AMERICA'S PHYSICIAN GROUPS

Taking Responsibility for America's Health

August 14, 2018

Submitted electronically via InnovationCaucus@mail.house.gov

Dear Representatives Kelly, Kind, Mullin, and Bera:

America's Physician Groups (APG) applauds your leadership in founding the Health Care Innovation Caucus (the Caucus) to further policy initiatives that encourage innovation and advance our nation's healthcare system by improving quality and lowering cost for patients. As you know, the movement from volume to value-based payment systems is central to this goal. APG welcomes your Request for Information (RFI) on ways to speed this transition and is pleased to submit the following comments on behalf of our members.

APG represents over 300 physician organizations across 43 states, Washington, DC, and Puerto Rico. Our members participate in pay-for-performance programs across all payer types. Moreover, many APG members have successfully operated under full risk-based models for over two decades and have a wealth of experience developing the necessary infrastructure. Their success across a wide variety of socioeconomic and geographic areas makes them invaluable as subject matter experts for your staff.

The APG Model

APG members are truly taking responsibility for America's health by holding themselves accountable for patient outcomes and by providing the patients and communities they serve with access to the best possible healthcare. Our preferred model of capitated, coordinated care avoids incentives for the high utilization associated with fee-for-service (FFS) reimbursement. Instead, we believe that our model aligns incentives for physicians to provide the right care in the right setting, thus improving the health of entire populations, particularly chronically ill and fragile individuals.

We believe that capitated payments allow our members to deploy proven techniques as well as test innovative approaches to patient care. Our model incentivizes a team-based approach, whereby healthcare professionals such as care managers, nurses, social workers, care navigators, pharmacists and others are deployed as part of a physician-led care team. Each member of the team is encouraged to practice at the top of his or her license.

Congress has recognized the merits of this model as well. In the 115th Congress, Congressmen from all committees of jurisdiction – including two Co-Chairs of the Caucus – submitted a letter to CMS Administrator Seema Verma urging the agency to test a prospective, capitated payment model similar to APG's Third Option. Previously, in the 114th Congress, Caucus Co-Chair Mike Kelly sponsored H.R.5841, a bill to establish a population-based payment demonstration project

under which groups of physicians receive prospective, capitated payments for coordinated care furnished to Medicare beneficiaries, as laid out in the Third Option. APG thanks Congress for this recognition and urges members of the Caucus to continue to support this model and find ways to proliferate it across America's healthcare system.

APG Members' Experience in Value-Based Arrangements

Beyond capitation, our members also participate in a variety of pay-for-performance programs across all payer types including: Medicaid managed care, bundled payment models in Medicare, Medicare Advantage (MA) and the commercial market, the Medicare Shared Savings Program (MSSP), CPC Plus, the Next Generation Accountable Care Organization (ACO) program, in addition to partial and globally capitated payments from both MA and commercial plans. For a sampling of alternative payment models (APMs) that our members are engaged in, please see our Guide to Alternative Payment Models from 2016 and 2017. Our 2018 guide will be published before the end of this year.

As Congress continues to work to achieve MACRA's goal of moving providers out from under FFS payment and delivery models and toward more value-based models, we offer ourselves and our members as a resource to the Innovation Caucus.

While we certainly understand and support the need for voluntary, flexible participation in new payment and delivery models, we remain concerned that the high number of MIPS exclusions and the cancelling and scaling back of APMs decreases opportunities for providers to participate in MACRA fully and does little to advance the value movement overall. We believe Congress should be wary of expanding or extending current exemptions and should also look for ways to assist and encourage the development of additional APMs.

Based on our members' experience, APG has identified several important factors Congress should consider as you work to advance value-based care:

- **Accurate risk adjustment** – Providers should be rewarded for focusing care and resources on the most vulnerable populations, not penalized. To ensure value-based models account for sicker, more complex patients, risk adjustment methodologies are critical. Additionally, as more accurate risk adjustment methodologies are developed, these new methodologies should be rapidly incorporated in the models.
- **Flexibility (waivers) to allow for better care coordination** – Because most statutes were written to apply to FFS Medicare, many antiquated laws and existing regulations remain that don't work for value-based, coordinated care models. Congress should direct CMS to issue appropriate waivers for providers engaged in these types of value arrangements and implement them across the models in a similar way to avoid beneficiary confusion. An example is the inconsistency of the application of patient incentives and three-day waivers between APM models.
- **Timely data and feedback from CMS** – As you know, value-based coordinated care models aim to better serve entire populations and place an emphasis on early disease detection and preventative medicine. As such, timely, actionable data from CMS is essential. Congress should direct CMS to ensure a free-flowing stream of accurate

patient data is available in forms that providers can easily assess, digest, and utilize to better shape care practice methodology and infrastructure.

