THE COMING CHANGE

How Medicare Will Drive Community Partnerships

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It’s tough to make predictions, especially about the future! – Yogi Berra
Future of Medicare
“Better Care, Smarter Spending, Healthier People”

• Culture of Accountability/Adaptability / Member centric
• Consistent execution of integrated processes supporting the physician/patient relationship
• Collaborative relationships with high performing provider and vendor network
• Flexible adaptable and holistic care and medication management
• Improve Population Health
• Promote patient engagement though SDM
• Integration and coordination of services
• Transparency of cost and quality information
• ACTUAL meaningful use
• Transition to value based payment
<table>
<thead>
<tr>
<th>Category 1</th>
<th>Category 2</th>
<th>Category 3</th>
<th>Category 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee For Service-</td>
<td>Fee for Service – Link to Quality/Efficiency</td>
<td>Alternative Payment Model Built on FFS Architecture</td>
<td>Population Based Payment</td>
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<tr>
<td>No link to Value</td>
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<tr>
<td><strong>Medicare FFS</strong></td>
<td>• Hospital Value Based Purchasing</td>
<td>• ACO</td>
<td>• Pioneer ACO’s in year 3-5</td>
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<td></td>
<td>• Physician Value Modifier</td>
<td>• PCMH</td>
<td>• Maryland Hospitals</td>
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<td>• Readmission / Hospital Acquire Condition Reduction Programs</td>
<td>• Bundled Payments</td>
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<td>• CPC</td>
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<td>• Comprehensive ESRD Program</td>
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<td>• Financial Alignment Incentive Model</td>
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</tbody>
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Mechanisms of Payment
## Medicare MIPS vs APM

<table>
<thead>
<tr>
<th>Year</th>
<th>MIPS Components</th>
<th>Qualifying APM Participant</th>
<th>5% Incentive Payment</th>
<th>Excluded from MIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 and earlier</td>
<td>Quality: 4% Resource Use: 5% Clinical Practice Improvement Activities: 7% Meaningful Use of Certified EHR Technology: 9%</td>
<td>Medicare Payment Threshold Excluded from MIPS</td>
<td>5% Incentive Payment</td>
<td>Excluded from MIPS</td>
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<tr>
<td>2016-2025</td>
<td>0.5 Fee Schedule Updates</td>
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<td>2026 and later</td>
<td>0.75 QAPMCF**</td>
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<td></td>
<td>0.25 N-QAPMCF**</td>
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</tbody>
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*Qualifying APM conversion factor
**Non-qualifying APM conversion factor
Are ACO’s the Future?

- Pioneer ACO’s started with 32, 13 dropped out in 2014 (285k patients)
- MSSP - 405, 7.2m pts
- Present in 55% of markets
- Medicare has 424
- 34 Medicaid ACO’s in 18 states
- 15% (42m) of Medicare patients covered
- Over 600 private ACO’s (Aetna, BCBS, United, Cigna)
- ACO’s guarantee losses over time
  - Savings compared to benchmark, must be rest 3 years
  - 70% of ACO’s got NO SAVINGS Money
  - 92 of 333 MSSP’s met targets/ got $341m
  - 89 reduced spend, but didn’t qualify for shared savings
• Prospective attribution
• Protect Beneficiary freedom of choice and alignment choice within the ACO
• Reward quality
• Long term financial sustainability
• Benefit enhancements that improve patient experience and coordinated care
• Smooth ACO cash flow to improve investment capabilities and APM’s
• Benchmarking= Risk Adjusted Baseline and Trending with a Quality/Efficiency Adjustment
• 20% of MSSP’s expected to join
• Greater financial upside
• Patient Self Management Support
• Patient Education
• Transportation
• ED Utilization Reduction (*Houston FD, LAFD, UberHealth, etc.*)
• Home-based Care
• Palliative / Hospice Care
• Mental Health Services (*Peer Counselors, etc.*)
• Dietary Support (*Community Gardens, Fresh Delivery, etc.*)
• Screening of community-dwelling beneficiaries to identify certain unmet health-related social needs;
  – Housing instability and quality;
  – Food insecurity;
  – Utility needs;
  – Interpersonal violence; and
  – Transportation needs.
• Referral of community-dwelling beneficiaries to increase awareness of community services;
• Provision of navigation services to assist high-risk community-dwelling beneficiaries with accessing community services; and
• Encouragement of alignment between clinical and community services to ensure that community services are available and responsive to the needs of community-dwelling beneficiaries.