practice and giving a rural status for – for each of those providers and suppliers. There are two ways that a provider or supplier can be designated as rural, one is that they practice in a non-metropolitan county. And the second is that they practice in a – in a metropolitan area but have a root of code which is a rural urban

commuting area code of 4 through 10. And in the application itself as well as in the application template and on the advance payment website, there is a link where you can use your county and your zip code to determine whether your county is a metropolitan county or whether – or what the root of code is for a particular zip code. And those things are to be designated for each provider and supplier listed on this tab. What doesn't populate automatically on the basis of column C and D is the rural status. That's something that you must attest to based on the answers in column C and D. And then the instructions document for filling out this spreadsheet is very clear under what circumstances you should mark yes or no based on the information that you provide in column C and D for each provider and supplier. On the basis of on how you complete column E, the worksheet will automatically populate what the percentage of your – of your providers that practice in rural areas that will come up in cell B4 and that number should be translated directly to the Advance Payment application itself.

So we've now reviewed all of the sections of the application and how to fill out the worksheet and so we can dive back in to our question and answer period.

Barbara Cebuhar: (Sheila), if you'd go ahead and – and encourage people to get in the queue to answer questions, that would be great. Thanks.

Operator: Sure. At this time I would like to remind everyone in order to ask a question, please press star then the number 1 on your telephone keypad. And just a reminder, if your question has been asked, to press the pound key. We'll pause for just a moment to compile the Q&A roster.

And your next question comes from the line of Erin Johnson from Optimum Insight. Your line is now open. Erin Johnson, your line is open.

Erin Johnson: Hi, I just want to clarify that advance payments can only be made upfront and not in performance years two and three?

Kelly Hall: That's correct. So the – there's an upfront payment and then there's a monthly payment throughout the first 24 or 27 months which takes an ACO to its first full settlement period.

Erin Johnson: OK.

Kelly Hall: So the ACO will be receiving payments for the first six months of performance year two which takes it up to the settlement period based on its performance in performance year one. Does that make sense?

Aaron Johnson: Yes, it does. Thanks.

Operator: Your next question comes from the line of Ajay Sharma from (inaudible). Your line is now open. Ajay Sharma, your line is now open. I am releasing.

Your next question comes from the line of (Vic Saini) from Florida Physicians. Your line is now open.

(Vic Saini): Hi Kelly. Again, just to clarify. If the prospective ACO is unable to secure shared savings for performance years one, two and three, what – you know, are they going to be on the hook for the repayment of the advance payment, the money, or is it going to be washed away as the solicitation all ready sent?

Kelly Hall: That's right. The solicitation – your understanding of the solicitation is correct. The – if an ACO does not achieve shared savings, they are not obligated to repay the advance payment. We only recoup payment from earned shared savings or into the shared savings program.

(Vic Saini): OK. Thank you.

Operator: Your next question comes from the line of Douglas Arnold from Medical Professional. Your line is now open.

Douglas Arnold: Yes, hi. I've got a couple of questions. I'm a CEO of a network of over 400 physicians in Connecticut. My two questions are how do I determine the number of preliminary prospectively assigned beneficiaries and with over 100 Tax ID Numbers in my group? The – the coming up with the total revenue by – by – for each one of those Tax ID Numbers is going to be pretty daunting task unlike an organization that has one Tax ID Number, they could do that quite easily. Any comments on those?

Kelly Hall: So on your first question, the number of provisionally aligned beneficiaries will actually be calculated by CMS after you submit your application to the Shared Savings Program. It – the – the exact methodology for how that would be calculated is detailed in the final rule for the Shared Savings Program but it will be on the basis of the care patterns of those providers that make up your ACO participant list. So that's not a number that you will be required to disclose as part of your – your application to the Advance Payment Model and it will be something that we disclose to you once we tell you that you've been selected to participate in the Advance Payment Model and we tell you on the basis of that number how much advance payment you're eligible to receive.

On your second point about collecting the – the revenue information, I – I hear you that that is something that is going to take some work to compile. We have obligation here to be able to confirm that your organization is actually eligible on the basis of our eligibility requirement and that the level of detail that we are required to collect. So we do require that – that that revenue information be reported for each of the – the ACO participants and the organizations that have relevant ownership stakes in the ACO or those participants.

