



CMS Innovation Center Launches “Bold New” Strategy

When President Joe Biden was elected in 2020, there was much anticipation and speculation regarding what his election would mean for the U.S. healthcare 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 healthcare industry assumed that the Biden Administration would be a strong proponent of continuing the shift to value-based care, which shift was largely spurred by his predecessor and former boss, Barack Obama, with the passage of the ACA.¹ However, due to the COVID-19 pandemic and other healthcare 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 (VBR) 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 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 healthcare providers and plans between 2018 and 2020.⁴ 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.⁵

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.⁶ One week later, on March 10, 2021, the administration paused a number of CMMI VBR 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.”⁷ 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 – 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”⁹ – it certainly did not instill confidence that VBR was a priority for the administration. 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.”¹⁰ 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.¹¹

The focus of CMMI’s review became clearer recently, due to statements by CMMI leaders at various healthcare industry conferences. On September 30, 2021, CMMI’s chief operating officer stated at the National Association of Accountable Care Organizations (ACOs) 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.”¹² Healthcare 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.”¹³ This is a shift from the previous administration, which prioritized financial risk in their models, resulting in many healthcare providers choosing not to participate.¹⁴ 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 VBR by increasing participation (specifically in ACOs), stating that “[w]e 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.”¹⁵

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 ten years.¹⁶ 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, i.e., “[i]ncrease the number of beneficiaries in a care relationship with accountability for quality and total cost of care”;
- (2) Advance health equity, i.e., “[e]mbed health equity in every aspect of CMS Innovation Center models and increase focus on underserved populations”;
- (3) Support innovation, i.e., “[l]everage 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, i.e., “[p]ursue strategies to address health care prices, affordability, and reduce unnecessary or duplicative care”; and,
- (5) Partner to achieve system transformation, i.e., “[a]lign 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.”¹⁷

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.”¹⁸ 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.¹⁹ Whether or not CMS and CMMI’s new strategies can achieve this lofty goal remains to be seen.

1 For more information on Biden’s presidential campaign pledges related to healthcare, 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; “Center for Medicare and Medicaid Innovation” 42 U.S.C. § 1315a.

4 The CMS Innovation Center” Centers for Medicare & Medicaid Services, <https://innovation.cms.gov/> (Accessed 10/20/21); “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.

5 “Value-based care at ‘critical juncture,’ new CMMI chief says” By Rebecca Pifer, Healthcare Dive, April 20, 2021, <https://www.healthcarediver.com/news/value-based-care-at-critical-juncture-new-cmmi-chief-says/598732/> (Accessed 10/20/21).

6 “Former Senate aide Elizabeth Fowler to lead CMS innovation center” By Rebecca Pifer, Healthcare Dive, March 1, 2021, <https://www.healthcarediver.com/news/former-senate-aide-elizabeth-fowler-to-lead-cms-innovation-center/595905/> (Accessed 10/20/21).

7 “Biden Administration Pauses Key Value-Based Reimbursement Models” By Jacqueline LaPointe, RevCycle Intelligence, March

10, 2021, <https://revcycleintelligence.com/news/biden-administration-pauses-key-value-based-reimbursement-models> (Accessed 10/20/21).

8 *Ibid.*

9 *Ibid.*

10 Pifer, Healthcare Dive, April 20, 2021.

11 *Ibid.*; “MedPAC commissioners urge condensing, revamping advanced alternative payment models” By Samantha Liss, Healthcare Dive, October 5, 2020, <https://www.healthcarediver.com/news/medpac-rethinking-condensing-advanced-alternative-payments-modles-APMs/586385/> (Accessed 10/20/21).

12 “Biden’s CMMI signals new value-based payment priorities” By Nona Tepper, Modern Healthcare, October 1, 2021, <https://www.modernhealthcare.com/payment/bidens-cmmi-signals-new-value-based-payment-priorities> (Accessed 10/20/21).

13 *Ibid.*

14 *Ibid.*

15 “CMMI official pushes for more participation in value-based care models” By Jessie Hellmann, Modern Healthcare, October 20, 2021, <https://www.modernhealthcare.com/payment/cmmi-official-pushes-more-participation-value-based-care-models> (Accessed 10/20/21).

16 “Strategic Direction” Centers for Medicare & Medicaid Services, <https://innovation.cms.gov/strategic-direction> (Accessed 10/20/21).

17 *Ibid.*

18 Centers for Medicare & Medicaid Services, October 20, 2021, p. 13.

19 *Ibid.*, p. 13-14.



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[Todd A. Zigrang](#), MBA, MHA, CVA, ASA, FACHE, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 25 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,000 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "[The Adviser's Guide to Healthcare – 2nd Edition](#)" [2015 – AICPA], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Accountant's Business Manual* (AICPA); *Valuing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies; Business Appraisal Practice*; and, *NACVA QuickRead*. In addition to his contributions as an author, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); American Health Lawyers Associate (AHLA); the American Bar Association (ABA); the National Association of Certified Valuators and Analysts (NACVA); Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter, and is current Chair of the ASA Healthcare Special Interest Group (HSIG).



[Jessica L. Bailey-Wheaton](#), Esq., is Senior Vice President and General Counsel of HCC. Her work focuses on the areas of Certificate of Need (CON) preparation and consulting, as well as project management and consulting services related to the impact of both federal and state regulations on healthcare transactions. In that role, Ms. Bailey-Wheaton provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.

Additionally, Ms. Bailey-Wheaton heads HCC's CON and regulatory consulting service line. In this role, she prepares CON applications, including providing services such as: health planning; researching, developing, documenting, and reporting the market utilization demand and "need" for the proposed services in the subject market service area(s); researching and assisting legal counsel in meeting regulatory requirements relating to licensing and CON application development; and, providing any requested support services required in litigation challenging rules or decisions promulgated by a state agency. Ms. Bailey-Wheaton has also been engaged by both state government agencies and CON applicants to conduct an independent review of one or more CON applications and provide opinions on a variety of areas related to healthcare planning. She has been certified as an expert in healthcare planning in the State of Alabama.

Ms. Bailey-Wheaton is the co-author of numerous peer-reviewed and industry articles in publications such as: *The Health Lawyer*; *Physician Leadership Journal*; *The Journal of Vascular Surgery*; *St. Louis Metropolitan Medicine*; *Chicago Medicine*; *The Value Examiner*; and *QuickRead*. She has previously presented before the ABA, the NACVA, and the NSCHBC. She serves on the editorial boards of NACVA's *QuickRead* and AHLA's *Journal of Health & Life Sciences Law*.



[Janvi R. Shah](#), MBA, MSF, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition she prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.