# Five Key Takeaways: CJR Year 1 Performance Evaluation

*A recently released evaluation of the Centers for Medicare and Medicaid Services (CMS) Comprehensive Care for Joint Replacement (CJR) Model found a statistically significant reduction in spending in both high-cost and low-cost areas during the first performance year.*

CJR tests bundled payment and quality measurement for an episode of care associated with hip and knee replacements. At the end of a model performance year, actual spending for the episode (total expenditures for related services under Medicare Parts A and B) is compared to the Medicare target episode price for the responsible hospital. Depending on the participant hospital's quality and episode spending performance, the hospital may receive an additional payment from Medicare or be required to repay Medicare for a portion of the episode spending (downside risk begins in year 2 of the model). CJR is an Advanced Alternative Payment Model under the Quality Payment Program.

The model began on April 1, 2016 and will run through December 31, 2020. While initially a mandatory model for hospitals in the designated 67 metropolitan statistical areas (MSAs), in 2018 participation became voluntary for all rural and low-volume providers and for all providers located in 33 of the 67 MSAs. Of the approximately 323 providers eligible for voluntary participation, 86 providers opted to elect to continue to participate in CJR for the remaining performance years.

In 2016, its first performance year, the evaluation examined episodes initiated on or after April 1, 2016 and ended by December 31, 2016. This resulted in: 43,801 episodes from 731 hospitals found in 67 MSAs.

Five key takeaways from the evaluation of performance year 1:

1. **Statistically significant reductions in spending were found in both high-cost and low-cost areas.**

   The report found that average total payments for episodes decreased by $1,127 more (3.9%, $p<0.01$) and $577 more (2.3%, $p<0.05$) than control episodes in MSAs with historically high and low episode payments, respectively.

2. **Estimated gross savings totaled approximately $40 million.**

   The report concluded that results from the first performance year were promising and that payment reductions can be achieved while maintaining quality. Prior to including the reconciliation payments earned by participants (which were not available at the time of the report was drafted), estimated gross savings totaled approximately $40 million.

3. **Shifts in post-acute care (PAC) services helped drive changes in spending.**

   Results from the evaluation indicated that for both elective and fracture episodes, patients were being sent to less intensive (less costly) PAC settings. Among elective episodes, fewer patients

were being discharged to inpatient rehabilitation facilities (IRFs), and a relatively larger portion were being discharged directly home with home health agency services. Among fracture episodes, utilization analyses suggest the substitution of skilled nursing facilities for IRF care.

### 4. Hospitals engaged in care coordination with physicians and PAC providers in response to the CJR model.

In interviews with hospital personnel, report authors found that many hospitals increased physician engagement, especially through the identification of a champion physician to provide leadership. Hospitals also increased coordination efforts with PAC providers, including educating PAC providers on the CJR model and bundled payments or a general increase in communication and collaboration between hospital and PAC staff.

### 5. Hospitals did not include PAC providers in gainsharing and often did not include orthopedic surgeons.

None of the hospitals interviewed were gainsharing with PAC providers, and the majority of the hospital interviewees (2/3) were not gainsharing with the orthopedic surgeon during the first year of the model. A few of the hospitals that were gainsharing with the orthopedic surgeon indicated that the decision to gainshare was due to the surgeon's interest or the hospital's interest in modifying provider behaviors.

- Performance Year 1 Evaluation report is available here
- Findings At-A-Glance are available here
- More information on the CJR model is available here

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