Douglas Arnold: OK. One other question, a whole bunch of my doctors are participating in one of the physician group practice transition demonstrations but our organization is not the – the – the PGP group or just a bunch of our doctors in it. So on my application type for the Notice to Apply for the Shared Savings Program, should I – should I include new shared savings? A new Shared Savings Program, ACO, since...

Kelly Hall: That...

Douglas Arnold: ...since our organization is not the PGP de novo or designee?

Kelly Hall: I understand your question. Unfortunately, I can't answer it for you and I would refer you to my colleagues under the Shared Savings Program. You can email them at [aco@cms.hhs.gov](mailto:aco@cms.hhs.gov) and they are very responsive to making sure that – that folks are able to fill out those Notice of Intent and application questions accurately.

Douglas Arnold: Thanks.

Operator: Your next question comes from the line of Robert Adams from PDA Incorporated. Your line is now open.

Robert Adams: Yes, ma'am. First question, you mentioned submitting the Advance Payment Application after the shared savings. Is there any reason we should submit them at the same time?

Kelly Hall: You can. There are two separate – there is two separate mechanisms for doing it. One is going to have to come before the other, the due dates are also staggered so for the – at least for this first – this first application period. So your Shared Savings Program application due, I believe, in January 20<sup>th</sup> whereas the application period for the Advance Payment Model ends on February 1<sup>st</sup>. But you can do them in very close succession. We are only encouraging you to do it so that you can feel confident that the answers in your Advance Payment Application truly corresponds to your final answers in your Shared Savings Program application.

Robert Adams: So if they match, submit them at the same time, it would be OK?

Kelly Hall: Yes.

Robert Adams: OK. Just quickly, another question. What constitutes a supplier?

Kelly Hall: So the definitions for ACO participant and ACO provider and supplier are the same for the Shared Savings Program and the Advance Payment Model. And we would encourage you to – to review those definitions on the Shared Savings Program website which has some review documents there but also links to final rule for the Shared Savings Program.

Robert Adams: OK.

Kelly Hall: Next question please.

Operator: Your next question comes from the line of Karen Violet from Physicians of (Inaudible). Your line is now open.

(Paul Brokaw): Hi. This is (Paul Brokaw) from Physicians of (inaudible). We are an independent physician association of about 200 doctors. And our bylaws don't require us to obtain federal tax returns from our independent physicians. They are contracted to us. We don't employ them. And the providers themselves are competing against each other in – in the marketplace while the members of our organization, they don't want to turnover their federal tax IDs because they don't want their competing orthopedic surgeon group to know how well the members of their group are doing. So while they're members of our organization, they are independent and don't want to give us their federal tax returns. I think we're typical of all the other independent physician associations around the country and so it pretty much precludes us because there's no requirement for them that we can enforce to have them turnover. And they're claiming that you know, it's – it's in a competitive from their standpoint.

Kelly Hall: I understand your question. I would say that even though you don't have a requirement in your bylaws for them to currently disclose that information to you, you can communicate to your members that if they want to be a part of the ACO and that because that decision to participate in the Shared Savings Program may hinge for you, I'm not sure on whether you receive advance payment. You could request that information from them either on a voluntary basis or as a condition of participating in your ACO. It is something that you would have to collect and report to us as – as part of your advance payment application. How you choose to communicate the confidentiality of that from their competitors is something that will between you and the participants in your ACO. It's not information that will become public because you're disclosing it to CMS.

So just because they disclose it to you and it become a part of your advance payment application, it doesn't necessarily follow to me that they would think that their competing orthopedic surgeon practices would know how much revenue their practice is bringing in. But it is a requirement to detail the revenues of each of those participants in order to be eligible to apply for the Advance Payment Model.

Paul Burrow: Yes, because we've – we've asked some of them already. And again, a part of what we're hearing are, you know, "Politicians don't even turn over their federal tax returns, why should we give them to you?" I mean it – maybe it's a perception but – but the reality is they don't want to turn them over. And so while I – I agree it's not going to be made public information, it's something they're not willing to do in the one's we've asked so far. And I – and I suspect with other IPAs, it's going to be a similar situation.

Kelly Hall: I appreciate the feedback but all I can do is reiterate the requirements of the Advance Payment application.

Paul Burrow: OK. Thank you.

