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October 12, 2016

Physician-Focused Payment Model Technical Advisory Committee
C/o U.S. DHHS Asst. Sec. of Planning and Evaluation Office of Health Policy
200 Independence Avenue S.W.
Washington, D.C. 20201
PTAC@hhs.gov

Letter of Intent – American College of Surgeons, ACS Advanced Alternative Payment Model

Dear Committee Members,

On behalf of the more than 80,000 members of the American College of Surgeons (ACS), I would like to express our intent to submit a Physician-Focused Payment Model for PTAC review on December 1, 2016.

**Payment Model Overview:** The ACS Advanced Alternative Payment Model (APM) is an episode-based payment model built on an updated version of the Episode Grouper for Medicare (EGM) software currently used by CMS for measuring resource use. The grouper processes claims data using clinical specifications for each episode that have been reviewed by our members and affiliates, including trigger codes and relevant services. Financial risk is attributed to providers based on their individual role in providing care to the patient. The model will incorporate quality measures meaningful to both patients and providers and will adjust payments based upon the quality of care provided. Unlike existing CMS Episode Payment Models, this model will not require a hospitalization, allowing inclusion of procedures performed in the outpatient setting as well as episodes for acute and chronic conditions cared for by medical specialties. It is our intention that the proposal meet MACRA advanced APM requirements.

**Goals of the Model:** Our approach is patient-focused and acknowledges the team-based nature of care for the surgical patient, including the role of medical specialists and primary care. Although we are starting with surgery, the logic easily extends to other forms of specialty care. Our submission will include approximately 50 surgical episodes, but it will also include a smaller number of acute and chronic condition episodes. A larger number of episodes are also in various stages of review and development and could be ready for inclusion next year. Ultimately 70 to 80 percent of Medicare Part A and Part B spending could be accommodated by this model. The episodes that form the basis for assessing cost also create a comprehensive and coherent framework for evaluating clinically meaningful performance in quality, efficiency, and value across a broad range of procedures and conditions provided in a wide range of settings. We also provide

tools to the APM entities and individual providers that help them target cost drivers and improve quality.

The episode grouper software contains a large and growing catalog of clinical episode definitions for conditions and treatments, which will allow for a unique patient specific risk adjustment methodology.

**Expected Participants:** The initial procedure based APM could include eight to 10 million fee-for-service Medicare beneficiaries with 10 to 14 million episodes (some beneficiaries have multiple procedures in a year) accounting for $65 to $85 billion in expenditures annually. With 50 diagnostic and therapeutic procedures, we see more than 60 provider specialties including general, orthopedic, and other surgical specialties, internal medicine, emergency medicine, and critical care among others. Additional episodes will be added in future years, expanding the depth and breadth of the model.

**Implementation Strategy:** This proposal will be submitted by ACS, a scientific and educational association of surgeons, founded in 1913, to improve the quality of care for the surgical patient by setting high standards for surgical education and practice. We have contracted with a team at Brandeis University to develop the proposal and have received input from numerous other specialties (both surgical and non-surgical) on the clinical content and other aspects of the model. We are also in discussion with two large health systems who are interested in exploring applications of the model within an Accountable Care Organization (ACO) framework for both private and public payers.

**Timeline:** It is our intention to submit a full proposal when the process opens on December 1, 2016. Given that this model is built upon existing software that is familiar to CMS, implementation could begin as soon as January 2018.

If you have any questions about our forthcoming proposal, please contact Matthew Coffron, ACS Manager of Policy Development at mcoffron@facs.org.
Sincerely,

David B. Hoyt

David B. Hoyt, MD, FACS
Executive Director

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