- **Clinical, socioeconomic variables, and behavioral integration** – APG members are all fully integrated service providers, and are constantly seeking to better include mental, behavioral, and social determinants of health in their care pathways. Congress should provide appropriate incentives and waivers to providers to accelerate the adoption of best practices integrating these elements by primary care providers.
- **Flexibility along a "glide path" to increasing risk** – While many APG members are well on their way towards advanced APMs and other value-based models, we recognize that many providers aren't ready or able to engage in these advanced models. Therefore, Congress should not only support a variety of value models at differing levels of risk but encourage congruency among existing models so that groups and providers can more easily advance along a "glide path" toward increasing levels of intensity and risk.

Medicare Advantage as a Highway for Value

Finally, APG urges the Caucus to bring attention to the biggest fundamental flaw in MACRA: the exclusion of Medicare Advantage.

As you know, there is wide variation in healthcare costs and quality throughout our country. The Integrated Healthcare Association (IHA) recently released its California Regional Health Care Cost & Quality Atlas 2.0, which tracks cost and quality measures across the state for over 20 million beneficiaries and compares different levels of integration on a multi-payer platform with commercial insurance, Medicare and Medi-Cal data. Not only did the Atlas 2.0 study find that the average risk-adjusted cost per patient for coordinated products (HMOs) were 10 percent less that uncoordinated (PPO) products, they found that for MA enrolled, the average risk-adjusted, per-member-per-year cost was 25 percent less than traditional Medicare.[1] MA enrollees also vastly outperformed traditional Medicare on hospital utilization, and, most importantly, clinical quality. The data is clear – MA offers superior value with higher quality performance and overall lower cost.

Millions of Americans depend on MA for quality, patient-centered health care and that number is only growing; over one-third of all Medicare beneficiaries are now enrolled in a MA plan. For the ultimate goal of MACRA to be realized, MA must no longer be excluded from the programs and incentives therein. The recently announced Medicare Advantage Qualifying Payment Arrangement Incentive (MAQI) Demonstration indicated a willingness on the Administration's part to acknowledge the innovative value aspects of many MA plans. However, APG believes the demo can and should go further by affording full advanced APM status to qualified participants.

One important way that Congress should integrate MA into the MACRA status lies within the initial advanced APM threshold. In 2018, for physicians to be considered Qualified Providers and afforded advanced APM status, 25 percent of their Medicare revenue or 20 percent of the Medicare patients must be engaged in models that: (1) bear more than nominal risk; (2) engage

[1] *Integrated Healthcare Association. (2018). California Regional Health Care Cost & Quality Atlas 2.0. Retrieved from https://costatlas.iha.org/*

in robust quality reporting; and, (3) utilize certified electronic health records (CEHRT). Unfortunately, MACRA considers only traditional Medicare in those calculations. APG believes that MA should also be included. While starting in 2019 physicians may count MA in the "Other Payer" calculation, they still must first meet this initial threshold in Medicare Part B only. This disparate treatment of MA undermines the spirit of the law and is a barrier to more physicians moving into value and advanced APMs – a central goal of MACRA and Congress.

Conclusion

In conclusion, APG is ready and eager to assist members of the House Innovation Caucus and their staff in advancing our nation's healthcare system by improving quality and lowering cost for patients through the value movement.

The strength of America's Physician Groups lies within the experience of our members. We represent the most advanced physician groups in the nation, some of whom have been operating in value-based payment and delivery modes for two decades or more. Our members are on the front lines of the value movement every day, both clinically and operationally. APG is happy to connect members of the Innovation Caucus and their staff to our individual members for specific examples of their experiences moving from volume to value.

For more information, please don't hesitate to contact APG's Federal Affairs staff (Valinda Rutledge, VP of Federal Affairs; Margaret Peterson, Director of Federal Affairs) with any questions you may have.

Sincerely,

Don Crane
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America's Physician Groups