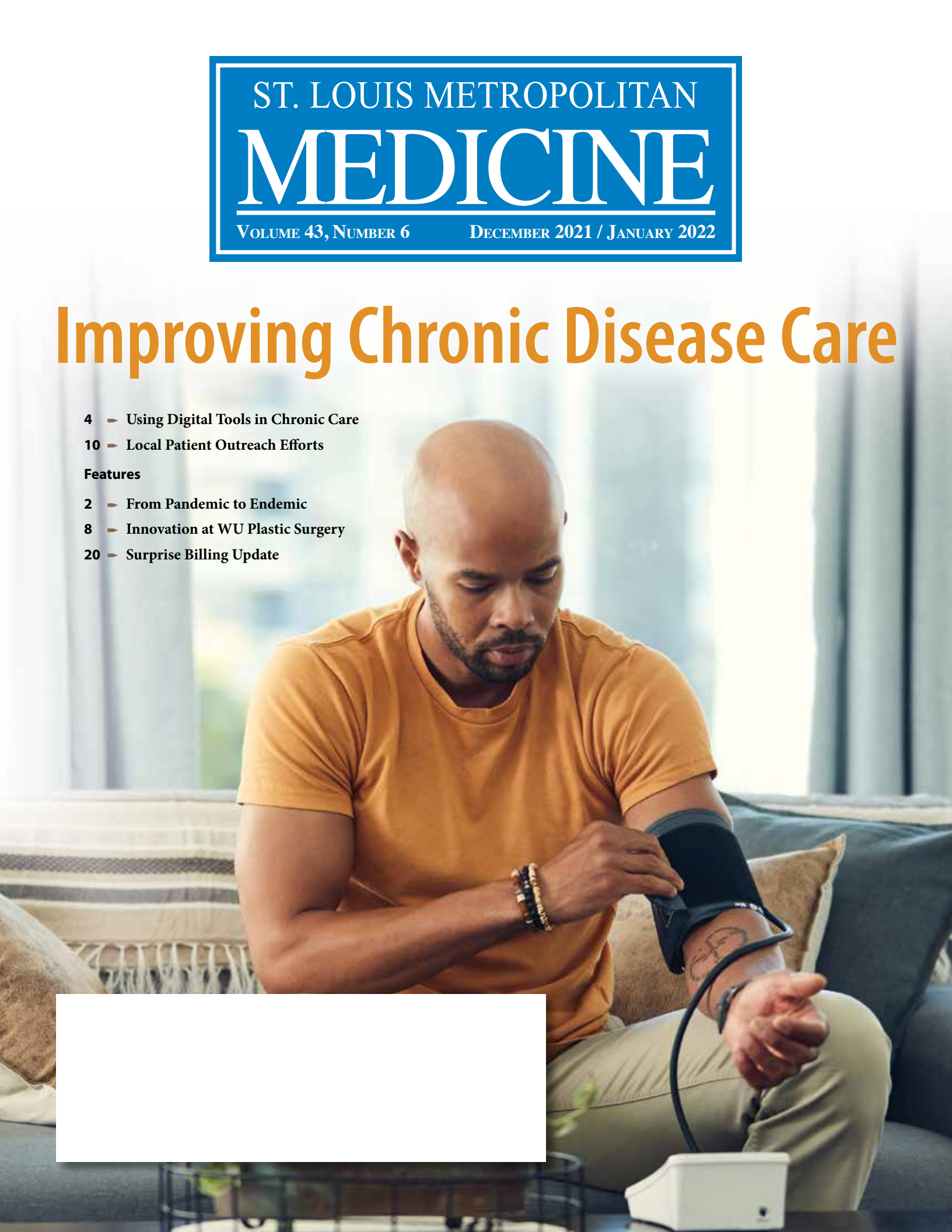
ST. LOUIS METROPOLITAN
MEDICINE
VOLUME 43, NUMBER 6 DECEMBER 2021 / JANUARY 2022

Improving Chronic Disease Care



CMS Innovation Center Launches "Bold New" Strategy

Is value-based reimbursement becoming a priority once more?

By Todd Zigrang, MBA, MHA, CVA, ASA, FACHE, and Jessica Bailey-Wheaton, Esq.

When President Joe Biden was elected in 2020, there was much anticipation and speculation regarding what his election would mean for the U.S. health care industry in the coming years.

