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

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Task Force

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LAN CEO Forum Co-chair

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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

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**.

75%
2020 GOAL

2019

52%
2018

47%
2017

41%
2016

30%
2015

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.

2018 50%

2016 30%
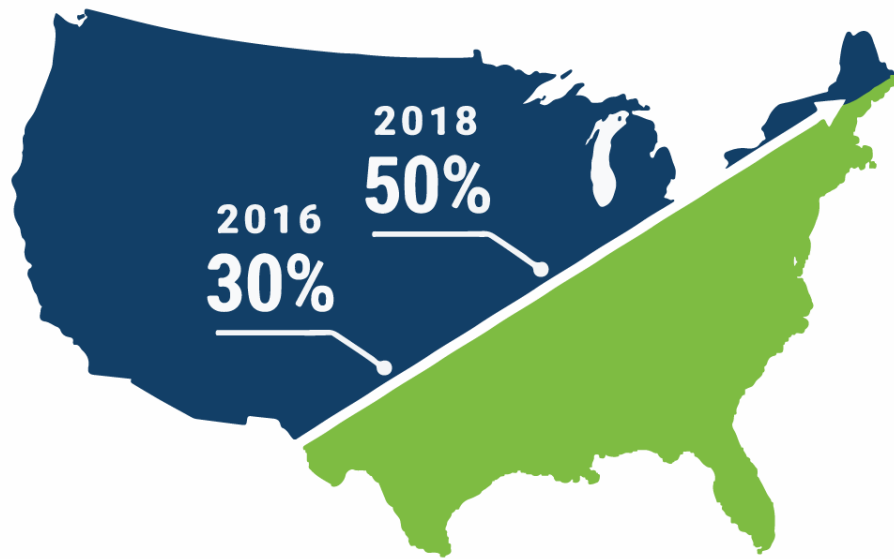
GOALS

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

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LAN Mission & Vision

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.

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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.
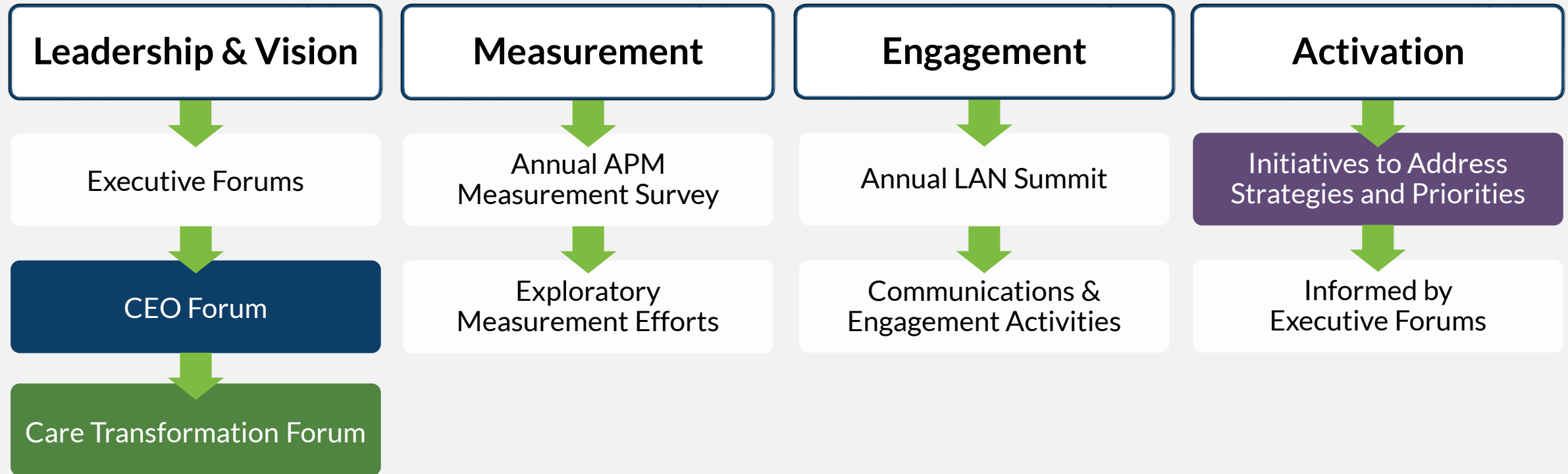
	Medicaid	Commercial	Medicare Advantage	Traditional Medicare
2020	15%	15%	30%	30%
2022	25%	25%	50%	50%
2025	50%	50%	100%	100%

