Three Keys to Transitioning to APMs

Part 2: How Much Risk

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This presentation is for:

- Health systems and medical organizations considering APMs
  - ACO (MSSP or ACO Reach) in Medicare or Medicaid
  - CMS Specialty Care Model
  - Private ACO Agreements with health plans
  - Bundled payments

- Existing ACOs who are planning a transition to population-based payments

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What we'll cover in Part 2

- Review APM variations on degree of Risk
- Identify organizations leveraging maximum APM Risk
- Hone your Risk level and how to get there
- Get the right tools for Risk
- Ensure that your clinicians are on the same APM path that you are

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About Roji Health Intelligence

- We provide Value-Based Care technology and services to improve outcomes, cost performance, and equitable health care.
- Our powerful tools identify patients with persistently poor or high-risk outcomes and target health interventions.
- We provide our clients with the ability to engage physicians and other clinicians on meaningful, clinical improvement for patients.

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What is an APM and how does it involve Risk

- APMs (Alternative Payment Models) are risk-based reimbursements – for ACOs, specialty care models
- Most payers and policymakers believe changing payment models is essential for achieving better value – and data supports it
- The Plan: Population-based payments, episodic payments
- The underlying effect: fix fees so that providers manage care and costs
- APMs almost certainly mandatory in the future

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Are APMs Really Essential for Changing Behavior?

Implementing APMs and expecting behavior change is magical thinking!

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Are APMs Really Essential for Changing Behavior?

But also:

- If reimbursement and physician compensation reward volume, driving value is impossible
- Changed incentives can work, if data and infrastructure, performance goals, practice support and interventions support
- Alignment of incentives from external reimbursement with internal structure is key

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ACOs and Risk have grown slowly

- Zero change in proportion of straight Fee For Service
- Only 6.7% of total payments are population-based payments
- Volume of ACOs accepting risk is small
- ACOs are hesitant to proceed along path to financial accountability
- Continued pushback against changes that would alter finances

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Transitioning from FFS to Population-Based Payments

	Definition	Example
Category 1	Fee-for-service with no link to quality or value	Physician professional fees
Category 2	Fee-for-service linked to quality and value	Pay-for-performance (e.g., MIPS) and infrastructure improvement payments
Category 3	Alternative payment models built on a fee-for-service architecture that hold providers financially accountable for performance	Shared savings (e.g., MSSP ACOs) Episode-based payments for procedures (e.g., BPCI) Comprehensive Primary Care Plus (CPC+) Track 1
Category 4	Alternative payment models using population-based payment, with safeguards against limiting necessary care	Global capitated budgets (e.g., integrated delivery systems) Comprehensive Primary Care Plus (CPC+) Track 2 Prospective bundled payments for chronic conditions

Source: Penn-LDI, 2021 from Data Categorized by Health Care Payment Learning & Action Network

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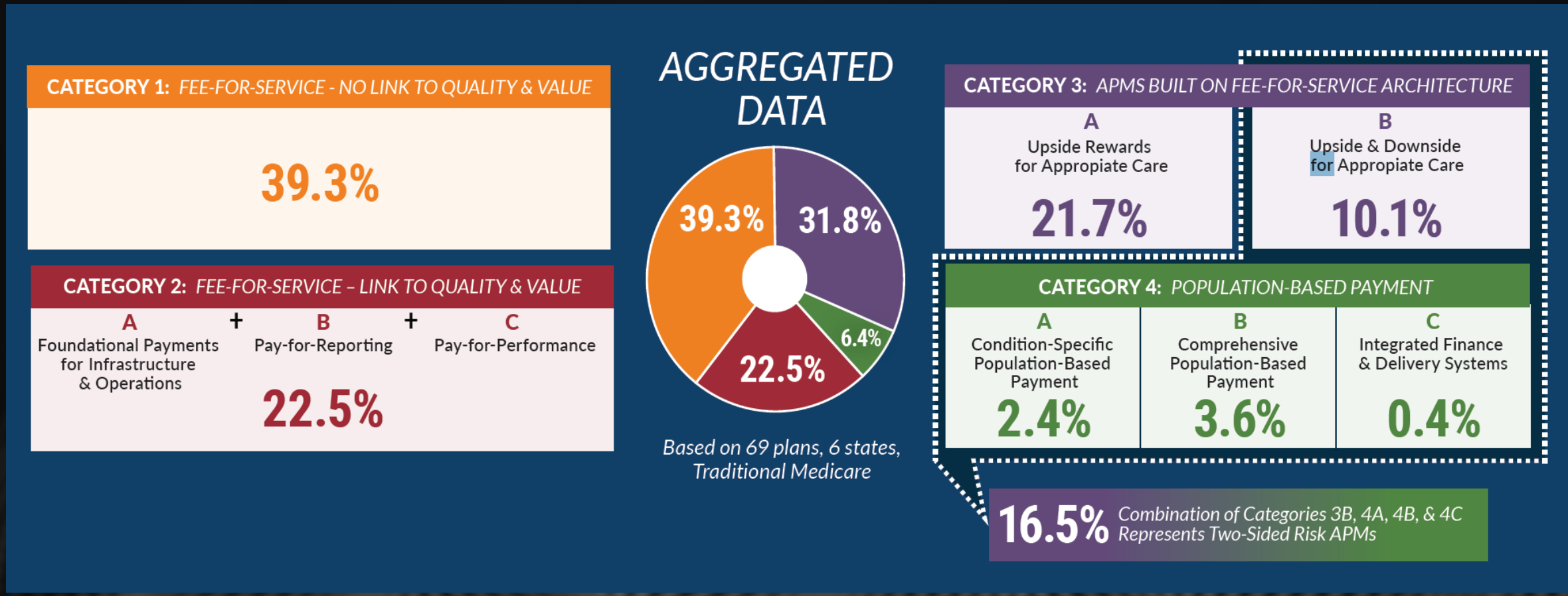
FFS Still Dominates, but Movement Toward Value



