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## 42 C.F.R. § 510.305

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### Determination of the NPRA and reconciliation process.

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- (a) *General.* Providers and suppliers furnishing items and services included in the episode bill for such items and services in accordance with existing rules and as if this part were not in effect.
- (b) *Reconciliation.* (1) For performance years 1 through 4 and for each subset of performance year 5, CMS uses a series of reconciliation processes, which CMS performs as described in paragraphs (d) and (f) of this section after the end of each performance year, to establish final payment amounts to participant hospitals for CJR model episodes for a given performance year.
- (2) For performance years 6 through 8, CMS conducts one reconciliation process, which CMS performs as described in paragraphs (l) and (m) of this section after the end of each performance year, to establish final payment amounts to participant hospitals for CJR model episodes for a given performance year.
- (3) Following the end of each performance year, for performance years 1 through 4 and for performance year 5, each subset thereof, CMS determines actual episode payments for each episode for the performance year (other than episodes that have been canceled in accordance with § 510.210(b)) and determines the amount of a reconciliation payment or repayment amount.
- (c) *Data used.* CMS uses the most recent claims data available to perform each reconciliation calculation.
- (d) *Annual reconciliation for performance years 1 through 5.* (1) Beginning 2 months after the end of each of performance years 1 through 4 and performance year subset 5.1 and 5 months after the end of performance year subset 5.2, CMS does all of the following:
- (i) Performs a reconciliation calculation to establish an NPRA for each participant hospital.
- (ii) For participant hospitals that experience a reorganization event in which one or more hospitals reorganize under the CCN of a participant hospital performs—
- (A) Separate reconciliation calculations (during both initial and subsequent reconciliations for a performance year) for each predecessor participant hospital for episodes where anchor hospitalization admission occurred before the effective date of the reorganization event; and
- (B) Reconciliation calculations (during both initial and subsequent reconciliations for a performance year) for each new or surviving participant hospital for episodes where the anchor hospitalization admission occurred on or after the effective date of the reorganization event.
- (2) CMS—
- (i) Calculates the NPRA for each participant hospital in accordance with paragraph (e) of this section including the adjustments provided for in paragraph (e)(1)(iv) of this section; and

(ii) Assesses whether hospitals meet specified quality requirements under § 510.315.

(e) *Calculation of the NPRA for performance years 1 through 5.* By comparing the quality-adjusted target prices described in § 510.300 and the participant hospital's actual episode spending for each of performance years 1 through 4, and for performance year 5, each subset thereof, and applying the adjustments in paragraph (e)(1)(v) of this section, CMS establishes an NPRA for each participant hospital for each of performance years 1 through 4 and for performance year 5, each subset thereof.

(1) *Initial calculation.* In calculating the NPRA for each participant hospital for each of performance years 1 through 4 and each of performance year subsets 5.1 and 5.2, CMS does the following:

(i) Determines actual episode payments for each episode included in the performance year or performance year subset (other than episodes that have been canceled in accordance with § 510.210(b)) using claims data that is available 2 months after the end of the performance year or performance year subset. Actual episode payments are capped, as applicable, at the amount determined in accordance with § 510.300(b)(5) for the performance year or performance year subset at the amount determined in paragraph (k) of this section for episodes affected by extreme and uncontrollable circumstances, or at the quality adjusted target price determined for that episode under § 510.300 for an episode with actual episode payments that include a claim with a COVID-19 diagnosis code and initiate after the earlier of March 31, 2021 or the last day of the emergency period described in paragraph (k) (4) of this section.

(ii) Multiplies each episode quality-adjusted target price by the number of episodes included in the performance year or performance year subset (other than episodes that have been canceled in accordance with § 510.210(b)) to which that episode quality-adjusted target price applies.

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