Now is the Time to Extend the Advanced APM Incentive Payment

The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) is designed to encourage providers to move into value-based care arrangements that prioritize high-quality, patient-centered care. The law created a 5% Advanced APM incentive payment for all qualified providers; however, 2022 represents the final performance year eligible for this payment. After PY 2022, the financial incentive to participate in the Advanced APM track will no longer exist.

Over the first four years, the incentive payment has served as a critical driver for participation in Advanced APMs. Now more than ever, it is imperative that this incentive payment be extended to support the continued transformation of our health care system to one that rewards value of care over volume of services delivered.

Signed into law on April 16, 2015, MACRA fundamentally changed the methodology for how Medicare pays for physician services to provide greater system stability and promote value-based care principles. MACRA created the Quality Payment Program (QPP) which encourages participation in value-based health care models that link physician payments to the value – rather than volume – of services provided. The QPP offers two tracks to eligible clinicians:

1. **The Merit Based Incentive Payment System (MIPS):** MIPS is built on the traditional fee-for-service (FFS) Medicare payment system. MIPS then adjusts Medicare Part B payments based on clinician-reported data across four performance categories (quality, cost, improvement activities, and promoting interoperability).
2. **Advanced Alternative Payment Models (AAPMs):** The AAPM track encourages providers to transition from FFS by offering participants a 5% incentive payment for participating in qualifying AAPMs, and an exemption from the MIPs reporting requirements and payment adjustments. Participants in this track accept greater accountability for care and higher levels of risk and reward.

Advanced APM Incentive Payment

To encourage participating entities to move into the AAPM track, MACRA created an incentive payment for practitioners equal to 5% of the qualifying APM participants prior year aggregate Medicare Part B payments for professional services. This incentive applies to all Part B payments and is on top of any fee-for-services payments received for services rendered.

Table 1 illustrates how this incentive has driven higher net per beneficiary savings for AAPM-level ACOs vs. non AAPM-level ACOs in the Medicare Shared Savings Program (SSP) from 2017-2020. The data paints a promising picture for the benefits of the AAPM incentive:

- The number of SSP ACO beneficiaries increased each year from 2017 to 2020 with growth driven by participation in the AAPM tracks.
- SSP ACOs produced net per beneficiary savings annually from 2017 to 2020 with AAPM track ACOs generating almost 36% higher net per beneficiary savings compared to non-AAPM track ACOs between 2018-2020.
- Total AAPM track ACO net savings to CMS increased 30-fold from 2017 to 2020.

Table 1: MSSP ACO Savings

	AAPM-Level Shared Savings Program ACOs			Non-AAPM-Level Shared Savings Program ACOs		
	Net CMS Savings	Beneficiaries (PY)	Net Per Beneficiary Savings	Net CMS Savings	Beneficiaries (PY)	Net Bet Beneficiary Savings
2017	$23,198,085	857,246	$27.06	$290,542,287	7,907,473	$36.74
2018	$195,195,308	1,995,852	**$97.80**	$544,183,063	7,855,900	**$69.27**
2019	$385,180,075	2,574,032	**$149.64**	$806,674,981	7,504,111	**$107.50**
2020	$692,395,602	3,221,602	**$214.92**	$1,168,819,523	7,117,567	**$164.22**

Source: Shared Savings Program ACO Public Use Files for 2017, 2018, 2019 and 2019A (July-Dec, 2019), and 2020 performance periods, data.cms.gov
**2017-June 2019, NON-AAPM-level ACOs: Track 1 only; Starting July 2019, Non-AAPM-level ACOs: legacy Track 1, plus BASIC Tracks A/B, C, and D*
***PY = Person Years*

Why the Urgency to Extend the Incentive Payment Now?

The time is now for legislative action because the availability of incentive payments ends in 2022. Current policy provides for a two-year lag between a provider's performance and the receipt of any incentive payment for that performance. So, while payments will be made in each of the payment years 2019 through 2024, the payments correspond to performance years 2017 through 2022. This means that, without legislative action, incentive payments will no longer be available for high level provider performance beginning in 2023 and are no longer a useful incentive for recruiting new providers into AAPMs currently.

Several factors support extending the 5% incentive payment, including:

- The MIPS track is not living up to its original expectations as a program and needs improvement. This highlights the importance of the maintaining a viable AAPM track with payment incentives.
- Providers participating in AAPMs can achieve greater savings to the Medicare program. As reflected in Table 1, the providers participating in AAPM-level ACOs saved more money per beneficiary than non AAPM-level ACO participants from 2018-2020.
- Compared to FFS, AAPMs offer flexible and sustainable funding allowing providers to maintain or improve the quality of care and better respond to unexpected events like COVID-19.

What is the Policy Solution?

Without this incentive payment in place, the move to value could lose momentum as providers consider whether to join – or remain in – AAPMs versus retreating to traditional fee-for-service. The Health Care Transformation Task Force supports the Value Act's proposed six-year extension. At a minimum, the availability of incentive payments should be extended for two years while policy makers consider other refinements to the AAPM incentive payment policy.

CONGRESS SHOULD ACT NOW TO MAINTAIN THE MOMENTUM OF VALUE-BASED CARE AND PAYMENT TRANSFORMATION.

Established in 2014, the Health Care Transformation Task Force brings together patients, payers, providers, and purchaser representatives to act as a private sector driver, coordinator, and facilitator of delivery system transformation. In addition to serving as a resource and shared learnings convener for members, the Task Force is also a leading public voice on value-based payment and care delivery transformation.