



# Payment Reform: National Trends and Lessons Learned

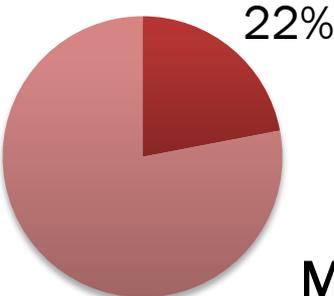
July 2017



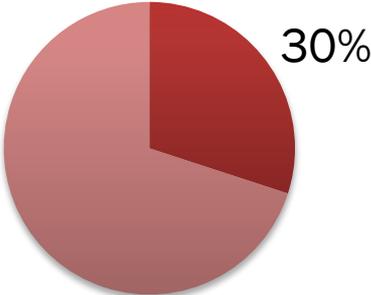
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# Alternative Payment Models Are Still “Alternative,” But Growing

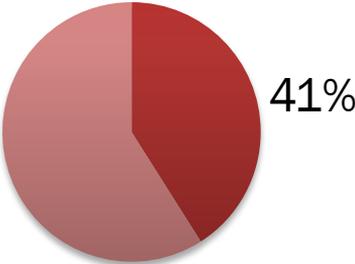
Commercial Insurance



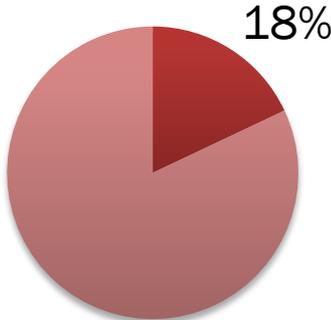
Medicare



Medicare Advantage



Medicaid



# CMS Innovation Center

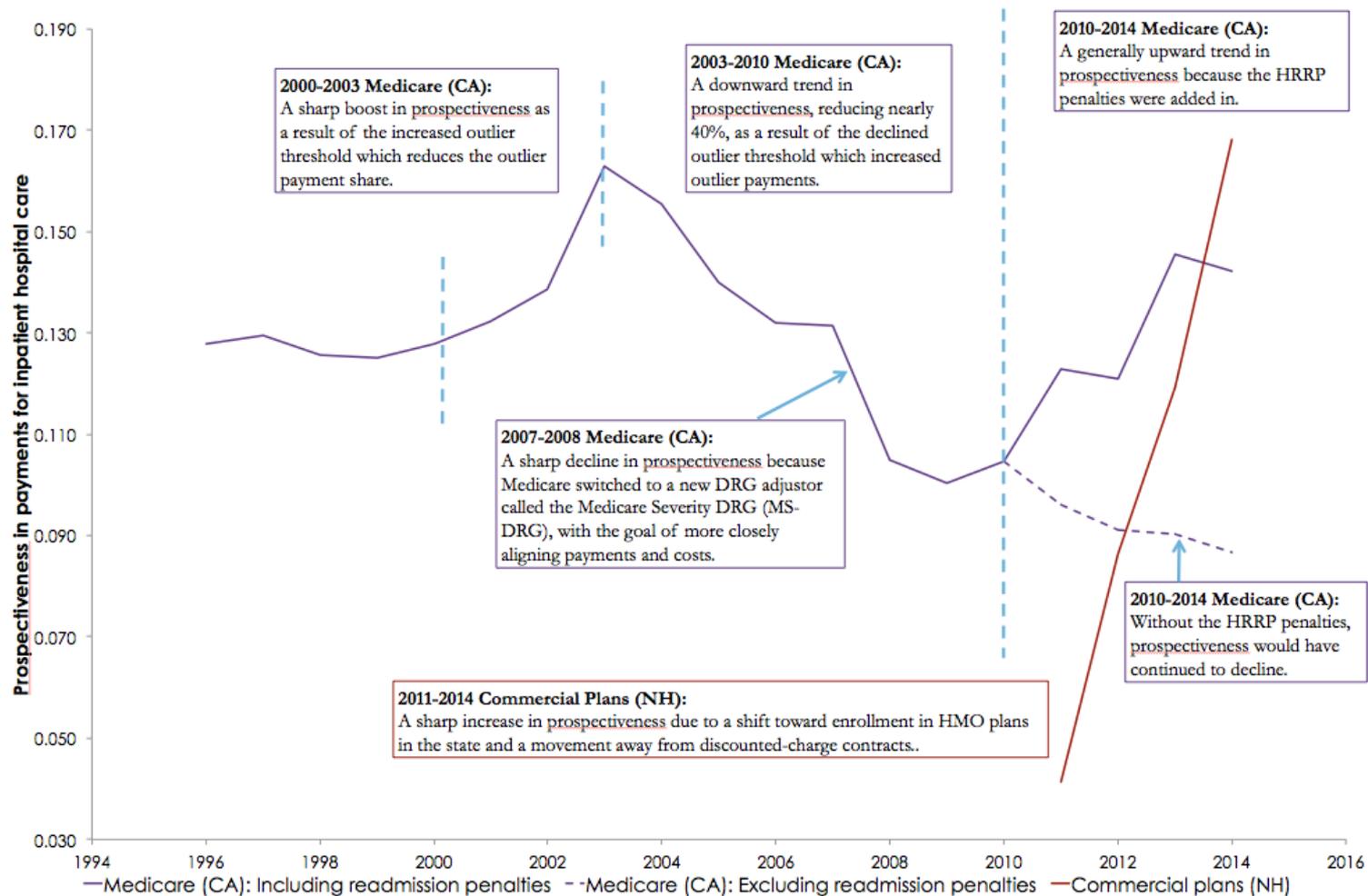
