Alternative Payment Model (APM) Introduction

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Stephen S. Grubbs, MD
Vice President Clinical Affairs
American society of Clinical Oncology
Moving Away From Fee For Service

"...moving away from the old way of doing things, which amounted to 'the more you do, the more you get paid.”

Sylvia M. Burwell
HHS Secretary
2014-2017
Health Care Payment Learning and Action Network (HCP-LAN)

• Commercial payer efforts for APM expansion
• Public-Private Partnership
• 70 Commercial Plans and 2 Medicaid Plans
  – Cover 67% of nation’s 208 million insured
• 2016 Total Spending
  – 62% straight FFS
  – 15% through FFS with a link to quality or value
  – 23% through APM’s
# LAN Modified CMS Payment Categories

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<td>Fee for Service – No Link to Quality &amp; Value</td>
<td>Fee for Service – Link to Quality &amp; Value</td>
<td>APMs Built on Fee-for-Service Architecture</td>
<td>Population-Based Payment</td>
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<td>Foundational Payments for Infrastructure &amp; Operations</td>
<td>APMs with Upside Gainsharing</td>
<td>Condition-Specific Population-Based Payment</td>
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<td>Pay for Reporting</td>
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<td>Rewards and Penalties for Performance</td>
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Select HCP-LAN APM Framework Principles

• Goal is to shift US spending towards population based payments
• Value based incentives (VBI) should *ideally* reach the providers
• VBI should be intense enough to motivate providers to invest & adopt new care approaches
• Centers of Excellence, ACO, PCMH are delivery systems supported by payment models and are not Categories of the APM Framework
Quality Payment Program
APM Participation

- CMS Recognized Alternative Payment Models (APM)
  - Advanced APM
  - Qualifying Physicians

- Exemption from MIPS
- 5% Lump Sum Bonus
- APM Specific Rewards
CMS Advanced APM Definition

- Requires use of Certified EHR
- Ties payment to quality, similar to MIPS
- Meets Financial Standards
  - At least 5% of revenues at risk; or
  - Maximum loss of at least 3% of spending benchmark at risk
CMS Recognized Alternative Payment Models (APM)

Advanced APM

Qualifying Participants

- APM entities must meet thresholds for percent of Medicare Payments Received through, or Medicare Patients in Advanced APMs
- Partially Qualifying Participants

*Beginning in 2021, other payer APMs may be considered*
CMS Advanced APMs in 2017

- Medicare Shared Savings Program (2 Tracks)
- Next Generation ACO
- Comprehensive ESRD Care (2 models)
- Comprehensive Primary Care Plus
- Oncology Care Model (OCM) - two-sided risk track available in 2017
CMS APM Data

• Advanced APM track qualified
  – 70,000-120,000 physicians in 2017
  – Expected > 125,000 physicians in 2018

• Healthcare Industry Payments
  – 30% tied to APMs 2016
  – 50% goal by end of 2018

CMS announcement 10/25/16