



## NEWS RELEASE

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Contact: Kerry McKean Kelly  
609-275-4069, [kmckean@njha.com](mailto:kmckean@njha.com)

Jo Surpin, 856-858-3822, ext. 205  
[jsurpin@appliedmedicalsoftware.com](mailto:jsurpin@appliedmedicalsoftware.com)

### **Hospital Gainsharing Initiative Receives ACHE's 'Innovation Award'**

*NJHA and Applied Medical Software Developed Demo Project to Improve Healthcare Value*

PRINCETON –The New Jersey Hospital Association and Applied Medical Software have received the “Innovation Award” from the American College of Healthcare Executives New Jersey for their pioneering initiative to improve healthcare value and reduce costs by promoting better coordination and collaboration among New Jersey hospitals and physicians.

The award was presented Friday during ACHE-NJ's annual awards breakfast in Princeton. The initiative, called “gainsharing,” was first developed and tested in New Jersey in 2009 as a demonstration project approved by the Centers for Medicare and Medicaid Services. The success of New Jersey's groundbreaking work led CMS to incorporate it into the nationwide bundled payment initiative under the Affordable Care Act in 2013.

“Healthcare is changing – no question – and New Jersey hospitals are committed to being leaders in that change,” said NJHA President and CEO Betsy Ryan. “It's an honor to have ACHE recognize this work – and even more rewarding to know that the commitment and hard work of New Jersey hospitals is now serving as a national model for improving healthcare value.”

NJHA and AMS developed New Jersey's initial project, recognizing that existing Medicare protocols provided different incentives for hospitals and physicians. While hospitals receive a set rate for each patient case, regardless of how long a patient is hospitalized, physicians are paid “a la carte” for each test, procedure or patient day in the hospital. Under the gainsharing pilot, those payments were aligned to ensure that hospitals and physicians would work together. Hospitals

and physicians that successfully reduced costs while meeting strict quality standards were allowed to share the savings.

Savings from New Jersey's demonstration project totaled \$113 million over three years, with performance on quality measures either remaining the same or improving throughout the program, according to the Agency for Healthcare Research and Quality. <https://innovations.ahrq.gov/profiles/hospital-gain-sharing-program-offers-incentives-physicians-based-their-efficiency-producing>

“It’s nice to be recognized for an idea that began here in New Jersey over 15 years ago for hospitals to align incentives with physicians, which has now grown nationally into an effective strategy to help hospitals reduce costs and improve quality,” said Jo Surpin, president of Applied Medical Software, based in Collingswood. “The success of this initiative could not have been achieved without the partnership between NJHA and AMS.”

Added Sean Hopkins, NJHA’s senior vice president of federal relations and health economics, “Seeing the gainsharing model produce the ‘triple aim’ outcomes of better health and lower costs through coordinated care has been professionally rewarding. The hospitals should all be commended for their foresight and willingness to carve a path that has become a national model for provider collaboration, and CMS should be applauded for allowing creative ideas like this to have the opportunity to be field-tested in the real world.”

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*NJHA, based in Princeton, is a not-for-profit trade association committed to helping its members provide quality, affordable, accessible healthcare.*

*Incorporated in 1995, Applied Medical Software, Inc. (AMS) is a privately held, Collingswood, New Jersey-based healthcare analytics firm. AMS specializes in the design, development and implementation of gainsharing programs for the health care industry.*