



Frequently Asked Questions: CHART Model Funding Opportunity

What is the CHART Model?

The Community Health Access and Rural Transformation (CHART) Model is a funding opportunity from the Centers for Medicare and Medicaid Services (CMS). The CHART Model is a voluntary opportunity for rural communities to test health care transformation supported by payment reform.

There are two tracks for which organizations can apply for funding:

- Community Transformation Track – Provides award recipients with cooperative agreement funding and a programmatic framework to assess the needs of their Community and implement health care delivery system redesign. This track builds on lessons learned from the Maryland Total Cost of Care Model and Pennsylvania Rural Health Model.
- Accountable Care Organization (ACO) Transformation Track – Provides upfront payments to rural ACOs that join the Medicare Shared Savings Program. This track builds on lessons learned from the ACO Investment Model (AIM). CMS will release the Request for Application in spring 2022.

What is the Community Transformation Track?

The Community Transformation Track of the CHART Model is based on the idea that with a predictable funding stream that hospitals will be able to reorient services to better meet the needs of their communities while also becoming more financially stable. The CHART Community Transformation Track will combine community-wide transformation planning with payment changes to rural hospitals over 7 years.

CMS will select up to 15 Lead Organizations to participate in the Community Transformation Track. Up to \$5 million in cooperative agreement funding is available for each Lead Organization participating in the CHART Community Transformation Track, in addition to a regular prospective payment in lieu of

11/18/21

Medicare fee-for-services payments for participating hospitals. The Community Transformation Track of the CHART Model will begin with a Pre-Implementation Period, during which a Lead Organization will collaborate with key participants and community stakeholders to develop a strategy to implement health care delivery system. In total, Lead Organizations will have six Performance Periods to implement their Transformation Plan.¹

How do hospitals benefit from the CHART Model Community Transformation Track?

The CHART Model Community Transformation Track will provide rural hospitals with three ways to transform their local health care system:

1. Participant Hospitals will receive regular, lump sum payments also called a “capitated payment amount (CPA)” in place of their Medicare fee-for-service (FFS) claims reimbursement for Eligible Hospital Services for the duration of the CHART Model funding opportunity.² The benefit to hospitals is the CPA payment stability and predictability, as well as the freedom to invest in new service lines and utilize regulatory flexibilities offered by the CHART Model initiative. For example, hospitals may have had to focus on providing higher-reimbursing specialty services over essential primary care and behavioral health capacity or maintaining inpatient beds to meet Medicare conditions of participation, even when it may not be what is needed in the community. The CHART CPA payment will be calculated by CMS, not HHSC.
2. Lead Organizations will receive cooperative agreement funding to implement its health care delivery system redesign strategy that is tailored to its Community’s needs. The funding may be used to establish partnerships with community stakeholders and procure technical support. Lead Organizations may also pass a portion of the funding directly to Participant Hospitals for investing in and successfully implementing care delivery redesign efforts at the hospital-level.³

¹ A.4.2. Model Design and Funding Structure – CHART Model Community Transformation Track Notice of Funding Opportunity

² A.4.5.2. Medicare FFS Payment Mechanism – CHART Model Community Transformation Track Notice of Funding Opportunity

³ A.4.6. Operational Flexibilities under the Model – CHART Model Community Transformation Track Notice of Funding Opportunity

3. Lead Organizations, in collaboration with Participant Hospitals, will be able to leverage certain operational flexibilities available under the CHART Model to expand their ability to implement their health care delivery system redesign strategy. Operational flexibilities will include waivers of the Skilled Nursing Facility 3-day rule, telehealth [after the end of the current public health emergency (PHE) flexibilities], and care management home visits. Engagement of Medicare beneficiaries through transportation reimbursement, cost-sharing waivers and gift card rewards will be permitted. Lead Organizations are responsible for requesting operational flexibilities in their Transformation Plans in consultation with Participant Hospitals.

What is the discount factor's role in the Medicare Capitated Payment Amount (CPA)?

The Discount Factor refers to the small percentage discount (reduction) applied to the Medicare capitated payment amount (CPA) for payers to realize savings. The specific discount factor for a Community is determined by its total Medicare Fee-for-Service (FFS) revenue under the capitated payment arrangement at the Community-level. It is expected that Participant Hospitals can achieve savings, despite the presence of a discount, through reductions in potentially avoidable utilization. Acknowledging the financial instability of many rural hospitals and the time it may take for Transformation Plans to result in reduced potentially avoidable utilization, the discounts will start at 0.5 percent and increase slowly.