Percentage of payments flowing through **two-sided risk models**
(**Categories 3B & 4*** in the LAN APM Framework)

	Medicaid	Commercial	Medicare Advantage	Traditional Medicare
2017	7.4%	9.9%	24.2%	13.7%
2018	8.3%	10.6%	24.3%	18.2%

***Category 3B:** APMs with Shared Savings and Downside Risk
Category 4: Population-Based Payments

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LAN Structure to Accelerate Progress

Leadership & Vision	Measurement	Engagement	Activation
↓	↓	↓	↓
Executive Forums	Annual APM Measurement Survey	Annual LAN Summit	Initiatives to Address Strategies and Priorities
↓	↓	↓	↓
CEO Forum	Exploratory Measurement Efforts	Communications & Engagement Activities	Informed by Executive Forums
↓			
Care Transformation Forum			

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.

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Executive Forums

FOCUS AREAS

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

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

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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!

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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

PaymentNetwork@mitre.org

@Payment_Network

/in/Payment-Network

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Appendix

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

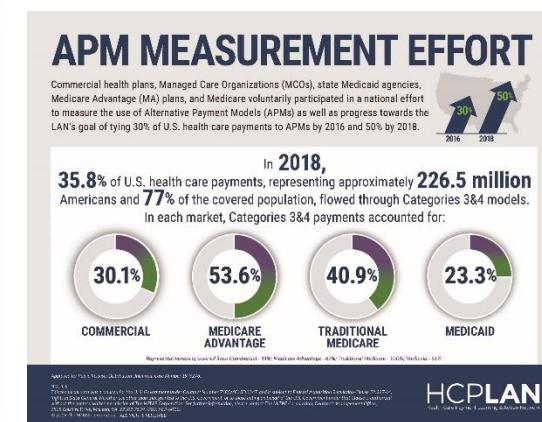| CATEGORY 1 FEE FOR SERVICE – NO LINK TO QUALITY & VALUE	CATEGORY 2 FEE FOR SERVICE – LINK TO QUALITY & VALUE	CATEGORY 3 APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE	CATEGORY 4 POPULATION – BASED PAYMENT
	A Foundational Payments for Infrastructure & Operations (e.g., care coordination fees and payments for HIT investments)	**A** APMs with Shared Savings (e.g., shared savings with upside risk only)	**A** Condition-Specific Population-Based Payment (e.g., per member per month payments, payments for specialty services, such as oncology or mental health)
	B Pay for Reporting (e.g., bonuses for reporting data or penalties for not reporting data)	**B** APMs with Shared Savings and Downside Risk (e.g., episode-based payments for procedures and comprehensive payments with upside and downside risk)	**B** Comprehensive Population-Based Payment (e.g., global budgets or full/percent of premium payments)
	C Pay-for-Performance (e.g., bonuses for quality performance)		**C** Integrated Finance & Delivery System (e.g., global budgets or full/percent of premium payments in integrated systems)
		3N Risk Based Payments NOT Linked to Quality	**4N** Capitated Payments NOT Linked to Quality

