MGMA
Medical Group Management Association®

ALTERNATIVE PAYMENT MODELS

2023 ISSUE BRIEF

MGMA supports policies that ensure group practices have the choice to move away from fee-for-service and into value-based payment arrangements, such as alternative payment models (APMs). We encourage policies that launch new voluntary APMs for all specialties that are designed to offer participants appropriate support, incentives, reimbursement, and flexibility.

The Medicare Access & CHIP Reauthorization Act (MACRA) was signed into law in 2015 to promote value-based principles. MACRA created two participation options: The Merit-based Incentive Payment System (MIPS) and APMs.

APMs fundamentally change how care is delivered and paid for and require participants to be accountable for patient costs and outcomes. To incentivize and reward participation in APMs, MACRA provides a financial bonus for qualifying participants of 5% of previous year Medicare Part B payments. The bonus was set to expire at the end of the 2022 performance (2024 payment) year. Congress passed a one-year extension of the bonus through the end of 2023, but lowered it to 3.5% instead of 5%.

To receive the bonus, in addition to participation in an eligible APM, a clinician must meet qualifying participant (QP) thresholds by receiving a certain percentage of Medicare payments or seeing a certain percentage of Medicare patients though the APM.

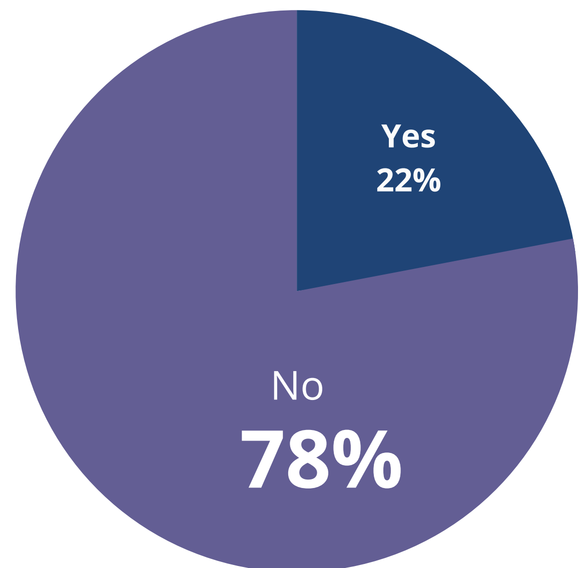
APM DEVELOPMENT

APMs can be developed by the Centers for Medicare & Medicaid Innovation (CMMI) or private sector entities, such as physicians, that submit models for review to the Physician-Focused Payment Model Technical Advisory Committee (PTAC). PTAC evaluates submissions and can recommend them to CMMI for testing.

While PTAC can evaluate and endorse APMs, CMMI has sole responsibility to test and implement APMs and to expand models that meet cost savings and/or quality goals.

CMMI has yet to implement or test any of the models PTAC has recommended, which undercuts the work of the private sector and misses the opportunity to test and offer more APMs. Despite progress to date, there are still too few APMs available, which leaves certain specialties with no participation options and stymies progress toward value-based healthcare reform.

DOES MEDICARE OFFER AN ADVANCED APM THAT IS CLINICALLY RELEVANT TO YOUR PRACTICE?



Source: 2022 MGMA Regulatory Burden Report, Qualifying Payment Program: APMs. October 12, 2022.

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WHO BENEFITS FROM APMs?

Patients: improved care quality, greater care coordination

Payers: enjoy savings generated from more efficient care and better patient outcomes

Providers: rewarded for enhancing care quality for their patients and reducing costs

The movement to a reimbursement system focused on value aligns providers' incentives, payers, and patients by paying providers for delivering cost-effective, quality-driven care, and not simply for increasing the volume of services provided. This realignment of priorities resolves mismatches in a fee-for-service payment system, where payers prefer practitioners who deliver care at a lower cost, patients prefer higher quality care, and practitioners are incentivized, from an economic standpoint, to increase the volume of services without necessary regard to quality or patient outcomes.

ADVOCACY PRIORITIES

- **Support the development of new, voluntary physician-led APMs** that meet the needs of practices of vary types, sizes, and specialties to inherently drive more widespread participation
- **Reinstate the 5% payment bonus for APM participation** beyond the 2025 payment year, for a period of at least six years
- **Ensure CMS has the flexibility to adjust the QP payment threshold** to ensure the criteria to achieve QP status is not set arbitrarily high
- **Provide support for participants** through upfront investments, resources, and tools
- **Design and implement APMs** that provide sufficient supports for group practice participants and appropriate financial incentives and regulatory flexibilities

With a membership of more than 60,000 medical practice administrators, executives, and leaders, MGMA represents more than 15,000 medical groups in which more than 350,000 physicians practice. These groups range from small private practices in rural areas to large regional and national health systems and cover the full spectrum of physician specialties and organizational forms.

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