Operator: Your next question comes from the line of Tom Martin from Lincoln Hospital. Your line is now open.

Tom Martin: Thank you. Are the shared savings only calculated from the charges of the providers and suppliers that are identified as being in the ACO or are we looking at total healthcare cost for the beneficiary pool? Including...

Kelly Hall: It's the letter...

Tom Martin: ...the providers outside ACO?

Kelly Hall: It's the letter, it includes the total A and B – parts A and B cost for the beneficiaries, exactly what goes into that. There are very minor exceptions. It's well-detailed in the final rule for the – for the Shared Savings Program but it is total cost of care across parts A and B for all of the beneficiaries that are aligned to the ACO.

Tom Martin: OK. Thank you.

Operator: Your next question comes from the line of Steven Knuckles from Coastal Carolina Health. Your line is now open.

Steven Knuckles: Yes. In the worksheet that is available in the website, we input our charges and collection and there appeared to be some errors on the formulas. Is that something that we can update or is that something that disqualifies one?

Kelly Hall: If you could please email the advance payment inbox which is [advpayaco@cms.hhs.gov](mailto:advpayaco@cms.hhs.gov) and detail for us in that email where you think the formula is – is off, that would be really helpful to us. We’ve done some quality checking on our end but we certainly are infallible and it will be helpful for us to know for applicants that there is in fact something wrong with the application.

Steven Knuckles: Certainly. Thank you. Second question is the definition of Medicaid revenues. Is that revenues from Medicaid patients or is it revenue received from Medicaid specifically relating to dual eligibles which we have a number of?

Kelly Hall: So it’s revenues that is paid by the state Medicaid agency or Medicaid managed care plan to those – to the ACO participant or the relevant organization. Is that – does that answer your question?

Steven Knuckles: It does. I – I had hoped – is there anywhere else in the application where we could list – we have a tremendous number of Medicaid patients, it just so happen that they have Medicare as their primary. So we receive very low reimbursement on these patients because we’re capped at payment based on the Medicaid rate. And I guess there is nowhere to “get credit” for those patients under those program because the state, you know, limits us to not much above what the Medicare pays, the 80 percent.

Kelly Hall: I think you have a clear understanding of – of the information that we’re trying to collect. The only exception there would be that if the state Medicaid agency is paying the deductible or the co-payment for those do eligible and that comes to you in revenue that would be one way that – that it would have approve but that varies between states.

Steven Knuckles: OK. So there’s nowhere else in application we could list that percentage of patients?

Kelly Hall: No.

Steven Knuckles: OK. Thank you.



Operator: Your next question comes from the line of (Avi Day) from QL Group. Your line is now open.

(Avi Day): Yes. The – the 20 – 20,000 character of three pages on the ACO Investment Plan, is there a – first of all best, I guess associated with the first of the two applications is there a similar one limitations for – for each of the two applications or is that just only for this ACO Investment Plan?

Kelly Hall: I'm not sure what you mean by the two applications. It references how long we are limiting your response to this particular question the ACO Investment Plan to be.

(Avi Day): As I understand this – the application essentially have a shared savings statement and so it's essentially two applications that each of the participants or each of the participant is applying, right?

Kelly Hall: There are two separate programs. You would be applying to the Shared Savings Program which has its own rules and obligations and it's a program unto itself and you'll sign an agreement to participate in the Shared Savings Program that is – that is an entirely separate application that is a permanent Medicare program and you can find out more information about the Shared Savings Program on the CMS website. Those participating in the Shared Savings Program, if they meet certain other requirements may also participate in the Advance Payment Model which is a separate initiative that corresponds to the Shared Savings Program and that the only people who will be participating in the Advance Payment Model are also participants in the Shared Savings Program. But the reason for two separate applications is that you are participating in two distinct programs, two agreements, two sets of obligations and two business cases or decisions to make for – for why you want to participate in – in each of them. What we're reviewing right now is just the application for the Advance Payment Model and the limit of 20,000 characters refers only to one question of the Advance Payment Model application.

(Avi Day): Thank you.

Operator: Your next question comes from the line of (Daniel Fricape) from Erickson Living. Your line is now open.

(Daniel Fricape): Yes. Is there a limit to the number of ACOs that will be accepted for advance payment and if so, is there any point in applying if your ACO has a minimal number of either rural or Medicaid members?