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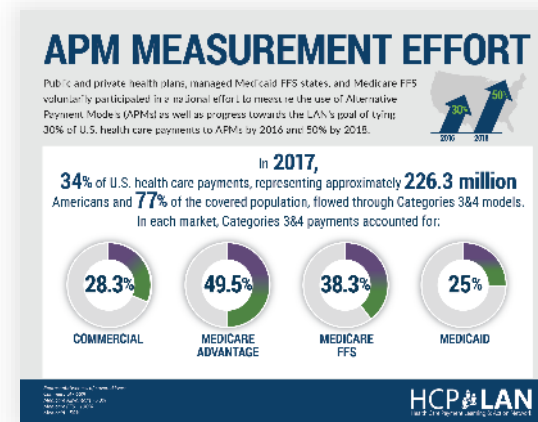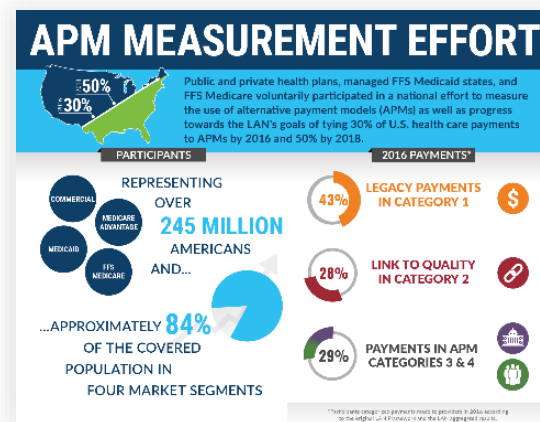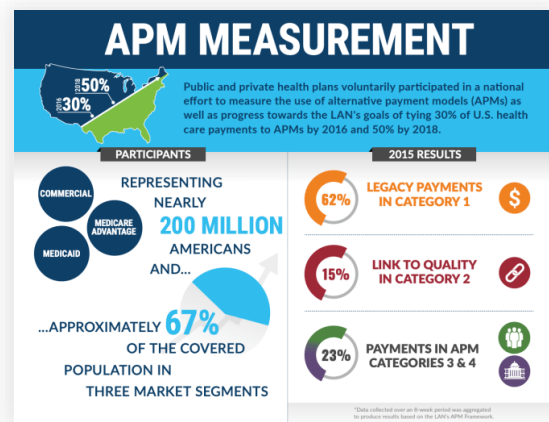Health Care Payment Learning & Action Network

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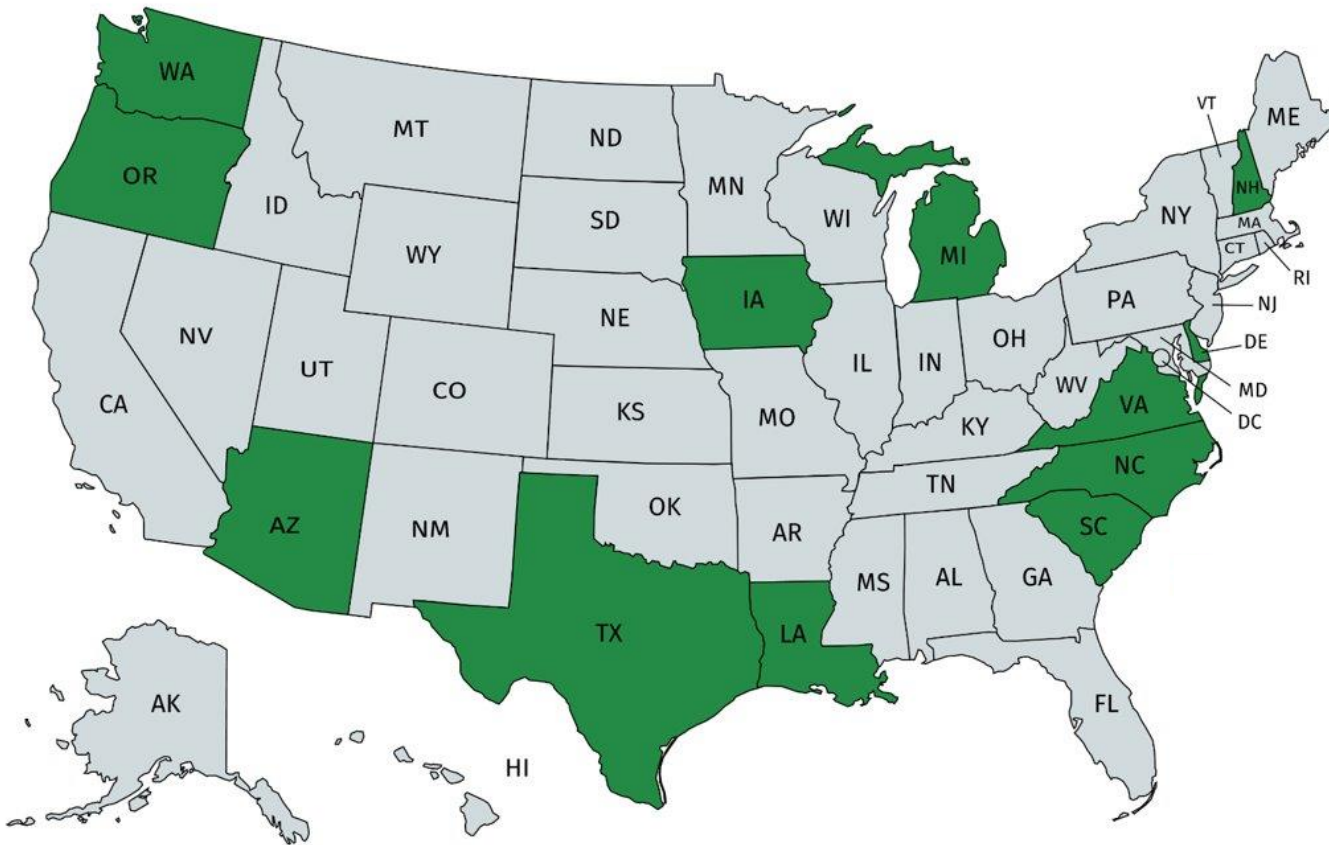
12 States are Using the LAN APM Framework to Set Requirements for Value-Based Payment
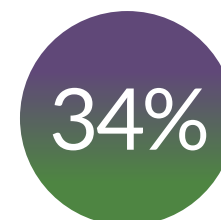
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LAN APM Measurement Through the Years

