

# Physician-Focused Alternative Payment Models

## Background

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During the past twelve years, the nation has seen adoption of significant public policies aimed at expanding opportunities for physicians to participate in payment models that can help them lower spending growth and improve the quality of their patients' care. The 2010 Affordable Care Act included a variety of reforms intended to lay the groundwork for a shift in how the US pays for health care with an emphasis on improving quality, reducing cost, and expanding coverage, especially the establishment of the Center for Medicare and Medicaid Innovation to test Alternative Payment Models (APMs). In March 2015, Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA), eliminating the Sustainable Growth Rate (SGR) formula and creating new incentives designed to accelerate payment reform progress. MACRA specifically created incentives for physicians to participate in APMs and provided opportunities for them to participate in the development and implementation of Physician-Focused Payment Models (PFPMs). To date, however, the reality has not met the promise and while many PFPM proposals were developed and recommended for implementation, the Medicare program still lacks a [robust set of APMs](#) and many physicians do not have opportunities for APM participation.

## Barriers to Adoption

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The implementation of APMs is challenged by several factors, including a lack of timely, accessible data for physician practices and an accelerated pace of change resulting in increasingly complex payment models.

Additionally, APMs require a shift in perspective since fee-for-service (FFS) systems financially

penalize practices for providing higher quality services. For example, under FFS, if physicians succeed in keeping their patients healthy and preventing complications resulting in the need for fewer services, operating margins may decline and threaten financial viability.

Most recently, the COVID-19 pandemic has slowed the adoption of APMs as focus has been on providing critical care for millions of severely ill patients. During the pandemic, most physician practices were forced to limit visits and many patients avoided and delayed seeking treatment.

Moreover, the design and financial risks involved in a number of the current APMs favor large health systems over small and independent physician practices, and many conditions managed by specialists are not addressed by any of the current APMs. What some policymakers perceive as unwillingness by physicians to move away from FFS payment may be more a reflection of physicians' legitimate concerns about the way APMs to date have been structured by the Centers for Medicare and Medicaid Services (CMS) and private payers.

## Commitment to Pluralism

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No single approach to payment reform will yield the best outcome for every physician or every specialty. Opportunities to improve care will differ in every community, and both providers and payers will differ in their capabilities to manage and implement payment system changes. PFPMs provide a chance to create APMs that enable successful participation by all physicians in all specialties and practice settings. If properly structured, PFPMs create

an opportunity for physicians to improve patient care in ways that are feasible in their unique practice environments.

### Payments for Accountable Specialty Care

The [AMA-designed Payments for Accountable Specialty Care](#) (PASC) allows primary care and specialty physicians to work together to deliver care in different ways to improve patient outcomes and reduce avoidable spending. PASC targets performance on one or more specific health conditions (e.g., COPD, heart failure, IBD), allowing the specialist to receive an Enhanced Condition Services (ECS) payment from Medicare in addition to the Medicare FFS payment. Specialists would be eligible for ECS payments including an initial standard payment, a continued ECS payment for care longer than one month, and a special ESC payment to account for patient challenges associated with social determinants of health. The PASC model encourages specialists to spend time determining an accurate diagnosis without ordering unnecessary tests and patients to actively participate in improving their outcomes. PASC increases equitable patient access to appropriate, high-quality specialist care while allowing the ACO to better manage total cost. For more information, please click [here](#).

### Recommendations for Physician-Focused APMs

Since evolving to successful value-based care requires time and commitment, physicians are the best suited to assume leadership roles in transitioning to APMs.

The following goals should be pursued as part of a Physician-Focused APM:

- Be designed by or with significant involvement from physicians;
- Provide flexibility to physicians to deliver the care their patients need;
- Promote physician-led, team-based care coordination;
- Provide high quality, real-time actionable data (e.g., attribution);

- Prioritize clinically meaningful performance targets;
- Limit physician accountability to aspects of spending and quality that they can reasonably influence;
- Utilize risk adjustment methods that account for socio-demographic factors;
- Be feasible for physicians in every specialty and for practices of every size.

National medical specialty societies have started to design Physician-Focused APMs for their own specialties through the MACRA Physician-Focused Payment Model Technical Advisory Committee (PTAC), addressing issues such as:

- Reliance on case management;
- Bearing financial risk;
- Embracing new technologies; and
- Consideration of legal barriers.

In the move toward value-based care, new payment models have historically been designed by payers. We now enter an era where physicians may help lead in the evolving payment landscape. As such, it will be imperative for CMS and private payers to:

- Assist in designing and utilizing a physician-led team approach;
- Assist in obtaining the data and analysis needed to monitor and improve performance;
- Assist in obtaining partnerships and alliances to achieve economies of scale and sharing of tools, resources, and data.
- Assist in obtaining the financial resources needed to transition to new payment models and manage fluctuations in revenue and costs; and
- Provide guidance in obtaining deemed status for APMs that are replicable and in implementing APMs that have deemed status.