



## **Physician Focused Payment Models**

In 2015, the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) authorized new ways for the Medicare program to pay physicians for the care they provide to Medicare beneficiaries. Specifically, MACRA encouraged the development of certain types of Alternative Payment Models (APMs) referred to as physician-focused payment models (PFPMs).

To encourage stakeholders to engage in the development of PFPMs, Congress also created the Physician-Focused Payment Model Technical Advisory Committee (PTAC). The mission of PTAC is to make comments and recommendations to the Secretary of the Department of Health and Human Services (HHS) on proposals for PFPMs submitted to PTAC by individuals and stakeholder entities. The Secretary is required by MACRA to review PTAC's comments and recommendations on submitted proposals and post a detailed response on the Centers for Medicare & Medicaid Services (CMS) website.

Many physician specialty societies, including the American College of Allergy, Asthma and Immunology (ACAAI) were very encouraged by this new authority and set about trying to create an alternative payment model to address the short-comings in the fee-for-service payment models relative to the treatment of diseases by physicians in that specialty.

### **Early Enthusiasm Tempered by HHS**

Unfortunately, the enthusiasm Congress created when it established the PFPM process is beginning to wane. Since the Spring of 2017, more than two dozen proposals have been developed and submitted to the Physician Focused Payment Model Technical Advisory Committee. Of these, approximately 12 had sufficient promise that they were sent forward to the Secretary of Health and Human Services (HHS) for review and consideration.

Of the 12, not a single model has been approved by the Secretary for testing and/or further evaluation.

Recently, HHS/CMS announced a new payment model: Primary Care First for patients with serious life-threatening illnesses, for testing. Although this model was developed by CMS staff, CMS did acknowledge that the idea for this model grew out of submissions to the PTAC. Unfortunately, when you review the proposals that were submitted and what CMS is proposing to test, they bear little resemblance.

Congress directed PTAC to provide more feedback to submitters and that process seems to be working well.

But unless there is movement by CMS to seriously consider the proposals being developed by medical societies, academic medical centers, patient groups and others, then this process will cease to exist.

**The message HHS and CMS are sending to the stakeholder community is – thanks but no thanks.**

It seems almost impossible that not a single idea that has been developed by the stakeholder community over the past 2 ½ years is worthy of testing yet several proposals developed almost exclusively by CMMI staff have found their way to market demonstration.

### **Raising the Bar**

In January, Secretary Azar announced that HHS will prioritize models that are expected to increase quality, reduce expenditures, and empower the beneficiary as a consumer - with a focus on transparency, simplicity, and accountability.

The Secretary went on to state that priority will be given to models that meet these criteria

- Quality - Models that reduce avoidable events by at least 10 percent and/or mortality by at least 2 percent.
- Cost - Models that will reduce expenditures by \$10 billion annually once expanded nationally.
- Beneficiary Choice - Models that empower beneficiaries by increasing choice and access.

Although the Secretary sought to assure the stakeholder community that these criteria are not strict requirements, the external community is likely to view them as just that - requirements. For example, proposed models with little

PFPM is, we believe on life-support as a policy alternative.

The purpose of a demonstration is to test a model. CMS should demonstrate a willingness to test a variety of different models, not fewer. Though testing we can learn what works and what doesn't work. Some models will work better than expected, others worse than expected. But that is the point of a demonstration – to learn.

### **Recommendation**

Congress should encourage HHS Secretary Azar to fully embrace the Physician Focused Payment Model and approve a model(s) submitted by the PTAC for review