2015

23%

Category
3 & 4 combined

2016

29%

Category
3 & 4 combined

2017

34%
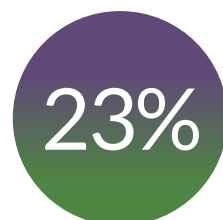
Category
3 & 4 combined

2018

36%

Category
3 & 4 combined

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LAN 2018 APM Measurement Results

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:

30.1%
COMMERCIAL

53.6%
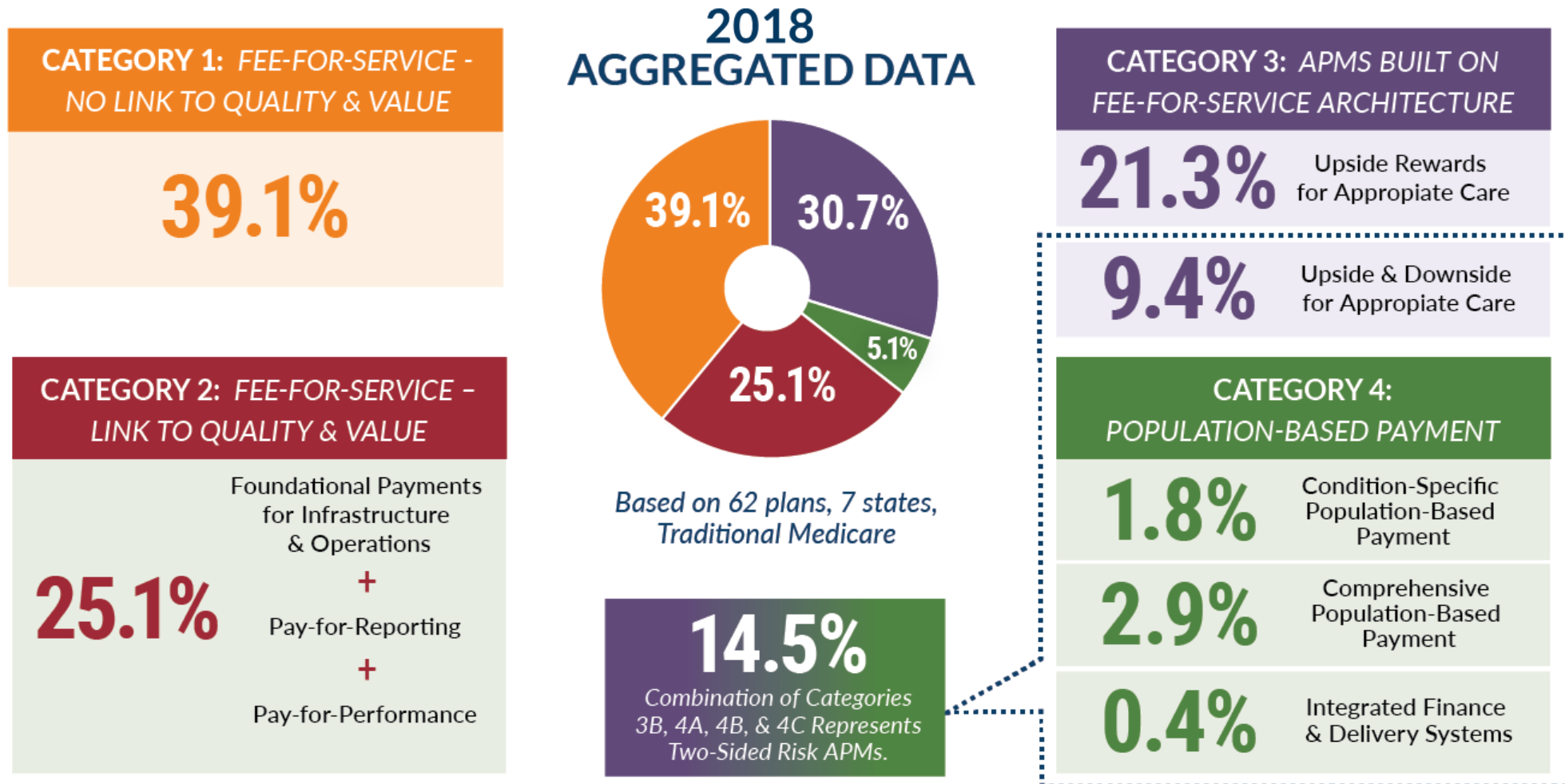**MEDICARE ADVANTAGE**

40.9%
TRADITIONAL MEDICARE
