

Advancing Value-Based Health Care

Alternative payment models (APMs) promote better patient outcomes by incentivizing proactive and coordinated care that is patient-centered.



Proactive outreach to patients



Patients have clearer communication channels with care teams and are eligible to receive engagement incentives



Enhanced data collection and analysis with information across the care continuum



Identify high-cost patients and better manage their conditions to avoid readmissions and inappropriate care and reduce costs



How we can speed the transition to value:

1

Place providers in the driver's seat of care transformation

- Providers, with local roots and direct role in care delivery, best suited to innovate care delivery and design population health solutions.
- New partnerships needed between payers and providers that allow providers to be responsible for quality and total cost of care

2

Ensure a level playing field

- Eliminate arbitrary distinctions in APMs that unfairly advantage one provider type over another (e.g., high-low revenue distinction in MSSP; applying different benchmarking methodologies based on experience in Medicare)
- Ensure providers have the same flexibilities and incentives offered to Medicare Advantage (MA) plans.

3

Continue incentivizing providers to move to advanced APMs

- Extend the 5% advanced APM bonus that is set to expire for performance year 2022.
- Incent the movement to APMs by creating more incentives in FFS to adopt APMs.

4

Provide adequate reimbursement in APMs

- "Race to the bottom" benchmarks and steep discounts do not provide sufficient budgets to manage care.
- New paradigm needed that recognizes lower cost growth and spending already achieved under APMs and the additional costs associated with expanding population health to vulnerable populations.

5

Encourage payers participating in Medicaid and MA to adopt APMs

- Medicare has been a leader in advancing new payment approaches, with some payers following suit. To truly innovate care, must rethink the roles and responsibilities of payers and providers
- Drive Medicaid managed care organizations (MCOs) and MA plans to offer APMs by tying managed care incentives to provider adoption of APMs
- Establish incentives that encourage private payers to move to APMs.

Value in Health Care Act of 2021 ([H.R. 4587](#))

Introduced by Representatives Peter Welch (VT-At-large), Suzan DelBene (WA-01), Darin LaHood (IL-18), and Brad Wenstrup (OH-02)

The Medicare Shared Savings Program (MSSP) – Medicare’s permanent accountable care organization (ACO) program – has been instrumental in transforming our healthcare system through improved quality and reduced costs. In 2020 alone, MSSP ACOs saved the Medicare program approximately \$1.9 billion and achieved shared savings of nearly \$2.3 billion.

The Value in Health Care Act will increase adoption of APMs and strengthen the MSSP by:

- ✓ **Extending MACRA bonuses for at least 6 years**
 - The Advanced APM bonuses established under MACRA are set to expire in 2024 (2022 performance year).
 - These bonuses have been critical to increasing clinician participation in APMs. Clinicians use the advanced APM bonuses to cover the investment costs of moving to new payment models, as well as to overcome the revenue advantages of FFS.
 - While MACRA spurred APM adoption, we have not achieved the movement to value we once hoped due to a slow rollout of new models and a shift in focus to the COVID-19 pandemic.
 - CMS has not released data on total amount of bonuses paid to date. The most recent President’s Budget estimates bonuses of \$640M in 2024.
- ✓ **Modifying the thresholds to qualify for advanced APM bonus to better reflect progress in value-based movement**
 - The thresholds for Qualifying APM Participants (QP) are set too high and are more challenging for certain types of APM entities.
 - [Recent data](#) from CMS highlights that average percent of payments flowing through APMs is lower than the current QP thresholds. For example, in 2019, on average only 46% of payments to MSSP participating providers flowed through the APM – meaning many providers are at risk of losing their bonus as thresholds increase.
 - The ongoing COVID-19 pandemic has only made it harder for many providers to achieve the thresholds, as providers have shifted resources and staff to pandemic response. Additionally, many providers have seen lower patient volume as patients opt to forgo care and facilities had to stop elective procedures.
 - Congress should allow CMS to set and gradually increase the thresholds based on current APM adoption.
- ✓ **Modifies MSSP risk adjustment methodology to more realistically capture the health care needs of ACO beneficiaries**
 - Currently, an ACO’s risk score cannot increase by more than 3% over its 5-year agreement period. Increasing the risk score cap to 5% will ensure ACO benchmarks are sustainable and appropriately capture the cost of providing care to the ACO population.
- ✓ **Levels the playing field by removing arbitrary high-low revenue distinction under MSSP**
 - High-revenue ACOs are forced to take on risk sooner. This distinction has led some ACOs to avoid partnering with certain provider types, such as hospitals or specialists. Eliminating the distinction will ensure that high performers are encouraged to participate regardless of provider type and will allow providers to more effectively collaborate in ways that best meet the needs of their population.
- ✓ **Establishes fair and accurate benchmarks by ensuring ACOs are not competing against themselves**
 - Current benchmarking approaches, which are based on a participant’s historical experience, set-up a scenario whereby ACOs are competing against themselves and must continue to achieve year-over-year savings. Removing an ACO’s beneficiaries when calculating regional benchmark adjustments will help mitigate this “race-to-the-bottom.”
- ✓ **Restores the shared savings rate for new ACOs**
 - Under Pathways to Success, CMS reduced the shared savings potential. Restoring the rate to at least 50% will further incentivize new ACOs to join the MSSP.