

AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 02
(June 2021)

Introduced by: Integrated Physicians Practice Section

Subject: Developing Best Practices for Prospective Payment Models

- 1 WHEREAS, The COVID-19 pandemic has reduced visits and revenues for all specialties,
2 especially primary care; and
3
- 4 WHEREAS, During the pandemic, as financial losses mounted in practices relying primarily on
5 fee-for-service payments, preliminary studies found that systems operating under full
6 prospective payment models and partial prospective payment models appear to have fared
7 better; and
8
- 9 WHEREAS, The reduction in fee for service payments is a threat to physician practice financial
10 sustainability; and
11
- 12 WHEREAS, The Centers for Medicare and Medicaid Services (CMS) has promulgated value-
13 based payment mechanisms and prospective payment models such as diagnosis-related
14 groups and global payments; however it has been difficult for physicians and health systems to
15 manage the tension between these models and effectively implement them; and
16
- 17 WHEREAS, Significant barriers to moving toward prospective payment persist, such as
18 ensuring correct attribution of patients to a particular physician, and
19
- 20 WHEREAS, Global capitation may not work well in health systems that enter into various
21 contracts to provide different contracted services to different patients, and
22
- 23 WHEREAS, Medicare Advantage patients benefit from physician access to and use of plan data
24 and more robust risk-adjusted budgets that allow physicians and health systems to develop
25 programs that improve care and decrease total expenditures; and
26
- 27 WHEREAS, CMS's method of setting the base in the prospective payment models is flawed
28 because it is based on a health system's own benchmark, thus disincentivizing highly efficient
29 systems to move toward prospective payment; and
30
- 31 WHEREAS, The COVID-19 pandemic has precipitated a change in health care delivery and
32 physician practice that creates opportunities to redesign physician practice and payment
33 models; and
34
- 35 WHEREAS, Prospective payment or some permutation of advance payment can be an effective
36 payment arrangement that may also help sustain health systems and physician practice; and
37
- 38 WHEREAS, Our AMA has the representative credibility and resources to design and advocate
39 in this process; therefore, be it
40

1 RESOLVED, That our AMA study and identify best practices for financially viable models for
2 prospective payment health insurance, including but not limited to appropriately attributing and
3 allocating patients to physicians, elucidating best practices for systems with multiple payment
4 contracts, and determining benchmarks for adequate infrastructure, capital investment, and
5 models that accommodate variations in existing systems and practices (Directive to Take
6 Action); therefore be it also

7
8 RESOLVED, That our AMA use recommendations generated by its research to actively
9 advocate for expanded use and access to prospective payment models (Directive to Take
10 Action).

Fiscal Note: Not yet determined

Received: 4/14/21

AUTHOR'S STATEMENT OF PRIORITY

Physician practices and health systems in a fee-for-service payment model suffered immense financial losses during 2020. Inversely, physicians and systems using prospective payment models were shielded or had some measure of protection from the financial ravages of COVID. Many barriers still exist to PPM. To help physicians succeed in PPM and to safeguard against further financial losses, the AMA should act now to develop best practices for prospective payment models.

RELEVANT AMA POLICY

Medicare Prospective Payment System for Skilled Nursing Facilities H-280.956

Our AMA: (1) advocates for the prospective payment systems being developed by CMS for skilled nursing facilities and home health agencies accurately reflect the costs of care for patients with multiple comorbidities and high medical complexity; and (2) advocates that CMS, the Medicare Payment Advisory Commission, and the Congress monitor the effects of the home health interim payment system and the new prospective payment systems on quality of care and patient access to medically necessary services.

Citation: Sub. Res. 108, I-98; Reaffirmed: CMS Rep. 4, A-08; Reaffirmed: CMS Rep. 01, A-18

Prospective Payment System and DRGs for Physicians H-390.992

The AMA (1) endorses the concept that any system of reimbursement for physicians' services should be independent of reimbursement systems for other providers of health care; and (2) opposes expansion of prospective pricing systems until their impact on the quality, cost and access to medical care have been adequately evaluated.

Citation: Sub. Res. 70, I-83; Reaffirmed: CLRPD Rep. 1, I-93; Reaffirmed: CMS Rep. 7, A-05; Reaffirmed: A-05; Reaffirmed: I-13