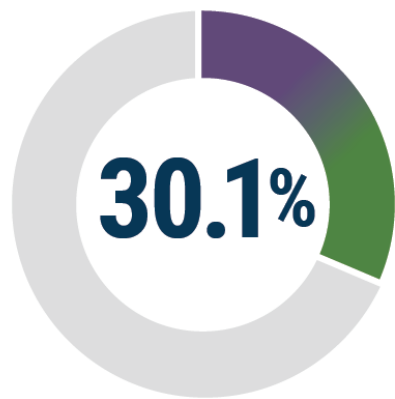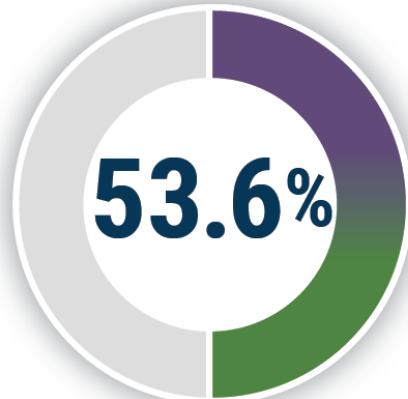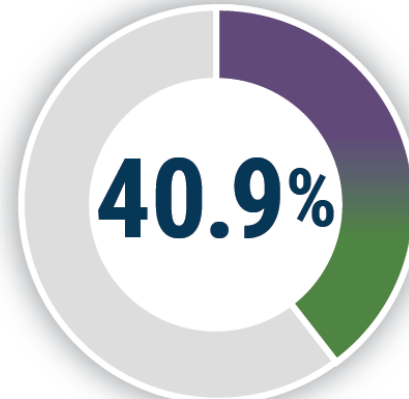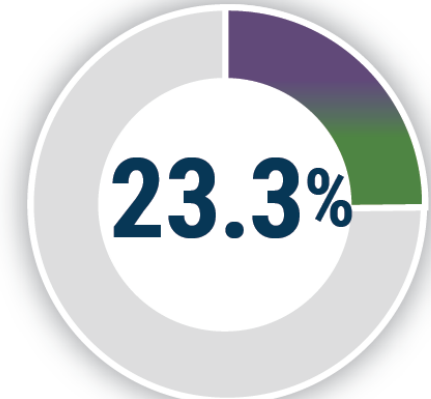
23.3%
MEDICAID

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

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LAN 2018 APM Measurement Results

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

39.1%

2018 AGGREGATED DATA

39.1%   30.7%   5.1%   25.1%

Based on 62 plans, 7 states, Traditional Medicare

14.5%
Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs.