Source: Health Care Payment Learning & Action Network Infographic, 2021

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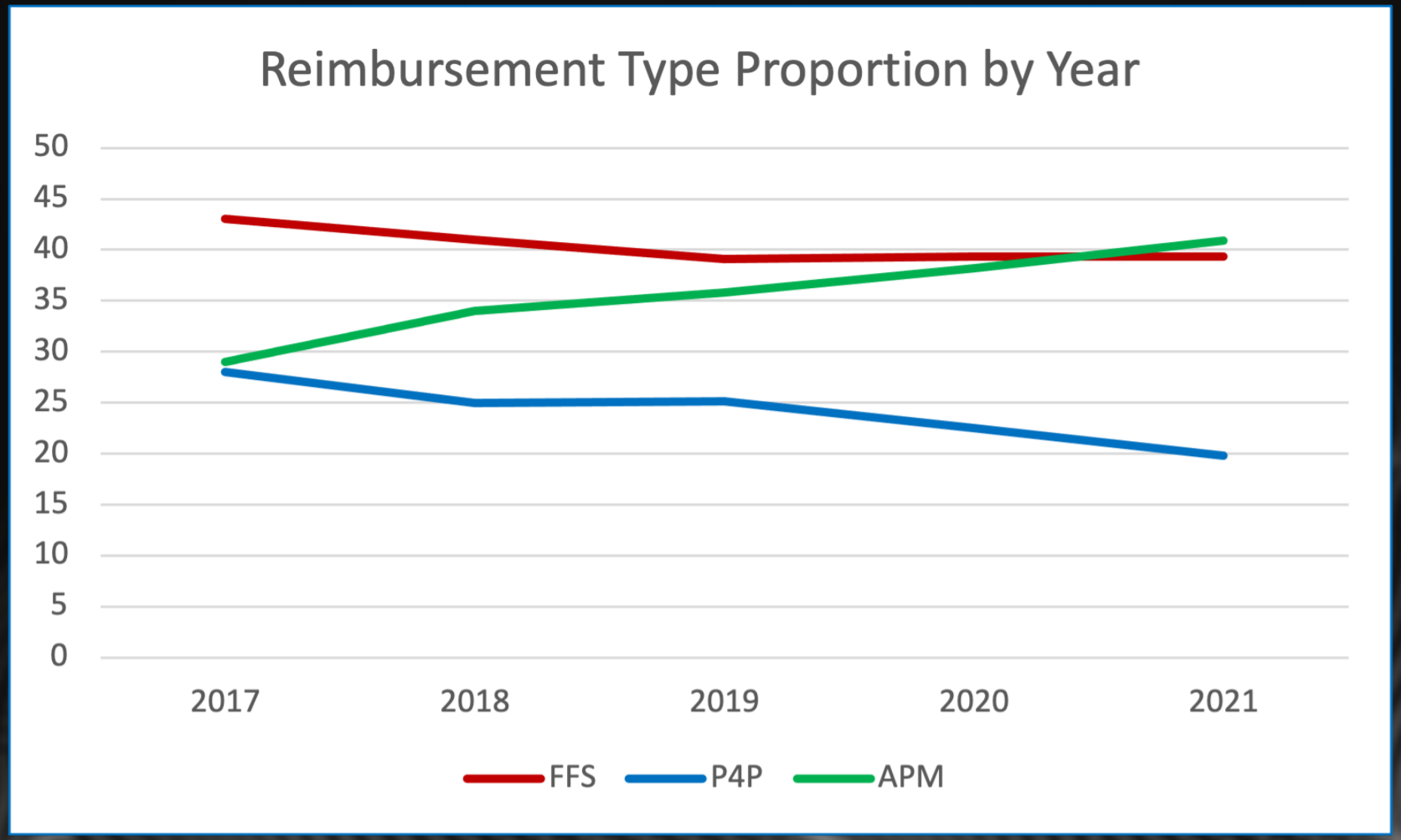
Progress Over Time