## Testing 39 Models



Models showing favorable impacts to date:

- Pioneer ACOs
- Diabetes Prevention Program
- Avoidable Hospitalizations for Nursing Home Residents
- Bundled Payments for Care Improvement
- Maryland All-Payer Model

## Trends in Prospectiveness in Medicare and Commercial Payments for Inpatient Hospital Care



# MACRA Changes the Landscape

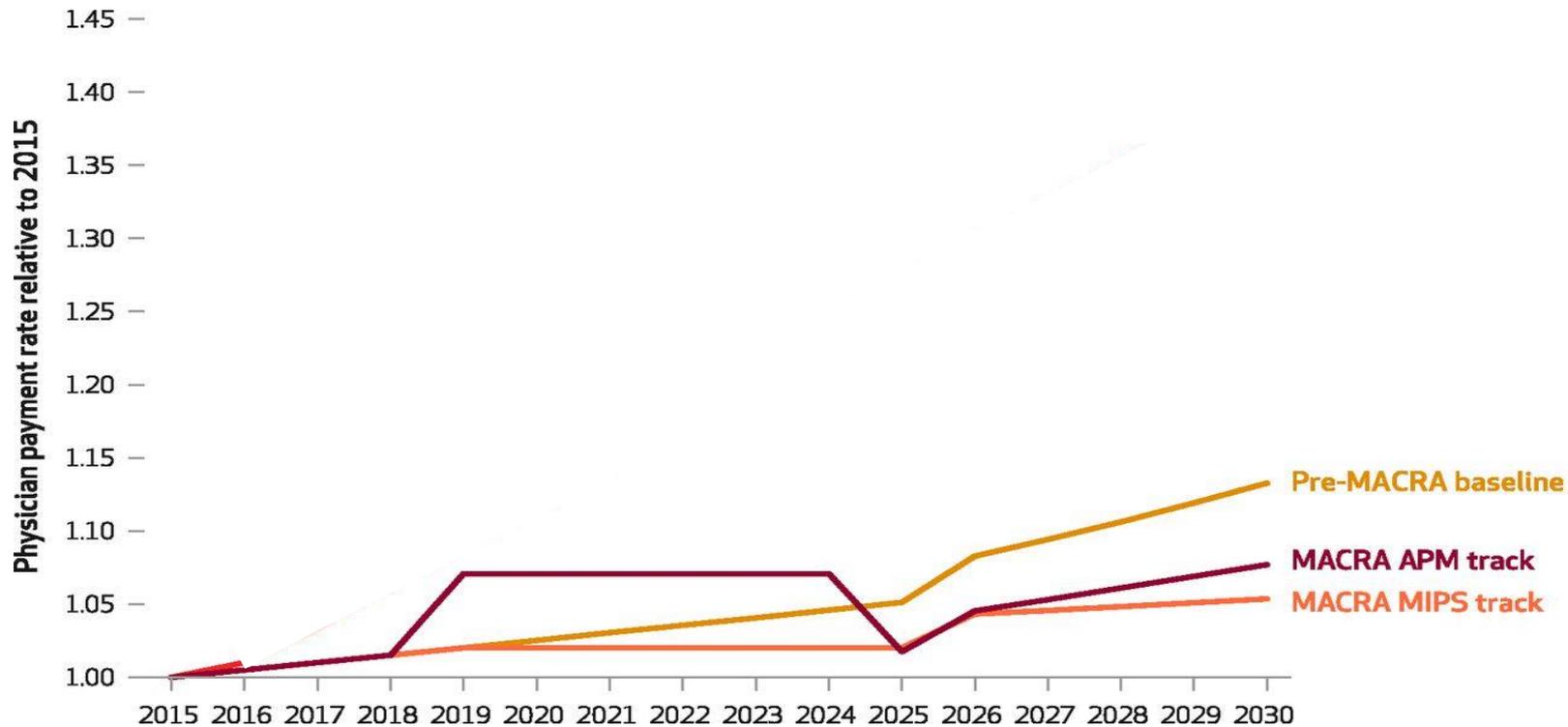
## Merit-Based Incentive Payment System (MIPS)