As an ardent supporter of the Patient Protection and Affordable Care Act (ACA) who campaigned on offering a public insurance option similar to Medicare, many in the health care industry assumed that the Biden administration would be a strong proponent of continuing the shift to value-based care. That shift was largely spurred by former President Barack Obama with the passage of the ACA.[1]

However, due to the COVID-19 pandemic and other health care priorities, Medicare's value-based payment models have largely taken a backseat in the administration's first year in office. Nevertheless, recent statements from leaders of the Center of Medicare & Medicaid Innovation (CMMI) indicate that value-based reimbursement is becoming a priority once more.

CMMI was created by the ACA,[2] "with the goal of transitioning the health system to value-based care by developing, testing and evaluating new payment and service delivery models in Medicare, Medicaid and the Children's Health Insurance Program (CHIP)."[3,4] CMMI "has a growing portfolio testing various payment and service delivery models that aim to achieve" higher quality care at lower costs, reaching almost 28 million patients and over 528,000 health care providers and plans between 2018 and 2020.[3,5] Although the agency has tested nearly 50 models over the past decade, very few of which have resulted in higher quality or better cost savings.[6]

Temporary Pause

Early in his term, President Biden announced that Elizabeth Fowler, an Obama administration alumna who helped draft and implement the ACA, would be the new director of CMMI.[7] One week later, on March 10, 2021, the administration paused a number of CMMI value-based models, including the Geographic Direct Contracting Model, Primary Care First Model's Seriously Ill Population option and the Kidney Care Choices Model, to "review model details."[8]

The effect of this "review" (the length of which review was not disclosed) was to delay the timelines for these models, by pushing back the participation application deadlines and performance periods.[8] While this decision was not necessarily indicative of plans to eliminate the models, it certainly did not instill confidence that value-based reimbursement was a priority for the administration. As one commentator noted, "It's natural for the administration to want to take a close look at the programs that are on the verge of being implemented to satisfy for themselves that this is not a disaster in the making where they'll be left holding the bag for something they did not conceptualize nor approve on their own."[8]

A "SIGNAL THAT CMMI AIMS TO ... CRACK DOWN ON INAPPROPRIATE CODING, SHIFT THE FOCUS OF VALUE-BASED PROGRAMS TO REDUCE PATIENT INEQUITIES, AND CUT DOWN ON INITIATIVES THAT ONLY SERVE TO EMPOWER DOMINANT PROVIDERS."

Subsequently, Fowler confirmed that the pause or termination of some CMMI models was not due to a change in course, stating, "I understand that collectively these announcements may have raised questions about where the center is headed next. …True innovation means failing until we get things right."[6]

In reviewing those models, CMMI was supposedly revamping the agency's strategy and thinking more creatively about how the models would work in tandem going forward, perhaps in response to the Medicare Payment Advisory Commission's (MedPAC's) October 2020 recommendation that CMMI "condense the sheer number of models" and reimagine the program.[6,9]

The focus of CMMI's review became clearer recently due to statements by CMMI leaders at various health care industry conferences. On September 30, 2021, CMMI's chief operating

Todd A. Zigrang

Jessica Bailey-Wheaton

Todd A. Zigrang, MBA, MHA, CVA, ASA, FACHE, is president of Health Capital Consultants, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices and other health care enterprises. Jessica Bailey-Wheaton is vice president and general counsel. They can be reached at 314-994-7641. Their website is https://www.healthcapital.com.

officer stated at the National Association of Accountable Care Organizations conference that he did not "think that [the Centers for Medicare & Medicaid Services (CMS)] will be promoting models that have more risk just for the sake of having more risk."[10]

New Strategic Direction

Health care industry commentators have interpreted this statement as a "signal that CMMI aims to restructure payment models to crack down on inappropriate coding, shift the focus of value-based programs to reduce patient inequities and cut down on initiatives that only serve to empower dominant providers with large market share."[10] This is a shift from the previous administration, which prioritized financial risk in their models, resulting in many health care providers choosing not to participate.[10]

On October 20, 2021, CMMI's chief strategy officer indicated at the Better Medicare Alliance conference that the Biden administration wants to "accelerate" the shift to value-based reimbursement by increasing participation (specifically in ACOs), stating, "We need to recognize we need to increase the number of ACOs and the beneficiaries assigned to them, increase opportunities for providers who want to participate, and deliver whole-person, integrated care."[11]

CMS AIMS TO MOVE ALL MEDICARE PART A AND B BENEFICIARIES ... TO A "CARE RELATIONSHIP WITH ACCOUNTABILITY FOR QUALITY AND TOTAL COST OF CARE BY 2030."

