LAN 2.0 Goals:
Accelerating Adoption of Two-Sided Risk APMs

January 30, 2020
Objectives

1. Provide a brief overview of the Healthcare Payment Learning & Action Network (LAN)
2. Explain the new LAN goals
3. Describe the new LAN structure and focus areas
Speakers

Jeff Micklos
Executive Director, Health Care Transformation Task Force

Mark McClellan, MD, PhD
LAN CEO Forum Co-chair
Director, Robert J. Margolis Center for Health Policy
Robert Margolis Professor of Business Medicine, and Health at Duke University
Established in 2014, the Health Care Transformation Task Force is a multi-sector industry consortium comprised of Providers, Payers, Purchasers, and Patients committed to advancing delivery system transformation that drives rapid, measurable change for ourselves and our country.
Our members aspire to have 75% of their respective businesses operating under value-based payment arrangements by the end of 2020.
HCTTF continues to progress towards our goal of 75% of business in value-based payment arrangements by the end of 2020.
History of the LAN

Original Mission & Goals
To accelerate the health care system’s transition to alternative payment models (APMs) by combining the innovation, power, and reach of the private and public sectors. The shift from fee-for-service to paying for quality via APMs is aimed at achieving better quality, better health, and lower cost.

GOALS
Goal of U.S. health care payments linked to quality and value through APMs in Categories 3 & 4* of the APM Framework.

RESULTS
2015 Data: 23%
2016 Data: 29%
2017 Data: 34%
2018 Data: 36%

*Category 3: APMs Built on Fee-for-Service Architecture
Category 4: Population-Based Payments
MISSION
To accelerate the shift to value-based care in order to achieve better outcomes at lower cost.

VISION
An American health care system that pays for value to the benefit of our patients and communities.
**LAN Goals**

**GOAL STATEMENT**

Accelerate the percentage of U.S. health care payments tied to quality and value in each market segment through the adoption of two-sided risk models.

<table>
<thead>
<tr>
<th>Year</th>
<th>Medicaid</th>
<th>Commercial</th>
<th>Medicare Advantage</th>
<th>Traditional Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>15%</td>
<td>15%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>2022</td>
<td>25%</td>
<td>25%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2025</td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Percentage of payments flowing through **two-sided risk models**

(Categories 3B & 4* in the LAN APM Framework)

<table>
<thead>
<tr>
<th>Year</th>
<th>Medicaid</th>
<th>Commercial</th>
<th>Medicare Advantage</th>
<th>Traditional Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>7.4%</td>
<td>9.9%</td>
<td>24.2%</td>
<td>13.7%</td>
</tr>
<tr>
<td>2018</td>
<td>8.3%</td>
<td>10.6%</td>
<td>24.3%</td>
<td>18.2%</td>
</tr>
</tbody>
</table>

*Category 3B: APMs with Shared Savings and Downside Risk
Category 4: Population-Based Payments
LAN Structure to Accelerate Progress

The LAN’s Executive Forums—the CEO Forum and the Care Transformation Forum—and strategic initiatives convene health care leaders committed to shaping the strategic direction for value-based payment in the U.S.
Executive Forums

CEO Forum
Influences LAN strategic direction and provides guidance on opportunities for action, alignment, and strengthening incentives and capacity to accelerate the transition to two-sided risk payment models across markets
- Chief Executives/Presidents
- Meets twice/year (Summer/Winter)

Care Transformation Forum (CTF)
Influences and shapes care delivery transformation by identifying the tools and strategies to prepare providers and clinicians for success in improving patient outcomes and reducing costs in two-sided risk payment models
- Clinical Executives (CMO/CQO/CNO/CTO)
- Meets twice/year (Fall/Spring)
- Began prioritizing strategic initiatives that can catalyze progress on the LAN goals

FOCUS AREAS
- Addressing Social Determinants of Health (SDOH)
- Reducing Ineffective Care and Inappropriate Utilization of Services
- Increasing Data Transparency and Interoperability
- Ensuring Timely Data and Analytics Capabilities
- Facilitating Market-Based Solutions
- Promoting Population-Specific Approaches
Suite of LAN Resources

Visit our online resources page: hcp-lan.org/foundational-resources

- White Papers
- Fact Sheets
- Infographics
- Toolkits
- Reports
- Videos

Download your copy of Foundational Resources from our website!
The LAN APM Roadmap

Visit https://hcp-lan.org/apm-roadmap/ to explore the Roadmap which highlights key insights, promising practices, and the most current strategies for designing and implementing successful APMs.
What Can You Do?