- Default option
- Fee-for service plus bonuses or penalties
- Consolidates previous performance measurement programs

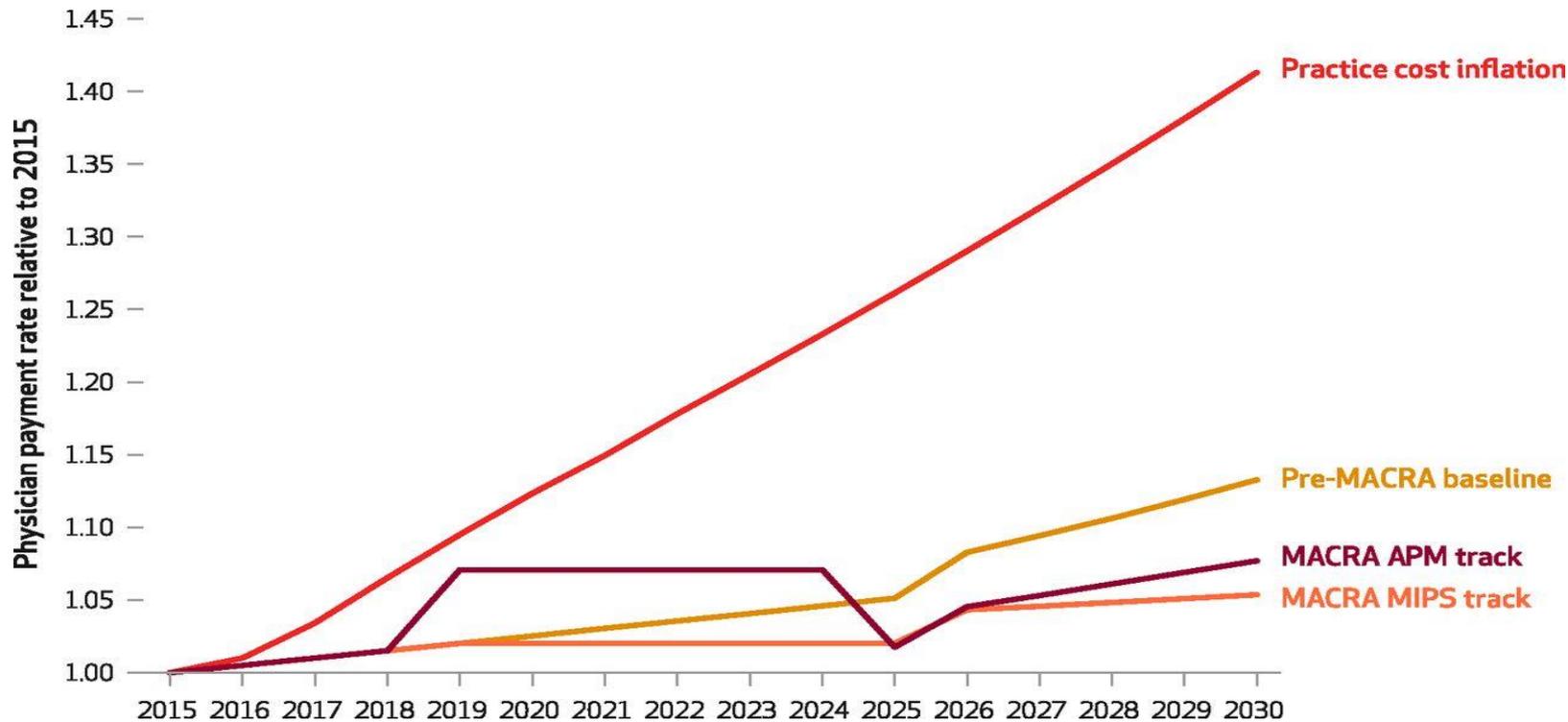
## Alternative Payment Models (APMs)