On the same day as the speech at the Better Medicare Alliance conference, CMS published a white paper describing CMMI's vision for the next 10 years.[12] The white paper listed five strategic objectives in implementing its vision of "a health system that achieves equitable outcomes through high quality, affordable, person-centered care:"

1. Drive accountable care: "Increase the number of beneficiaries in a care relationship with accountability for quality and total cost of care."
2. Advance health equity: "Embed health equity in every aspect of CMS Innovation Center models and increase focus on underserved populations."
3. Support innovation:"Leverage a range of supports that enable integrated, person-centered care—such as actionable, practice-specific data, technology, dissemination of best practices, peer-to-peer learning collaboratives, and payment flexibilities."
4. Address affordability: "Pursue strategies to address health care prices, affordability, and reduce unnecessary or duplicative care."
5. Partner to achieve system transformation: "Align priorities and policies across CMS and aggressively engage payers, purchasers[,] states, and beneficiaries to improve quality, to achieve equitable outcomes, to reduce health care costs.[12]

For each of the strategic objectives, CMS also listed certain measures of progress, meant to quantify advancement toward a given objective. Notably, pursuant to the achievement of the "drive accountable care" objective, CMS aims to move all Medicare Part A and B beneficiaries, and a vast majority of Medicaid beneficiaries, to a "care relationship with accountability for quality and total cost of care by 2030."[3]

As of 2020, 67% of Medicare Part A and B beneficiaries were in Medicare Advantage plans or attributed to an ACO; this means that approximately 30 million additional beneficiaries would need be attributed to an ACO or other VBR model over the next 10 years.[3] Whether or not CMS and CMMI's new strategies can achieve this lofty goal remains to be seen.

References

1. For more information on Biden's presidential campaign pledges related to health care, see "Bidencare: The President-Elect's Healthcare Plan" *Health Capital Topics*, Vo. 13, Issue 12 (December 2020), https://www.healthcapital.com/hcc/newsletter/12_20/HTML/BIDEN/convert_bidens_healthcare_agenda_12.18.20.php (Accessed 10/20/21).
2. Patient Protection and Affordable Care Act. Public Law 111–148, § 3021.
3. Innovation Center Strategy Refresh. Centers for Medicare & Medicaid Services, October 20, 2021, https://innovation.cms.gov/strategic-direction-whitepaper (Accessed 10/20/21), p. 4.
4. Center for Medicare and Medicaid Innovation. 42 U.S.C. § 1315a.
5. The CMS Innovation Center. Centers for Medicare & Medicaid Services, https://innovation.cms.gov/ (Accessed 10/20/21)
6. Pifer R. "Value-based care at 'critical juncture," new CMMI chief says. *Healthcare Dive*, April 20, 2021, https://www.healthcaredive.com/news/value-based-care-at-critical-juncture-new-cmmi-chief-says/598732/ (Accessed 10/20/21).
7. Pifer R. Former Senate aide Elizabeth Fowler to lead CMS innovation center. *Healthcare Dive*, March 1, 2021, https://www.healthcaredive.com/news/former-senate-aide-elizabeth-fowler-to-lead-cms-innovation-center/595905/ (Accessed 10/20/21).
8. LaPointe J. Biden Administration Pauses Key Value-Based Reimbursement Models. *RevCycle Intelligence*, March 10, 2021. https://revcycleintelligence.com/news/biden-administration-pauses-key-value-based-reimbursement-models (Accessed 10/20/21).
9. Liss S. MedPAC commissioners urge condensing, revamping advanced alternative payment models. *Healthcare Dive*, October 5, 2020, https://www.healthcaredive.com/news/medpac-rethinking-condensing-advanced-alternative-payments-modles-APMs/586385/ (Accessed 10/20/21).
10. Tepper N. Biden's CMMI signals new value-based payment priorities. *Modern Healthcare*, October 1, 2021, https://www.modernhealthcare.com/payment/bidens-cmmi-signals-new-value-based-payment-priorities (Accessed 10/20/21).
11. Hellmann J. CMMI official pushes for more participation in value-based care models. *Modern Healthcare*, October 20, 2021, https://www.modernhealthcare.com/payment/cmmi-official-pushes-more-participation-value-based-care-models (Accessed 10/20/21).
12. Strategic Direction. Centers for Medicare & Medicaid Services, https://innovation.cms.gov/strategic-direction (Accessed 10/20/21).