Reducing barriers to physician-focused payment models

Background

The American Medical Association's successful effort to repeal Medicare's sustainable growth rate formula created new opportunities for physicians to develop and participate in alternative payment models (APMs). The Medicare Access and CHIP Reauthorization Act (MACRA) encourages the creation of APMs and provides incentives for physicians to participate in them. Specifically, MACRA encourages the development of physician-focused payment models (PFPMs).

MACRA's focus on PFPMs creates an opportunity to accelerate the implementation of APMs by expanding the number of eligible APMs and imparting them with the flexibility physicians need to help drive the shift toward value by delivering higher quality care for patients at lower costs in ways that are financially feasible for physician practices. However, there are significant challenges to achieving that goal. APMs can only achieve their desired objective if the multitude of issues impeding their development and adoptability are addressed. Health IT capabilities and measurement challenges such as appropriate risk stratification and adjustment methods, attribution, and performance targets may inhibit APM development and discourage participation. The AMA is addressing these barriers to enable widespread development and adoption of PFPMs across physician practice size, specialty, and geographic location. By addressing process barriers, the AMA can help physicians develop and implement new and feasible payment models tailored to their practices and patient populations.

The Quality Payment Program

MACRA created the Quality Payment Program (QPP). The QPP has two participation tracks: the Merit-based Incentive Payment System (MIPS) and advanced alternative payment models (APMs). MIPS provides annual performance-based payment adjustment to participants, and APMs are intended to fundamentally alter how care is delivered and paid for.

Financial risk

The significant financial investment to develop and implement an APM and the financial risk component of a model are substantial obstacles to successful participation in an APM. The AMA is committed to alleviating the financial barrier to physician participation in APMs through the following actions:

- Limiting financial risk requirements to costs that physicians have the ability to influence
- Advocating for innovative ways of defining financial risk (for example, including start-up investments and ongoing costs of participation in the risk calculation)

Health IT availability and use

Poorly functioning health IT continues to be one of the greatest drags on efficiency and satisfaction in the practice of medicine. PFPMs depend on access to high-quality, real-time actionable data at the point of care. Physician readiness to participate in PFPMs hinges on health IT systems that support and streamline participation. Health IT continues to be a barrier to the development and implementation of care delivery and payment reform. The AMA advocates for the following to improve the availability and use of health IT:

- Continue to expand technical assistance
- Develop health IT systems that support and streamline clinical participation
- Enable health IT to support bi-directional data exchange to provide physicians with useful reports and analyses
- Identify methods to reduce the data collection burden
- Begin implementing the 21st Century Cures Act

Risk adjustment

The resources needed to achieve appropriate patient outcomes during an episode of care depend heavily on the individual needs of the patient as well as the patient's ability to access care and properly adhere to prescribed treatment plans. Many risk adjustment methods only explain a small percent of the total variation, and they are focused on variation in spending, not on patient factors. The AMA is working with stakeholders to advocate for the following actions to design risk adjustment systems that:

- Identify new data sources to enable adequate analyses of clinical and non-clinical factors that contribute to a patient's health and success of treatment (such as disease stage and socio-demographic factors)
- Account for differences in patient needs (such as functional limitations, changes in medical conditions compared to historical data, and ability to access health care services)
- Explore an approach in which the physician managing a patient's care can contribute additional information (such as disease severity—that may not be available in existing risk adjustment methods—to more accurately determine the appropriate risk stratification)

Attribution methods

The purpose of attribution and corresponding performance measures is to ensure that physicians are held accountable for the costs they can control but not for costs they cannot. Current retrospective statistical attribution methodologies often fail to accurately assign to physicians the services they delivered. The AMA is working to improve attribution methods through the following actions:

- Develop methods to assign the costs of care among physicians in proportion to the amount of care they provided and/or controlled within the episode
- Distinguish between services ordered by a physician and those delivered by a
- Develop methods to ensure a physician is not attributed costs they cannot control or costs for patients no longer in their care
- Explore implementing a voluntary approach whereby the physician and patient agree that the physician will be responsible for managing the care of a particular condition
- Provide physicians with lists of attributed patients to improve care coordination

Performance target setting

It is a priority to ensure performance targets are not unduly burdensome to physicians, particularly those in small practices and solo physicians. Unachievable performance targets may discourage physicians from developing and implementing PFPMs. The AMA is working to improve performance target setting through the following actions:

- Analyze and disseminate data on how much is currently being spent on a given condition, how much of that spending is potentially avoidable through an APM, and the potential impact of an APM on costs and spending
- Account for costs not currently billable but that cost the practice to provide (e.g., phone calls and consultations); account for lost revenue for providing fewer or less expensive services

Moving forward

The AMA is proactively shaping MACRA implementation so that physicians can succeed in the practice models of their choice. The AMA is encouraging physician development of PFPMs and is helping design APMs and identify common frameworks. To learn more about this topic, view the AMA Council on Medical Service Report "Physician-Focused Payment Models: Reducing Barriers."