- APMs include more financial risk than MIPS
- Participants earn participation bonuses, higher payment rate increases
- Qualifying “advanced” APMs named by HHS

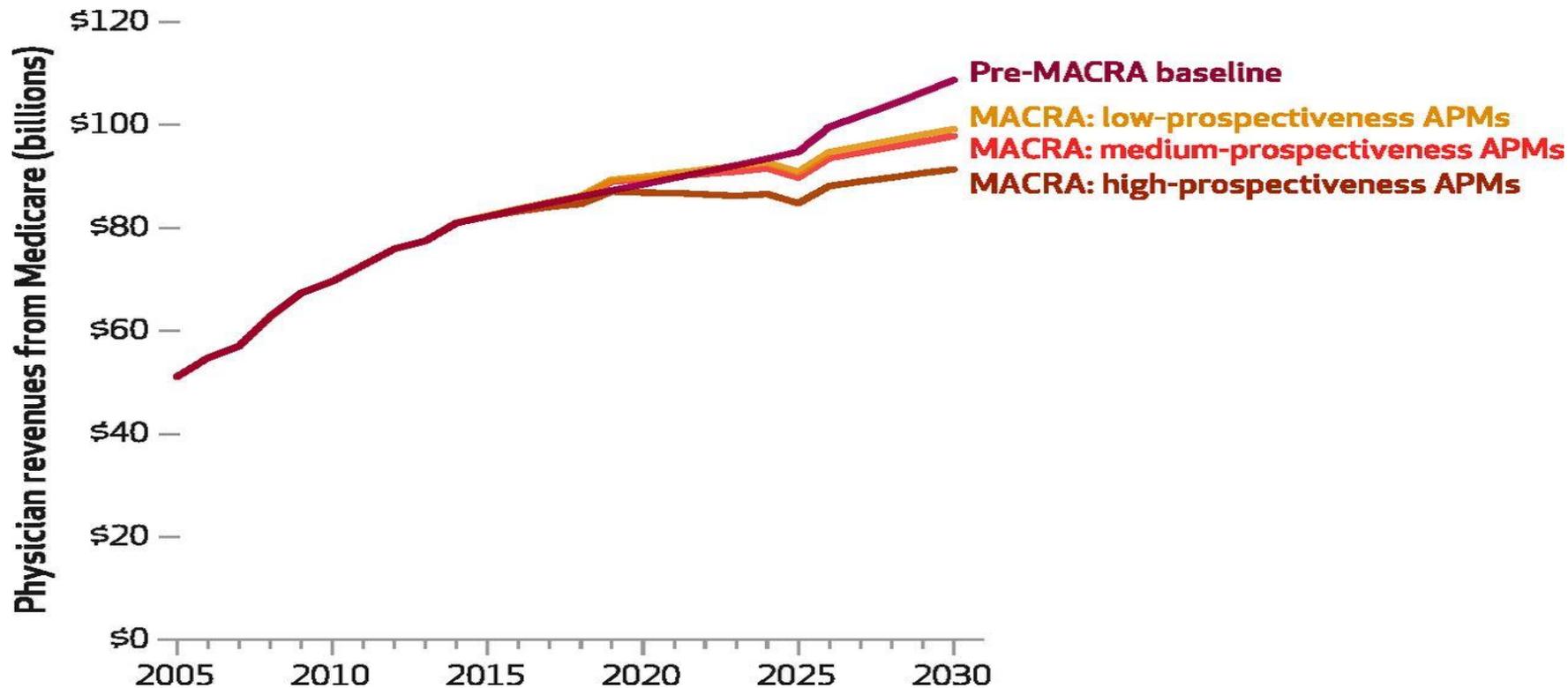
# Projected Medicare Physician Payment Rates, 2015-2030



