

### Value-Based Payment Model Design

Medicare and third-party payers are changing the way in which healthcare services are reimbursed from fee-for-service to a reimbursement structure that considers the cost of services provided and the quality of the care the patient received. This new system of value-based care has manifested itself under the federal healthcare programs (most notably Medicare) in the various demonstration models developed by the Center for Medicare and Medicaid Innovation (CMMI).

CMMI derives its authority to conduct payment demonstration models from the *Patient Protection and Affordable Care Act (ACA)* and has resulted in 80 demonstration models, including:

- Bundled Payments for Care Improvement (BPCI)
- Comprehensive Care for Joint Replacement (CJR)
- Comprehensive Primary Care (CPC) and CPC+
- Pioneer and Next Generation ACO Models

### BPCI Advanced

In January 2018, CMMI and the Centers for Medicare and Medicaid Services (CMS) released the second iteration of the BPCI model, known as BPCI Advanced. BPCI Advanced builds upon the original BPCI by establishing 32 clinical episodes for inclusion in the model. Under this model, episode initiators are allocated a target price that encompasses all claims paid within 90 days of the initial triggering event. If the patient's total Medicare claims during that period are less than the allocated target price, the episode initiator earns a bonus equal to 97% of the difference in the actual claims total and the target price. If the claims total exceeds the target price, the episode initiator must reimburse CMS the overage.

While BPCI Advanced is a significant improvement over fee-for-service reimbursement, stakeholder groups such as professional societies, physician groups, and other stakeholders were excluded from the development of this model and its payment methodologies. Because of this exclusion, numerous issues with BPCI Advanced have been discovered that may adversely impact physician participation in this new model. These issues include the Comprehensive Care for Joint Replacement model taking precedence over the voluntary BPCI Advanced, target pricing payment methodology design, and the model's exclusion of certain Medicare ACO attributed patients. The inclusion of stakeholders in the design of BPCI Advanced and other value-based models, could help optimize provider participation by minimizing the inclusion of these and other problematic policies in model design.

### AAOE Recommends

- **Require CMS and CMMI to publish voluntary demonstration models in the Federal Register subject to public comment.**
- **Empower/require CMS to create a technical expert panel or advisory council composed of physicians and healthcare executives to provide guidance and expertise on demonstration model payment methodology design.**