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Sent via Electronic Mail

Michael E. Chernew. Ph.D.
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Re: Recommendations for Improving CMS Alternative Payment Models

Dear Drs. Chernew and Mathews:

The Health Care Transformation Task Force (HCTTF or Task Force) writes to offer recommendations for improving the Centers for Medicare and Medicaid Services (CMS) alternative payment model (APM) portfolio with the goal of accelerating efforts to improve quality and outcomes while controlling costs.

The Task Force is a consortium representing a diverse set of organizations from various segments of the health care industry – including providers, payers, purchasers, and patient advocacy organizations – all committed to adopting payment reforms that promote a competitive and affordable marketplace for value-based health care. We seek to accelerate value transformation that allows health care organizations to move from a system that incentivizes volume of services to one that rewards value of care. HCTTF member organizations strive to provide a critical mass of policy, operational, and technical support from the private sector that, when combined with the work being done by CMS and others, can increase the pace of delivery system transformation.

The Task Force broadly supports the recommendation in the June 2021 MedPAC report regarding the need to streamline the CMS APM portfolio. We are also encouraged by the new value transformation framework for CMS priorities recently announced by CMS leadership. Our members have extensive experience with CMS designed APMs, including the Next Generation ACO Model, Medicare Shared Savings Program, Comprehensive Care for Joint Replacement Model, and Bundled Payments for Care Improvement Models. Informed by this experience, HCTTF has advocated for broader adoption of APMs and believes that CMS plays a critical role in catalyzing reforms across the public and private sectors. We encourage CMMI to collaborate with our members and stakeholders in their development and refinement of models. This letter

offers recommendations for steps that we believe CMS, HHS, and Congress can take to drive beneficial health system reforms more effectively and expeditiously.

General Comments

The Task Force believes that APMs are critical to building a more person-centered, cost-effective, and higher quality health care system that promotes health equity and drives affordability. We were encouraged to see the chapter on improving APMs in the June 2021 MedPAC report and the discussion of the potential benefits of APMs beyond gross spending and quality improvements. Properly designed APMs can address many of the challenges that make the health care system frustrating for both providers and patients. In addition to the benefits highlighted in the report, we also note that APMs can incentivize better care coordination, enable more flexible care delivery via telehealth and care teams, free up resources to evaluate and address social needs, and encourage more proactive provider engagement with patients.

Additionally, we believe one of the most important benefits of APMs for CMS and taxpayers is the potential to shift the health care system from a predominately volume driven fee-for-service (FFS) system with unpredictable cost growth to a quality and outcomes focused system with predictable cost growth. Bringing the growth in health care spending in line with larger economic growth trends is key for the creation of a sustainable health care system and releasing resources for investment in other services to improve community wellbeing.

The Task Force is concerned that many of these potential benefits to providers, patients, CMS, and ultimately taxpayers may be either unrecognized or undervalued in Congress and within HHS. **We encourage MedPAC to continue to highlight the range of benefits that transitioning away from FFS payments in favor of APMs can have for health care stakeholders and the system itself.**

While we believe strongly in the potential of APMs, several factors have slowed their adoption and limited their impacts. Many of these factors are directly within the control of Congress and HHS/CMS/CMMI to address. The sections below detail the issues we believe are the largest threats or impediments to effective payment reforms and offer our perspective on options for addressing them.

MACRA/AAPM Bonus

With the passage of MACRA, Congress correctly recognized that transitioning the health care system away from a reliance on FFS payment requires a combination of carrots and sticks. One of the most impactful incentives built into MACRA was the five percent bonus for providers participating in Advanced APMs. This bonus has been an important tool for persuading providers to transition into APMs. Unfortunately, the transition to APMs has not occurred as quickly as the drafters of MACRA likely hoped. The current five percent AAPM bonus is set to expire in 2024 – though effectively in 2022 for the purposes of performance measurement. **We encourage MedPAC to join HCTTF and many other organizations in recommending Congress extend the current AAPM bonuses until 2030.** This extension, paired with other recommendations detailed below, will provide added time needed for broader market transitions to APMs.

Structural Barriers in CMMI statute

The Task Force has been actively working to understand the impacts and lessons learned from the CMMI operating structure and model portfolio with the goal of using this information to inform recommendations for improving existing and future public and private value-transformation efforts. To this end, HCTTF convened a series of roundtable discussions to better understand the challenges with the CMMI model evaluation and expansion processes. Two issues have become clear from these meetings: (1) CMMI model evaluations face a range of challenges driven by the variability in the health care market, overlapping models, and the impacts on comparison group construction, with APMs essentially being victims of their own success, and (2) the ability to expand a model under CMMI authority is currently subject to a stringent policy definition of certification that is holding back the CMMI portfolio.

On the second point, the CMMI statutory language requires the Office of the Actuary to certify that a model will reduce spending (or will not increase spending when quality is being improved). Congress did not define "certification," and as a result left it to CMS to interpret Congressional intent. During the roundtables, we learned that the CMS OACT's interpretation of certification has set a very high bar for model expansion, which in practice means that models that would likely have positive impact in program expenditures may not be certified. The reality is the CMMI model certification process is focused on maximizing the accuracy of decisions for individual models while potentially overlooking cumulative impacts on overall CMS spending and quality. **The Task Force is currently developing specific policy recommendations on this topic and will follow up with MedPAC when any positions are finalized.**

Improving the APM Portfolio

The Task Force applauds the MedPAC recommendation that the Secretary of HHS "implement a more harmonized portfolio of fewer alternative payment models that are designed to work together to support the strategic objectives of reducing spending and improving quality." Having seen myriad challenges presented by overlapping and uncoordinated models, HCTTF has long advocated for similar actions. To achieve the goal of a harmonized model portfolio we believe that HHS should prioritize the following actions.