Each Participant Hospital will have a 0.5 percent discount applied in Performance Period 1 and 1.0 percent discount applied in Performance Period 2. Starting in Performance Period 3, CMS will apply lower discounts to CPAs in Communities with higher total revenue under a capitated payment arrangement. This variance provides an incentive for Communities to recruit more hospitals to participate in the CHART Model by Performance Period 3 and increases the likelihood that it will yield savings that meet or exceed the amount of the cooperative agreement funding. The discount will increase throughout the rest of the Performance Periods based on Eligible Hospital Revenue, with a maximum discount of up to 3 percent in Performance Periods 4 through 6.⁴

Lead Organizations, like HHSC, will be able to negotiate participant-level discount factors with Participating Hospitals, subject to CMS approval, so long as the

⁴ CHART Model, Financial Specifications – Community Transformation Track, CMS, pages 27-28, November 2, 2021.

11/18/21

aggregate discount equals the final discount factor for the total revenue in the Community. This will allow Participant Hospitals and Lead Organizations to optimize participant-level discount factors to hospitals of different sizes to help recruit and retain Participant Hospitals.⁵

What eligible hospital services are included in the calculation of the Capitated Payment Amount (CPA)?

Medicare FFS expenditures associated with the following Service Inclusion Criteria are classified as Eligible Hospital Services:

- Inpatient hospital or inpatient Critical Access Hospital (CAH) services, including but not limited to physical therapy and certain drugs and biologicals;
- Outpatient hospital or outpatient CAH services, including but not limited to clinic, emergency department (ED) and observation services, X-rays and other radiology services billed by the Participant Hospital, and certain drugs and biologicals; and
- Swing bed services rendered by CAHs.

The following services are NOT included in the Eligible Hospital Services:

- Physician services;
- Other professional services;
- Durable medical equipment that is billed separately from an included service;
- Hospice care;
- Home Health services;
- Swing bed services for non-CAH facilities;
- All other services furnished by the Participant Hospital not included in the Service Inclusion Criteria above;
- CAH Method II claims are excluded and will be paid as FFS; and
- All claims types other than inpatient (claim type=60) and outpatient (claim type=40) are effectively excluded.

⁵ Appendix XI, CPA Financial Methodology, CHART Model Community Transformation Track Notice of Funding Opportunity.

I need more detailed information about the financial aspects of the CHART Model Community Transformation Track, where can I find them?

More information about the Community Transformation Track payment calculation can be found in the following resources:

- [CMS Community Transformation Track Payment Policies \(PDF\)](#)
- [CMS Community Transformation Track Sample Payment Calculation \(PDF\)](#)
- [CMS Community Transformation Track Payment Overview Webinar](#)
- [CMS CHART Model Frequently Asked Questions \(PDF\)](#)

How is “Community” defined for purposes of CHART Model application?

A “community” is defined as one or more counties or census tracts (may be contiguous or non-contiguous), all of which must be classified as rural, as defined by the Federal Office of Rural Health Policy. At the time of application submission, the Lead Organization must have at least 10,000 Medicare fee-for-service (FFS) beneficiaries whose primary residence is within the region. Participating hospitals must be located within the community or serve many residents of the community. For the purposes of the application, facilities need only to express interest in the CHART Model.⁶

Will CMS communicate to a CHART Community Transformation Track Participant Hospital (both Prospective Payment Systems (PPS) hospitals and Critical Access Hospitals (CAH)) its Capitated Payment Amount (CPA) for Performance Period 1 prior to the Participant Hospital having to execute a Participation Agreement?

Yes. After awarding Lead Organizations, the Pre-Implementation Period will commence. Lead Organizations will recruit Participant Hospitals during this time.

⁶ A.4.3.1. Community Definition – CHART Model Community Transformation Track Notice of Funding Opportunity

11/18/21

CMS will calculate the CPAs that Participant Hospitals will receive starting in Performance Period 1 before the end of the Pre-Implementation Period. CMS will provide each Participant Hospital time to review its projected CPA prior to signing its Participation Agreement and the beginning of Performance Period 1.⁷

To find out more about the CHART Model payment policies and financial methodology, please register for a webinar with the Centers for Medicare and Medicaid Services that will be held on **December 14, 2021 from 1:30 to 2:30 CT**. Register here:

<https://deloitte.zoom.us/meeting/register/tJUvdu6uqTgjHtKExYihT5iBV9iyZfnlEXZ2>

What is HHSC's role in the CHART Model Community Transformation Track application?