Kelly Hall: We would certainly encourage everyone who is eligible and interested in the Advance Payment Model to apply. There is no reason to believe that you would not have a chance at – at being selected for advance payment. There is a limit on how many we – we will select. It's not based on an exact number of – of advance payment ACOs. Instead, it's based on the amount of money that we have available for this program. So we have \$170 million available for the Advance Payment Model. Sixty percent of that is currently reserved for ACOs that come in during this first application period to begin participation on April 1<sup>st</sup>.

Forty percent is reserved for those who begin participation on July 1<sup>st</sup>. If we have excess from that first period, it will roll over to the July 1<sup>st</sup> start date but the way that we'll fund in either one of these starting periods will be to scroll the application, determine how much advance payment each one of them is eligible for according to the formula and then fund as many as we can moving down the list from those with the highest or as to the lowest until we reach that funding number of 60 percent or 170 million for this first application period. But we highly encourage people to apply. We have right now no indication of how many people will apply, how large those ACOs will be and therefore how many will be able to fund in this first period.

Operator: Your next question comes from the line of Ajay Sharma from (inaudible). Your line is now open.

Ajay Sharma: All right. Thank you. Can you tell me when we will get the fix payment, the timing of it and also when we will get medical payment on monthly basis, the timing?

Kelly Hall: We expect that you'll receive your first monthly payment and your fixed upfront payment within the first month of your participation in the Shared Savings Program. And then you'll receive the monthly payment once a month, I don't know exactly at what time of the month the – the payment will arrive but that – that's something that we'll detail for you upon your selection into the Advance Payment Model.

Ajay Sharma: All right. Another question on the annual revenue, if your preliminary or if your Medicare patients are like almost \$1,000 upon member per month and you're looking at 5,000 members to qualify, that pretty much makes a \$50 million a year, that means anyone who has more than 5,000 and \$1,000 per member, they probably won't be eligible for this program?

Kelly Hall: We're not asking for the total medical expenditures of your Medicare beneficiaries. What we're asking for is for the revenue that your providers, your ACO participants receive not just from Medicare but across all sources of revenue. So it's a question of – of total revenue that your practices are bringing in. It's not something that can be easily calculated based on average per beneficiary total expenditures across the Medicare program.

Ajay Sharma: OK.

Operator: Your next question comes from the line of Robert Kramer from Jennifer Bell. Your line is now open.

Robert Kramer: Yes. This is something that we had clarified a little bit earlier but I want to get further clarification on the repayment under advance payments. You had said that if you go through the Shared Savings Program and you don't get any shared savings that you don't have to repay the money that was given under the Advance Payment Model. I have it in a memo that I wrote back when the – I guess a previous posting came out that if you – if you drop out of the – of the Shared Savings Program before the initial three performances are up and you didn't get any earned savings or shared savings, then you would have to repay those funds. Is that true?

Kelly Hall: So that's almost correct. If you drop out from a Shared Savings Program in the first performance year before you would have accrued any shared savings,

then you are obligated to repay the advanced payment. But it's not based on the full agreement. It's based on – I'm sorry, I – I misspoke. If you drop out during your three-year performance period, you – you are obligated to repay any advance payment that had not already be recouped.

Robert Kramer: But if you drop out in year two or year three, and then you haven't – you haven't generated any savings, these doctors repay?

Kelly Hall: Yes.

Robert Kramer: OK. All right, thank you.

Operator: Just a reminder ladies and gentlemen, to ask a question, please press star one on your telephone keypad and if you would like to withdraw your question, please press the pound key. Your next question comes from the line of (Vic Saini) from Florida Physicians. Your line is now open.

(Vic Saini): Yes. My question is on the associate when you look in a total revenue sources, I have here 2009, 2010 and 2011. Obviously in 2011, there is no revenue yet but my – my – my main question here is on the total revenue, do you want us to break down the Medicare and the Medicare revenue separately or is that optional?

Kelly Hall: I'm sorry, are you asking whether you can force out Medicare and Medicaid revenue?

(Vic Saini): On the line item here in the Excel, you have 2009 total patient, total Medicaid and total Medicare revenue.

Kelly Hall: There is no Total Medicare revenue.

(Vic Saini): The Medicare revenue.