- **Establish a clear vision for the future of payment reform**. Medicare, Medicaid, and CHIP are the largest payers for health care in the country and, consequently, have the power to drive change among providers and serve as a standard for other payers to align to. To achieve meaningful and lasting changes in payment and delivery reform providers, payers, purchasers, and patients need to have a clear understanding of reform vision and direction at CMS. Specifically, CMS needs to clearly articulate how the health care system they hope to achieve will improve health and well-being for patients and communities and identify the specific role of payment and care delivery models in achieving that vision. The value transformation framework published by CMS leadership in August and the CMMI Strategy Refresh announced in October are welcome steps in the right direction. That said, moving more providers into APMs will require CMS to clearly indicate that fee-for-service payments have a limited future and offer more detailed guidance regarding how it intends to operationalize the objectives spelled out in the white paper at the level of individual models. **We urge MedPAC to weigh in with the Biden Administration and CMS leadership to advance this recommendation.**
- **Define principles and actions for CMS innovation reform priorities**: CMS has been clear in stating its desire to improve health equity, increase affordability, support

innovation, connect all Medicare beneficiaries to an accountable care relationship, and achieve broader system transformation through partnerships. While these intentions are clear, the pathway to achieving them is not. To this end, the Task Force encourages MedPAC to focus resources on developing recommendations for how best to advance these goals. **Four areas where we believe MedPAC support would be of value are researching and providing formal recommendations on**:

1. **Approaches for using CMS payment reforms to advance equity**. Specifically, options for CMS to improve demographic data collection via new or existing sources to support equity measurement, recommendations for integrating equity into existing quality and performance scoring, considerations for evaluating the benefits of equity focused models (including appropriate timelines for impact measurement), and how the benefit of reducing disparities should be accounted for in the CMMI model certification process. MedPAC may also consider researching opportunities for standardizing the measurement and collection of demographic and social needs data across payers to ease implementation for providers.

2. **Strategies for streamlining APMs and driving accountable care relationships**. HCTTF strongly agrees with the MedPAC recommendation to streamline the CMS model portfolio. Making the models easier for potential participants to understand and focusing on creating an ecosystem of model options intended to compliment rather than compete with one another should be a top priority for CMS. We have offered CMS recommendations for leveraging the Medicare Shared Savings Program as a platform for both increasing ACO model participation and aligning many of the methodological and operational aspects of future CMMI ACO models. **We encourage MedPAC to focus research efforts on 1) identifying how CMS can better support provider efforts to align beneficiaries (including expanding access to data) and 2) outlining approaches for creating complementary or nested population health and episodic models of care that could be applied as reforms to existing and future CMS model efforts.** Specifically, the impacts on cost and quality for patients receiving care under both an ACO and episode-based models, recommendations for beneficiary alignment/attribution when that beneficiary is served under multiple models, options for aligning financial methodologies and driving coordination among providers in population health and episodic models, and considerations for how the cumulative impacts of multiple aligned models should be evaluated and considered for certification.

3. **Approaches for expanding APM adoption**. Expanding the uptake of APMs across the health care market is key for driving innovation and system-wide change. **We encourage MedPAC to conduct research on how CMS can best support efforts to expand APMs into areas that have yet to see wide adoption.** Research areas should include the need for infrastructure investments to support provider adoption of APMs, opportunities to align investments across payers to reduce duplication of effort and complexity, and aspects of model design that inhibit broader uptake (e.g., minimum beneficiary requirements in low

density rural areas, benchmarking methodologies that reflect historical spend rather than needed care in underserved communities). **Additionally, MedPAC should evaluate and offer recommendations on the role of APMs built on an FFS chassis (category 3) vs. population-based payment APMs (category 4).** As noted in the June MedPAC report, APMs built on a FFS chassis can retain design features that continue to incentivize increased utilization. Furthermore, the incentives built into any APM can be blunted when employers pay physicians in a manner that continues to reward volume. On the other hand, FFS-based APMs are often easier to implement and communicate to providers making them, at a minimum, a helpful transitional phase for organizations just starting to engage with APMs. Additional research on the relative merits of FFS and population-based APMs in driving payment reform would benefit future CMS model design efforts.

4. **Pathways for improving affordability and patient engagement.** APMs can only work effectively when patients have access to care and work best when patients are engaged in their care. Affordability is one of the most commonly cited barriers to access to care in the U.S. While APMs are not a panacea for affordability issues, they can be a contributing factor to improving affordability in the long-term by fostering more sustainable spending trajectories and in the short-term by offering new opportunities for testing value-based care concepts.

   We also believe that some of the same strategies that could improve affordability can also drive better patient engagement which is key to forming the good patient-provider relationships at the core of accountable care arrangements. **We urge MedPAC to consider developing recommendations for strategies that Congress and CMS could use to promote affordability and patient engagement.** Specifically, we believe that properly designed APMs that incentivize quality and efficiency create opportunities for testing expanded cost sharing/co-pay waivers and other affordability and engagement enhancements for patients.

The HCTTF greatly appreciates MedPAC's focus on the future of APMs and care delivery reform. We support your efforts to improve health care payment and care delivery and would be happy to offer perspective as a convener of patients, payers, providers, and purchasers in support of achieving meaningful and sustainable change.

Please contact Joshua Traylor (Joshua.Traylor@hcttf.org | 202.556.0339) or (Jeff.Micklos@hcttf.org| 202.288.2403) with any questions or feedback on this letter.

Sincerely,

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