Most significant growth:

Transition from Pay for Performance to APM

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Let’s Evaluate Who is Most Willing to Accept Population-Based Payments

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ACO Reach: CMS' Current Experiment with Population-Based Payments

- Who was approved and chose Global Payment
  - Many Corporate/equity-backed ACO enabler organizations
  - Several successful physician-led ACOs, community ACOs - experienced
  - A few Large health systems with integrated delivery systems

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New Corporate Competitors Are Building on Population-based Payment Platform

- Corporate health care has changed the physician workforce – now the leading employer of physicians
- Business models were built for APMs with population-based payments, and concierge medicine
- Can afford to make mistakes

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What should this tell us?

- With the right tools, profitability is possible under population-based payments
- Physicians are clearly attracted to the model, because they are moving there

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Emergence of the Corporate Medicine Practice

- MSO/ACO enablers are purchasing practices away from health systems and ACOs
- Private equity is financing practice acquisition in specialties and employing new physicians
- Companies rooted in analytics / population health platforms are growing rapidly and growing physician employment
- Some specialties are becoming predominantly equity-backed

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The Corporate Medicine Practice

- The largest single year of migration to employment: 2021
- 74% of physicians now employed –the majority went to corporate healthcare
- Key : Corporate Medicine business model is rooted in accountable care with population-based payments.

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Starting Your Journey to Risk

What you have to do and the way you have to do it is incredibly simple.

Whether you are willing to do it is another matter.

– Peter Drucker

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Dilemma for Traditional Providers

Corporate Medical :

- Nimble
- Moves Fast
- Does one kind of thing
- Has lots of money
- Perceives Risk as opportunity
- Data-driven

Traditional Providers:

- Move Slowly
- Have heavy equipment
- Do many things
- Money can be hard
- Perceive Risk as problem
- Politics/culture-driven

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What is Safe? Questions Providers are Asking

- Do you have experience in risk-based payment models?
- What are you doing now to examine your costs?
- Are you tracking outcomes, beyond quality measures?
- Do you have an active clinical care evaluation and improvement process?
- Do you share cost and outcome variation data with physicians?
- Are you using your clinical data? Claims?

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What is Safe? Questions Providers *Should Be* Asking

Photo by Kenny Eliason on Unsplash

How to create the opportunity to grow physicians and patients

What is Safe? Questions Providers *Should Be* Asking

- Where can we get the experience in risk-based payment models?
- If we don't have it, where can we get the data and technology that will give us the insights and functionality for Value?
- How can we energize our physicians around Value? What do they need?

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What You Won’t Know Going Into APMs

- How much you are spending now
- Whether your population-based payment will cover your spending

What you Will Know going into APMs

- That your biggest financial opportunity will be under population-based payments, if you can get there

Options for Getting into APMs

Option 1: Start Small

- Start with private payer and smaller population
- Start Medicare ACO with lower risk while aligning internally & practicing
- Start with professional payments only
- Build your network PCP-only for only patients with primaries
- Work on specialty episode models

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Option 2: Start Big

- Start Medicare ACO at lower risk, but plan to proceed aggressively to next level
- Start ACO agreement with private health plan at professional fees moving to population-based payment
- Joint venture with existing ACO planning to move toward population-based payments

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Remember with Any Venture

Data is your key to evidence-based success, so therefore:

Ensure that you will have regular, digitized claims data before you proceed

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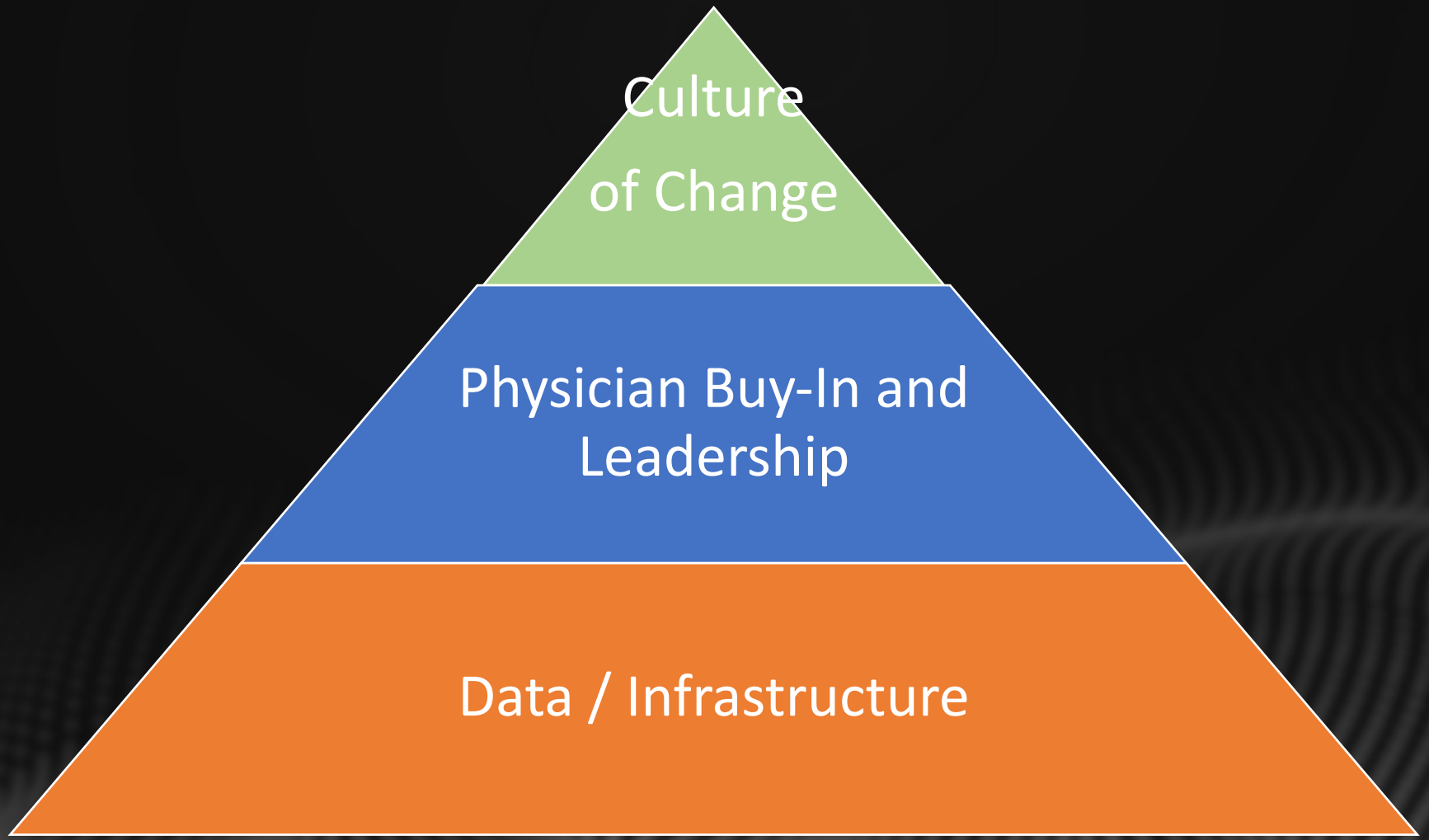
Three Essentials



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Collaborating with Physicians

- Physicians may be less risk-averse than health systems
- Many organizations do not bring physicians into the actual organizational venture.
- Keeping your physicians is the key to success – they need to be part of the team, not on the sidelines.
- More in Part 3: Your Clinical Network

Conclusions

- To make Risk work for you, population-based and episodic payments give you greatest opportunities, if there are reasonable constraints

- You must be able to match the benefits of competitors in the market for physicians and consumers

- No shortcuts on requirements for going into APMs if you want to be successful, either infrastructure or leadership

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Questions and Answers
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Thank You

Contact us to make your transition to APMs a successful venture!

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