HHSC submitted its application for the CHART Model Community Transformation Track as the Lead Organization on behalf of the state. CMS notified HHSC on September 10, 2021 that it was awarded CHART Model funding as the Lead Organization. As a result, HHSC will coordinate efforts across a target community (as defined in the Notice of Funding Opportunity) to design and implement a health care transformation plan for its community. HHSC will be responsible for driving health care delivery system redesign by leading the development and implementation of Transformation Plans as well as convening and engaging the Advisory Council.

The transformation plan must focus on at least one of the following areas: (1) behavioral health, (2) substance use disorders, (3) chronic disease management and prevention, or (4) maternal and infant health. CMS is specifically allowing transformation plans to include conversion of hospitals with inpatient units to freestanding emergency facilities, where appropriate for the community.

Does my hospital qualify to participate in the CHART Model?

Each Participant Hospital must be (1) an acute care hospital (defined as a "subsection (d) hospital" in section 1886(d)(1)(B) of the Act) or (2) critical access hospital (CAH) that either:

1. Is physically located within the Community and receives at least 20% of its Medicare FFS revenue from Eligible Hospital Services provided to residents of the Community; or

⁷ [CMS CHART Model Frequently Asked Questions \(PDF\)](#)

11/18/21

2. Is physically located inside or outside of the Community and is responsible for at least 20% of Medicare expenditures for Eligible Hospital Services provided to residents of the Community.

All other types of health care facilities are ineligible to be Participant Hospitals. If a hospital system has multiple inpatient campuses and outpatient locations, each inpatient campus and outpatient location will be considered a distinct Participant Hospital as long as it separately meets the eligibility criteria in this section.

If a hospital submitted an LOI, are they assured of receiving CHART Model funding if CMS awards it to Texas?

A letter of intent(LOI) submitted to HHSC does not guarantee participation in CHART because of the factors identified below. The LOIs are non-binding and do not obligate the hospital to participation in the CHART Model. Moreover, there is a required pre-implementation period for additional recruitment of participant hospitals because situations can change between application submission and the CHART funding award. Lastly, the number of participating hospitals will be dependent on the final amount awarded to the state, which is unknown at this time.

Could a Critical Access Hospital (CAH) lose its CAH status simply by participating in the CHART Model Community Transformation Track?

No. Participant Hospitals will be able to retain their hospital or CAH status because CMS intends to waive certain Medicare provisions for the purposes of testing the CHART Model. CMS also plans to waive certain Medicare Hospital and/or CAH Conditions of Participation (CoPs). Waivers of Medicare CoPs could allow Participant Hospitals to make certain changes to their facility structure and maintain their hospital or CAH status for Medicare enrollment and certification, Medicare hospital quality reporting, and payment receipt under the capitated payment arrangement. Any such waivers under the Community Transformation Track will be available for the full Performance Period of the Model.⁸

⁸ [CMS CHART Model Frequently Asked Questions \(PDF\)](#)

What does “multi-payer alignment” mean for the CHART Model Community Transformation Track?

Multi-payer alignment refers to non-Medicare payers’ adoption of the Community Transformation Track Alternative Payment Model’s (APM) financial, operational, and quality processes to ensure that differently insured persons who reside in the CHART Model Community benefit from the transformation that occurs. According to the Notice of Funding Opportunity, the goal of multi-payer alignment in the Community Transformation Track is to increase Participant Hospitals’ total revenue from Eligible Hospital Services such that care transformation becomes a more rational business decision. Each Lead Organization must secure multi-payer alignment with the State Medicaid Agency by the beginning of Performance Period 2 (January 1, 2024). While multi-payer alignment from commercial payers is not required, it is recommended.⁹

Who do I contact if I am interested in participating in the CHART Model Community Transformation Track as an “Aligned Payer”?

HHSC continues to seek health care payers (e.g., Medicaid managed care organizations and commercial payers) that are interested in partnering with HHSC to participate in the Community Transformation Track as an aligned payer.

To participate as an aligned payer, the entity must be operating in HHSC’s chosen Community. In its application, HHSC defined the geographic boundaries of its Community as 13 non-contiguous rural Texas counties and census tracts across the state. They include: (1) Angelina County, (2) Brown County, (3) Burnet County, (4) DeWitt County, (5) Dawson County, (6) Census Tract 48187210400 in Guadalupe County, (7) Haskell County, (8) Maverick County, (9) Mitchell County, (10) Polk County, (11) San Augustine County, (12) Census Tract 48485013700 in Wichita County, and (13) Young County.

If you are a health care payer interested in participating in the Community Transformation Track, you can contact HHSC at HHSC_Chart@hhsc.state.tx.us to express your interest.

⁹ A.4.5.3. Multi-payer Alignment – CHART Model Community Transformation Track Notice of Funding Opportunity