

Authority and Background

Under the authority of section 1115A of the Social Security Act, through notice-and-comment rulemaking, the Innovation Center issued a final rule titled “Medicare Program; Comprehensive Care for Joint Replacement Payment Model for Acute Care Hospitals Furnishing Lower Extremity Joint Replacement Services,” which appeared in the March 4, 2016 **Federal Register** ([80 FR 73273](#)). The first CJR model performance period began April 1, 2016. At that time, the CJR model required approximately 800 hospitals located in the 67 MSAs selected for participation in the model through December 31, 2020.

In the January 3, 2017 **Federal Register** ([82 FR 180](#)), CMS issued the January 2017 Final Rule, which made minor technical improvements to the CJR model and created an Advanced APM track within the CJR model.

In the December 1, 2017 **Federal Register** ([82 FR 57066](#)), CMS issued the December 2017 Final Rule which implemented revisions to the CJR model, including offering rural and low-volume hospitals selected for participation in the CJR model, as well as those hospitals located in 33 of the 67 MSAs, a one-time option to choose whether to continue their participation in the model through December 31, 2020 (that is, continue their participation through PY5). The December 2017 final rule also finalized further technical refinements and clarifications for certain payments, reconciliation and quality provisions, and implemented a change to increase the pool of eligible clinicians that qualify as affiliated practitioners under the Advanced APM track.

In the April 6, 2020 IFC **Federal Register** ([85 FR 19230](#)), CMS issued the April 2020 Interim Final Rule with Comment Period (IFC), which accounted for the impact of the COVID-19 public health emergency (PHE) on participant hospitals. CMS extended PY5 through March 31, 2021 and adjusted the extreme and uncontrollable circumstances policy to account for the COVID-19 PHE by specifying that all episodes with a date of admission to the anchor hospitalization that is on or within 30 days before the date that the emergency period begins or that occurs through the termination of the emergency period and actual episode payments are capped at the target price determined for that episode under § 510.300.

In the November 6, 2020 IFC **Federal Register** ([85 FR 71142](#)), CMS issued the November 2020 Interim Final Rule with Comment Period (IFC), which implemented several changes to the CJR model. Among them, CMS made a technical change to include MS-DRGs 521 and 522 in the CJR episode definition to ensure that the model continues to include the same inpatient LEJR procedures, despite the adoption the new MS-DRGs to describe those procedures. Changes to the extreme and uncontrollable circumstances policy for the COVID-19 PHE were also made to adapt to an increase in CJR episode volume and renewal of the PHE, while providing protection against financial consequences of the COVID-19 PHE after the extreme and uncontrollable circumstances policy no longer applied.

Lastly, in the May 3, 2021 **Federal Register** ([85 FR 23496](#)), CMS issued the May 2021 Final Rule. This rule extended the length of the model through December 31, 2024 by adding an additional 3 performance years. Also, CMS revised certain aspects of the CJR model including

the episode of care definition, the target price calculation, the reconciliation process, the beneficiary notice requirements, and the appeals process. In addition, for PY 6 through 8, the 50 percent cap on gainsharing payments, distribution payments, and downstream distribution payments for certain recipients was eliminated.