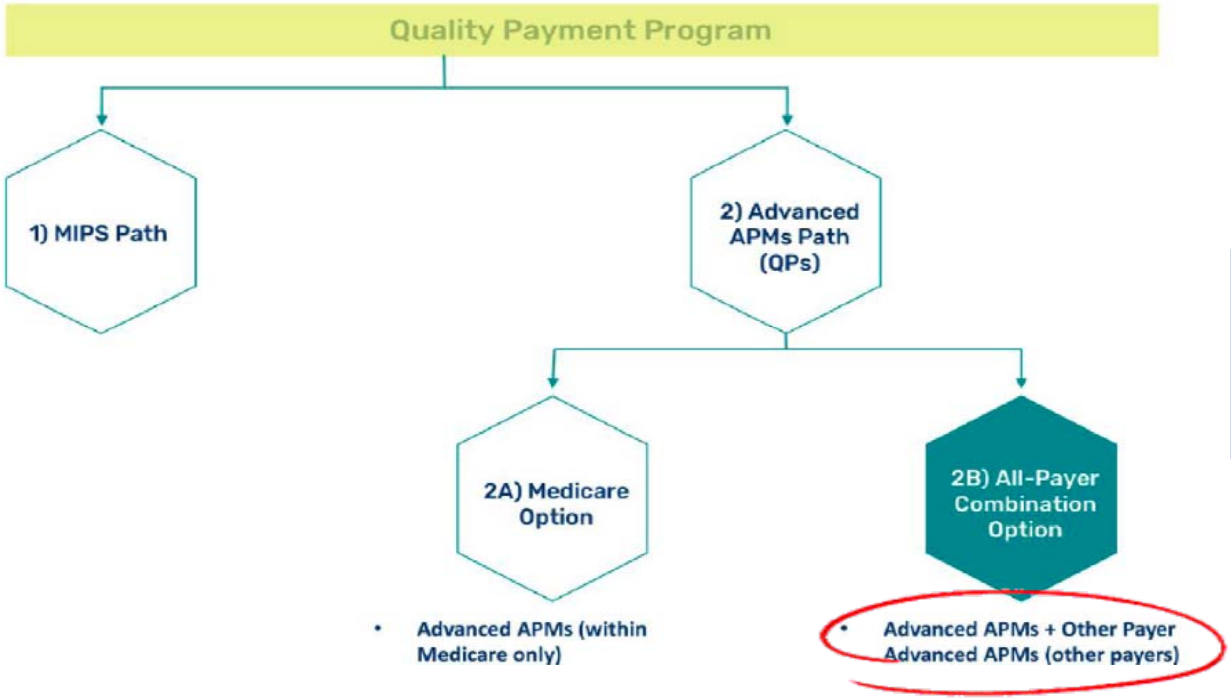
THE ALL-PAYER AAPM COMBO OPTION

Why It Matters

It's Either MIPS or AAPMs – But Not Just Medicare AAPMs



Key Takeaway:
Either way, providers must participate in a Medicare AAPM

To Qualify, Providers Need To Meet Certain Engagement Targets

AAPM Revenue Targets	Minimum Needed 2019	Minimum Needed 2024
Medicare (Part B)	25%	25%
Other Payers (MA, Medicaid, Commercial)	25%	50%
Total	50%	75%

OR

AAPM Patient Targets	Minimum Needed 2019	Minimum Needed 2024
Medicare (Part B)	20%	20%
Other Payers (MA, Medicaid, Commercial)	15%	30%
Total	35%	50%

