

# HIMSS MACRA Final Rule Fact Sheet

## Alternative Payment Models (APMs): Physician-Focused Payment Models

November 15, 2016



### Topic

Physician-Focused Payment Models Alternative Payment Models (APMs) component of CMS  
*Final Rule*: RIN 0938-AS69 | Published November 4, 2016.

### Key Information

The final rule finalizes the proposed language except as noted:

- As defined, a physician-focused payment models (PFPMs) is an Alternative Payment Model (APM) in which Medicare is a payer and includes physician group practices (PGPs) or individual physicians as APM Entities.
  - The final rule amends the definition to include non-physician eligible clinicians. However, it does not address particular categories or specialties in this revised definition.
- The PFPM targets the quality and costs of physician services. PFPMs might address such elements as physician behavior or clinical decision-making to address physicians' services. However, PFPMs are not limited to targeting physicians and physician services.
  - To ensure that PFPMs meaningfully engage eligible clinicians, the final rule is amended to specify that eligible clinicians in the PFPM must play a core role in implementing the APM's payment methodology, and the PFPM must target the quality and costs of services that these eligible clinicians provide, order, or can significantly influence.
- PFPMs should be designed to be tested as APMs with Medicare as a payer. Other payers may be included, such as Medicaid, Medicare Advantage, Children's Health Insurance Program (CHIP), and private payers. A PFPM that includes payers in addition to Medicare could potentially include an *Other Payer Advanced APM* as part of its design in addition to being an APM. However, a PFPM that contain only third-party payers without also involving Medicare is prohibited.

- Individuals and stakeholders may propose PFPMs to the [Physician-Focused Payment Model Technical Advisory Committee](#) (PTAC)<sup>1</sup>. The PTAC is an independent committee which reports rationale, comments, and recommendations on PFFM submissions to the Secretary of the United States Department of Health and Human Services (HHS).

## Relationship Between PFPMs, APMs, and Advanced APMs

The final rule finalizes without change the relationship between PFPMs, APMS, and advanced APMs. PFPMs are *APMs*. A model that does not meet the definition of an APM is not a PFFM.

PFPMs are not required to meet the criteria to be an *Advanced APM* for purposes of the incentives for participation in Advanced APMs. However, if a PFFM meets criteria for Advanced APMs, then it is an Advanced APM.

Again, PFPMs may be either Advanced APMs or other APMs that might lead to better care for patients, better health for communities, and lower healthcare spending.

## Criteria

The final rule finalizes, except as noted, that PTAC will assess whether the PFFM meets the following criteria for PFPMs:

### 1. Incentives: Pay for higher-value care

- **Value over volume:** practitioners are incentivized to deliver high quality healthcare.
- **Flexibility:** practitioners have the flexibility needed for high quality healthcare delivery
- **Quality and Cost:** Improve healthcare quality at no additional cost and/or decrease cost.
- **Payment Methodology:**
  - how the payment methodology for paying APM Entities achieves the goals of the PFFM criteria,
  - detailed information on how Medicare and, as applicable, other payers pay APM Entities,
  - how the methodology differs from current payment methodologies, and
  - why the PFFM cannot be tested under current methodologies.
- **Scope:** The final rule broadens the proposed scope criterion. The scope directly addresses an issue in payment policy that either:
  - broadens and expands the CMS APM portfolio,

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<sup>1</sup> A copy of the PTAC's charter, established by the Secretary on January 5, 2016, is available at <https://aspe.hhs.gov/charter-physician-focused-payment-model-technical-advisory-committee>.

- includes APM entities whose opportunities to participate in APMs have been limited, or
- newly, the final scope criterion now requires that PFPMs aim to broaden or expand the CMS APM portfolio by addressing an issue in payment policy in a new way or including APM Entities whose opportunities to participate in APMs have been limited.
- **Ability to be evaluated:** Goals for quality of care, cost, and any other relevant goals.

## 2. Care delivery improvements: Care coordination, patient safety, and patient engagement

- **Integration and Care Coordination:** greater integration and care coordination among multiple practitioners or settings for the benefit of the PFPM patient population.
- **Patient Choice:** greater attention to the health of the PFPM patient population while supporting the unique needs and preferences of individual patients.
- **Patient Safety:** maintain or improve patient safety standards.

## 3. Information enhancements

- **Health Information Technology:** use of health information technology to inform care.

## Additional Information on Proposing PFPMs

The final rule without change that the PTAC may request or stakeholders may provide information relevant to the PFPM criteria.

### 1. Quality and Cost

- Information may be provided about potential approaches for evaluation including evaluation of study design, comparison groups, key outcome measures, the level of precision which the evaluation may reach, and the extent to which the evaluation of each element of the PFPM may be evaluated.

### 2. Payment Methodology

- Information may be provided about the amount of any new payments to proposed APM Entities, such as beneficiary per month payments, performance-based payments, or shared savings payments.
- Information may be provided on a methodology for calculation of these payments. Information about the use of any payment methods such as bundled payments or capitated payments and a description of the type and degree of financial performance risk assumed by APM Entities may be included.

### 3. Care Delivery Improvements for Better Care

- Information may be provided on how the payment model would affect access to care for Medicare beneficiaries, including an explanation of:
  - **how it would not reduce benefits** for Medicare beneficiaries and how it would not limit coverage for Medicare beneficiaries,
  - **how the payment model would affect disparities** among Medicare beneficiaries by race, ethnicity, gender, disability, and geography, and
  - **what measures may be used** to measure the provision of necessary care and monitor for any potential stinting of care.
- Information may be provided with regard to how patient choice is preserved under the PFPM by accommodating individual differences in patient characteristics, conditions, and health-related preferences and still improve population health outcomes.

### 4. Information Enhancements

- Information may be provided with regard to how the PFPM could increase transparency or how the PFPM could incorporate certified electronic health record (EHR) technology.

### 5. Supplemental Information Elements

- Additionally, stakeholders should provide the following essential supplemental information elements:
  - **A description of the anticipated size and scope** of the PFPM with regard to eligible clinicians, beneficiaries, and services.
  - **A description of the burden of disease, illness or disability** on the target patient population.
  - **An assessment of the financial opportunity** for APM Entities, including a business case for how their participation in the PFPM could be more beneficial to them than participation in a traditional fee-for-service Medicare program.

### 6. Information Relevant to Meeting Advanced APM Criteria (as applicable)

- As applicable, proposed PFPMs should include information about whether the stakeholder or individual submitting the proposal believes that the PFPM would meet the criteria to be an Advanced PFPM. (Note: As stated previously, PFPMs may be either Advanced APMs or other APMs.)

### MACRA Resources

[Final Rule](#)

[HIMSS MACRA Resource Center](#)

[HIMSS MACRA Final Rule Executive Summary](#)

[HIMSS MACRA NPRM Fact Sheets](#)

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