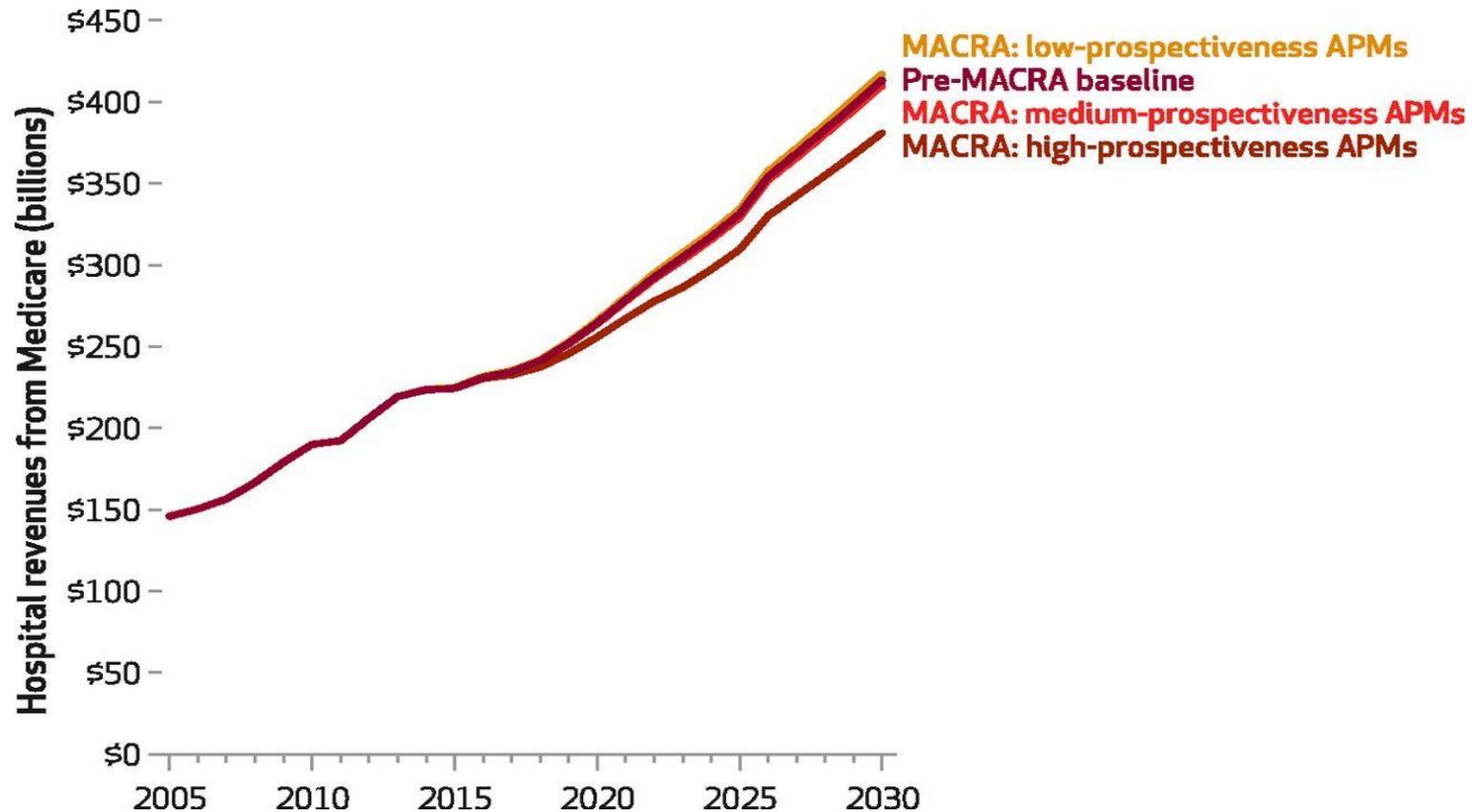
# Projected Medicare Physician Payment Rates, 2015-2030



# Projected Medicare Physician Payments



# Projected Medicare Hospital Payments



# What Is Known About APM Effects?

## Absurdly Brief Evidence Summary

Model	Evidence
Bundled payment	Conceptually appealing, practically difficult
Medical homes	Primary care is important, but what is medical home secret sauce?
Accountable care organizations	Some promising early signs; strategies evolving



## How Have APMs Changed Physician Practice?

- APMs have not substantially changed face-to-face care, but:
  - Volume expectations increasing
  - More pressure to practice at “top of license”
- Additional non-clinical work causes discontent
- Physicians earning bonuses frequently don’t understand why

“

The large medical groups that are operating in the commercial space are able to do this well...

**Practices reside along a broad continuum** to do this, so we'd be overly optimistic if we say this will change the delivery system in five years.”

– Health plan representative



“

Most provider organizations are not equipped to do large-scale innovation. They are still trying to **navigate between** the current way of doing business and the future way. The overall challenge is that we don't have a good way of funding that transition.”

- Health plan representative



# Three Common Operational Problems to Address

1. Errors in data integrity/timeliness, measure specifications, or attribution
2. Multiplicity of performance measures distracts from changing patient care
3. Lack of control over performance drivers (e.g., effects of new specialty drugs) dampens enthusiasm





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