The Voice of Accountable Physician Groups

January 6, 2017

Physician-Focused Payment Models Technical Advisory Committee
C/o U.S. DHHS Assistant Secretary for Planning and Evaluation Office of Health Policy
200 Independence Ave., SW
Washington, DC 20201
PTAC@HHS.gov

Re: Letter of Intent: CAPG Medicare Alternative Payment Model – Full Risk

Dear Committee Members:

CAPG submits this letter of intent to submit a Physician-Focused Payment Model for PTAC review on or about January 31, 2017. Set forth below is a summary of the salient features of the model we propose.

Payment Model Overview

This model addresses an existing gap in the Centers for Medicare & Medicaid (CMS) delivery system reform portfolio for physician organizations prepared to take the highest levels of accountability for the cost and quality of care. Under this proposal, the CMS would contract directly with physician organizations who have formed clinically integrated organizations (CIOs). CIOs would be explicitly physician group-led and could include a host of other participants, such as health systems, health plans, nursing homes and other entities. In addition, CMS would contract with one or more national health plans as Affiliated Service Organizations to administer certain aspects of the program.

CMS would pre-pay monthly capitated payments to the CIO for Medicare Part A and Part B services for a defined population. The CIO would make downstream payments to individual clinicians, which could be in the form of salary, sub-capitation, or in some instances, fee-for-service.

CIOs would be subject to robust internal quality measurement, similar to the system that exists in the current Medicare Accountable Care Organization models and the Medicare Advantage (MA) 5 Star Rating Program. CIOs would develop robust internal value-based payment programs for their contracted and/or employed physicians.

This model would differ from existing accountable care options in key ways that we believe will make it more successful. One such difference is that this model would incentivize beneficiaries to access care from the CIO's network, using differential cost sharing for in-network versus out-of-network services.

This proposed model would meet the regulatory definition of an advanced alternative payment model. The MACRA final rule explicitly includes capitated arrangements.[1] The model will require the use of quality measures comparable to MIPS, and the model will require the use of Certified Electronic Health Records Technology.

[1] 42 C.F.R. 414.1415(c)(6).

Goals of the Payment Model

Capitated physician group payment models have demonstrated success in improving quality for patients and reducing waste in the delivery system. This model aligns incentives for a team-based approach under which health care providers practice at the top of their license; provide the right care at the right time in the most appropriate setting; and address the patient's total care needs, including mental health, behavioral health, and home environment.

As an example, most of the MA contracts with physicians in the state of California are in advanced alternative payment model arrangements, similar to the one we will propose. A recent study by the Integrated Healthcare Association shows that, in California, averages for emergency department visits, all-cause readmissions, and inpatient bed days are all between 50 percent and 75 percent higher than the statewide averages for MA (567 vs. 373 emergency department visits per thousand member years; 18.4 percent vs. 11.2% readmissions, and 1,363 vs. 789 bed days per thousand member years.[2]) The proposed model would bring this high quality approach to the traditional Medicare population.

Expected Participants

We expect that approximately 50 physician organizations across the country will initially participate in this proposed model. We would require that participating practices have a minimum of 10,000 patients to ensure sufficient numbers of patients in a risk-bearing model.

Implementation Strategy

CAPG is a professional association representing nearly 300 physician organizations across 41 states, Washington, DC and Puerto Rico. Our members participate in APMs across MA and traditional Medicare. CAPG members have successfully operated under risk contracts for over three decades.

The CAPG Board of Directors has formally voted for and adopted the model we summarize above. These organizations are committed to successful implementation of a full-risk model in traditional Medicare. A list of our Board of Directors is attached to this submission.

Timeline

We expect that provider organizations would be prepared to participate January 1, 2018.

Sincerely,

DONALD H. CRANE
President & CEO

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[2] Integrated Healthcare Association, Benchmarking California Health Care Quality and Cost Performance (2016), available at http://www.iha.org/sites/default/files/resources/issue-brief-cost-atlas-2016.pdf (accessed December 15, 2016).