Kelly Hall: There is Medicaid, yes.

(Vic Saini): OK. So you want us to break down from the total revenue from the practice, the Medicaid piece, is that optional or it's not optional?

- Kelly Hall: It is not optional.
- (Vic Saini): We do have to break that down. OK. Now, in 2009 and 2010, if you don't have revenues in 2011, do we leave that blank?
- Male Speaker: Well we won't have that information from the tax return.
- (Vic Saini): We won't have that information from tax return that's why.
- Male Speaker: So 2011, there is 2008, 2009, 2010.
- Kelly Hall: So it's asking you for 2009, 2010, 2011 if by the time you're filling those out, you don't have your 2011 revenue information, you would be required to select other as your revenue source for that year and explain where your estimate of that revenue is being drawn from or why you're not able to use the tax return or audited financials.
- (Vic Saini): OK. All right then. Thank you.
- Operator: Your next question comes from the line of Carla Denise Edwards from Bay Company. Your line is now open.
- Carla Denise Edwards: Good afternoon. My question is whether or not those who submit application will receive any comments or feedback on their application if they're not selected in the first round so that they can improve upon the process in anticipation or hopes of getting funded in the second round?
- Kelly Hall: I don't know that we can commit to that at this moment but I can check with my colleagues and if you could please submit that question to the advance payment inbox, I'm happy to respond to you in writing.
- Carla Denise Edwards: Will do. Thank you.
- Operator: There are no further questions at this time. Presenters, I turn the call back over to you.
- Barbara Cebuhar: Thank you very much everyone. We are very grateful for your help and for your question just so folks know, the – the place to submit your questions is

advpayaco@cms.hhs.gov. And you can submit your questions or concerns and that would be the best place to – to send them. I think if we don't have anymore questions...

Operator: Pardon the interruption.

Barbara Cebuhar: Go ahead.

Operator: You do have a few more questions from Douglas Arnold, Medical Professional. Your line is now open.

Barbara Cebuhar: Great. Thanks.

Douglas Arnold: Yes, I'm just running this quick spreadsheet on trying to come up with how – how few doctors you're going to be able to have in this thing in order to make the \$50 million hurdle. I mean this is a – this would be an ACO with probably less than 70 physicians. If you have – let's say you have 50 PCPs that a half a million each in gross revenues, that's – that's half your money right there. You're not going to have a very big organization if you wanted to take advantage of the Shared Savings with that \$50 million cut off. I hope you understand that.

Kelly Hall: The – you can read more about this in the advance payment solicitation but it is definitely an initiative that is geared towards physicians only and very small ACOs to allow them to have access to the capital that's necessary to start participating in the Shared Savings Program is very deliberately designed towards our – our smallest perspective ACOs.

Douglas Arnold: And the total amount of – of money in this program is what, 170 million?

Kelly Hall: Correct.

Douglas Arnold: OK.

Barbara Cebuhar: (Sheila), our next question?

Operator: It comes from the line of Robert Adams from PDA Incorporated. Your line is now open. Robert Adams, your line is now open.

Robert Adams: Can we add ACO TIN after the start of the Shared Savings Plan in the Advance Payment?

Kelly Hall: So the rule governing how you can adjust your TIN list for the purposes of the Shared Savings Program are detailed in the final rule of the Shared Savings Program. The short answer is yes, there are opportunities for you to adjust your TIN list for the Shared Savings Program and there are – there are definitely requirements and timing associated with that. For the purposes of the Advance Payment Model, the amount of advance payment that your organization will be eligible for will not change throughout the – the lifespan of the Advance Payment initiative. So even if you grow, you are aligned with more beneficiaries. The number of beneficiaries that you are aligned with at the time that we made your eligibility determination is the number that will set that amount for you and won't change on the basis of changes in your beneficiary number or your – or your list of providers.

Barbara Cebuhar: Our next question (Sheila).

Operator: There are no questions at this time. Presenters, again, I'll turn it over to you.

Barbara Cebuhar: Thank you again everyone. Once again, the place to send any further questions is [advpayaco@cms.hhs.gov](mailto:advpayaco@cms.hhs.gov). If we don't have any other questions then we will go ahead and close the call. (Sheila), thank you again for all your help.

Operator: This concludes today's conference call, you may now disconnect. Presenters, please stay on the line.

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