Physician proposals inspire new HHS payment models for primary care

U.S. Department of Health and Human Services (HHS) Secretary Alex Azar unveiled an initiative with five new primary care payment models at the AMA’s Washington office.

Azar said the new models would “radically elevate” the importance of primary care in the U.S. health system, lay the groundwork for better care, and lower costs in the $700 billion Medicare and $580 billion Medicaid programs. The plans, he said, would allow physicians to “focus on the patients in front of them rather than the paperwork we send them.”

The AMA commended HHS for providing potential pathways for physicians providing care to patients with complex and chronic needs.

“Providing adequate financial support for high quality primary care must be an essential element of any strategy to improve the quality and affordability of our country’s health care system,” said Gerald E. Harmon, MD, a family physician and immediate past chair of the AMA Board of Trustees.

Under the new models, Medicare would reward practices for providing more convenient access to care, and start paying for services such as enhanced chronic disease care management, acute care in-home services and palliative care.

Innovative physicians have found that, by providing these services, they can significantly improve quality of care while reducing total health care spending, but most of these efforts were only being financially supported by grant funding. The new models promise predictable monthly payments with bonuses for keeping patients healthy.

“Many primary care physicians have been struggling to deliver the care their patients need and to financially sustain their practices under current Medicare payments,” Dr. Harmon said. “The new primary care payment models announced today will provide practices with more resources and more flexibility to deliver the highest-quality care to their patients.”


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More than 200 medical specialty society representatives and other stakeholders attended the announcement, where they also met to discuss primary care delivery. Azar was joined by Seema Verma, Centers for Medicare & Medicaid Services (CMS) administrator, and Adam Boehler, director of the Center for Medicare and Medicaid Innovation (CMMI).

Participation in the models would be voluntary for both patients and physicians. Azar expressed confidence that 25% of Medicare beneficiaries and 25% of the physicians who care for them would benefit from the innovation models.

Azar predicted that physicians would take part because the models offer simplified and predictable payments. Also, the models are designed to encourage state Medicaid programs and commercial insurers to take similar approaches, he said.

Primary Care First (PCF) models are designed for small practices and provide a monthly, flat revenue stream for each patient. Practices could be responsible for downside risk of up to 10% of practice revenue but also be eligible for an “asymmetrical” 50% bonus if patients stay healthy and out of the hospital, Boehler said.

Primary Care First—High Needs Populations will focus on patients with complex and chronic needs and seriously ill populations.

Azar presented three variations on a direct contracting model for larger organizations with at least 5,000 Medicare beneficiaries and experience taking on financial risk with accountable care organizations, Medicare Advantage plans or Medicaid managed care. This included a “geographic” model still in progress and CMS is seeking information to “further refine the design parameters.” Input will be accepted by email at DPC@cms.hhs.gov through May 23.

Plans call for the PCF models to be tested for five years beginning in January 2020, with applications to be available in the next “month or so,” Boehler said. The direct contracting models will also be launched in January and applications will be released in June.

The AMA commended Azar for basing the new payment models on proposals developed by practicing physicians and incorporating recommendations from the Physician-Focused Payment Model Technical Advisory Committee (PTAC).

“Secretary Azar has said that the best ideas for improving outcomes often come from individuals and organizations on the front lines of the health care delivery system, and we agree,” said Dr. Harmon. “PTAC has identified a dozen payment models developed by physicians that it believes merit testing or implementation by HHS, and we hope today’s announcement will be the first of many efforts to implement PTAC’s recommendations.”
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