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

21.3% Upside Rewards for Appropiate Care

9.4% Upside & Downside for Appropiate Care

CATEGORY 4: POPULATION-BASED PAYMENT

1.8% Condition-Specific Population-Based Payment

2.9% Comprehensive Population-Based Payment

0.4% Integrated Finance & Delivery Systems

CATEGORY 2: *FEE-FOR-SERVICE – LINK TO QUALITY & VALUE*

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

25.1%

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Comparing LAN Measurement Results Across the Years

Area	2015 Data	2016 Data	2017 Data	2018 Data
Data set	70 health plans 2 FFS Medicaid states	78 health plans 3 FFS Medicaid states Medicare FFS	61 health plans 3 FFS Medicaid states Medicare FFS	62 health plans 7 states Traditional Medicare
Covered Lives	198.9 M	245.4 M	226.3 M	226.5 M
Proportion of Covered Lives	67%	84%*	77%	77%

Legend: ■ 2015 ■ 2016 ■ 2017 ■ 2018

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

Categories: Category 1, Category 2, Category 3&4
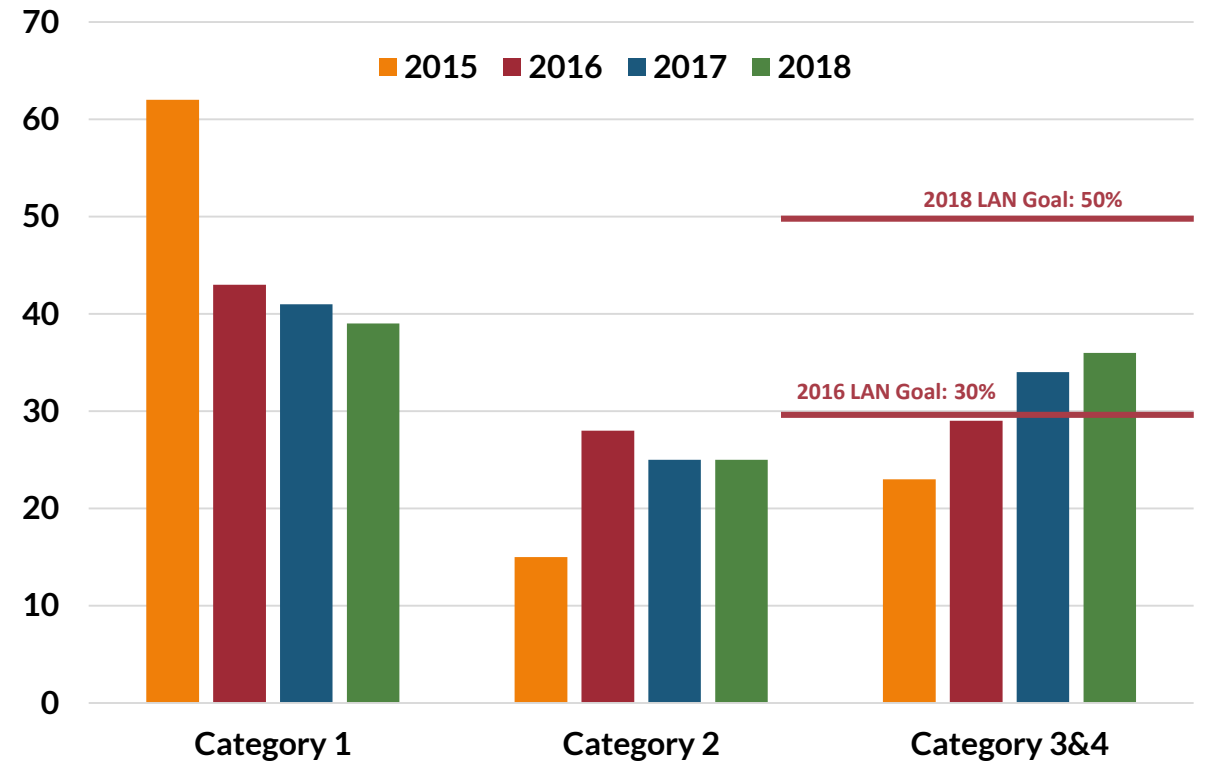
* Denominator is 294,613,000, from *Health Insurance Coverage in the United States: 2017*
https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-264.pdf

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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?

Providers

Payers

Purchasers

Patients

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