We want to hear from you!
  • Share feedback on the LAN goals and activities
  • Pledge support for the LAN goals
  • Promote the LAN and its resources

www.hcp-lan.org
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@Payment_Network
/in/Payment-Network
Search: HCPLAN
LAN APM Framework

- First published in 2016 and then refreshed in 2017, the APM Framework established a common vocabulary and pathway for measuring and sharing successful payment models
- 4 Categories & 8 Subcategories
- Has become the foundation for implementing APMs
State of LAN APM Framework Adoption

12 States are Using the LAN APM Framework to Set Requirements for Value-Based Payment
LAN APM Measurement Through the Years

### 2015
- Category 3 & 4 combined: 23%

### 2016
- Category 3 & 4 combined: 29%

### 2017
- Category 3 & 4 combined: 34%

### 2018
- Category 3 & 4 combined: 36%
In 2018, 35.8% of U.S. health care payments, representing approximately 226.5 million Americans and 77% of the covered population, flowed through Categories 3&4 models. In each market, Categories 3&4 payments accounted for:

- Commercial: 30.1%
- Medicare Advantage: 53.6%
- Traditional Medicare: 40.9%
- Medicaid: 23.3%

Representativeness of covered lives: Commercial - 61%; Medicare Advantage - 67%; Traditional Medicare - 100%; Medicaid - 51%

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LAN 2018 APM Measurement Results

2018 AGGREGATED DATA

CATEGORY 1: FEE-FOR-SERVICE - NO LINK TO QUALITY & VALUE
39.1%

CATEGORY 2: FEE-FOR-SERVICE - LINK TO QUALITY & VALUE
25.1%

- Foundational Payments for Infrastructure & Operations
- Pay-for-Reporting
- Pay-for-Performance

CATEGORY 3: APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE

- Upside Rewards for Appropriate Care: 21.3%
- Upside & Downside for Appropriate Care: 9.4%

CATEGORY 4: POPULATION-BASED PAYMENT

- Condition-Specific Population-Based Payment: 1.8%
- Comprehensive Population-Based Payment: 2.9%
- Integrated Finance & Delivery Systems: 0.4%

Based on 62 plans, 7 states, Traditional Medicare

Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs.

Read the APM Measurement Report
Comparing LAN Measurement Results Across the Years

<table>
<thead>
<tr>
<th>Area</th>
<th>2015 Data</th>
<th>2016 Data</th>
<th>2017 Data</th>
<th>2018 Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data set</td>
<td>70 health plans</td>
<td>78 health plans</td>
<td>61 health plans</td>
<td>62 health plans</td>
</tr>
<tr>
<td></td>
<td>2 FFS Medicaid states</td>
<td>3 FFS Medicaid states</td>
<td>3 FFS Medicaid states</td>
<td>Traditional Medicare</td>
</tr>
<tr>
<td>Covered Lives</td>
<td>198.9 M</td>
<td>245.4 M</td>
<td>226.3 M</td>
<td>226.5 M</td>
</tr>
<tr>
<td>Proportion of Covered Lives</td>
<td>67%</td>
<td>84%*</td>
<td>77%</td>
<td>77%</td>
</tr>
</tbody>
</table>

* Denominator is 294,613,000, from Health Insurance Coverage in the United States: 2017

18 2018 LAN Goal: 50%
16 2016 LAN Goal: 30%

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Online Resource Banks
Maternity Episode Payment & Primary Care Payer Action Collaboratives

Maternity Episode Payment Online Resource Bank is a “one-stop shop” for the LAN’s efforts related to Maternity APMs, including:

- The LAN Clinical Episode Payment white paper maternity recommendations
- Slides, e-books, and summaries from the nine virtual meetings of the Maternity Multi-Stakeholder Action Collaborative (MAC), which the LAN operated from December 2016 to September 2017
- Report “Establishing Maternity Episode Payment Models: Experiences from Ohio and Tennessee”

The PAC Resource Bank provides content to support payers as they operationalize alternatives to fee-for-service payment specifically in “CPC+ Track 2,” including:

- Slide presentations and meeting highlights from the PAC virtual collaborative sessions
- Additional CMS resources
Questions?
For more information, please visit our website: https://hcttf.org/

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