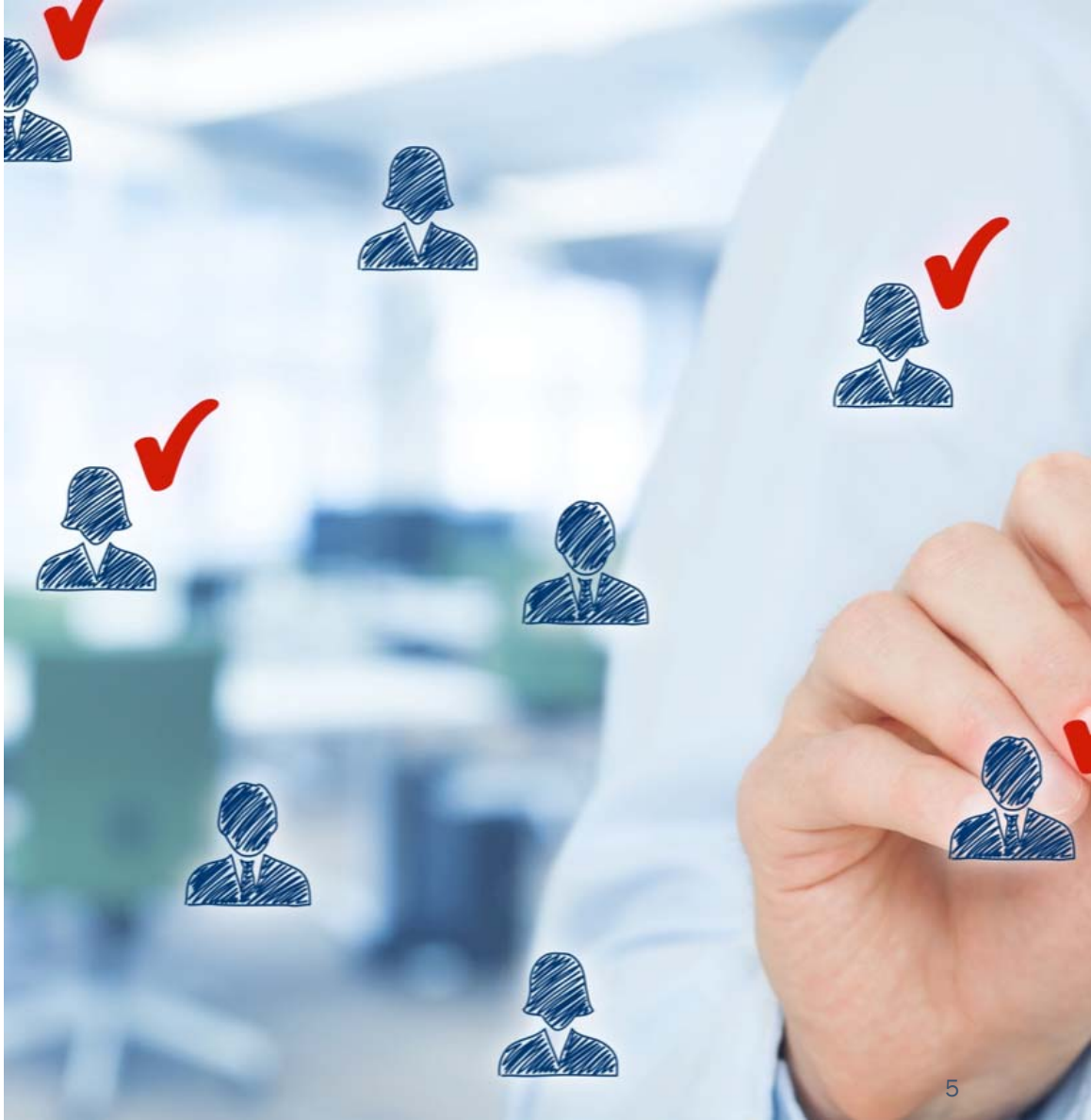
Key Takeaway:
Providers can potentially reduce their exposure on Medicare AAPMs if the Other Payer options are better suited to their practice

Examples

- A provider has a total of $2million in Medicare Part B revenue, and $2million in commercial revenue. $500K is tied to the CJR (or BPCI), or 25% of the total revenue.
  - *An Employer Coalition has a "carve out" for joint replacement bundles in which the provider participates and generates $500K in revenue, or 25% of total commercial revenue.*
  - *The total potential AAPM revenue = 50% of total revenue, and meets the minimum target of Medicare AAPM revenue*
- A provider bills $1million in Medicare Part B claims, $250K of which is tied to an ACO that is in the NextGen program.
  - *A large commercial health plan also has an ACO program and $300K of the provider's $1million in commercial claims is tied to that program*
  - *The total potential AAPM revenue = 55% of total revenue, and meets min Medicare target*

APM Requirements To Be An AAPM

1. Demonstrated use of certified HER technology on a certain percent of non-Medicare patients
2. Gains are conditional on performance on certain quality measures, consistent with MIPS, with one being outcome-based
3. Has downside risk



AAPM Downside Risk Is Clearly Defined

- The provider's share of downside has to be at least 30% of total losses
- Downside risk has to kick in when losses exceed 4% of total, but can also kick in right away
- Total potential losses have to be at least equal to 8% of total provider revenues from the payer sponsoring the APM

- The operational implementation of the downside risk must be done using at least one of the following:
  - *Instituting a withhold*
  - *Zero-paying claims once the target budget has been reached*
  - *Reducing future payments*
  - *Getting a check from the provider*

Key Takeaway:
If a provider has $1million in revenue from a commercial payer, total **potential** losses must at least equal $80K

Why Bother?

Making it into the AAPM track means a 5% straight bonus on all Part B non-AAPM revenue for the provider.

	AAPM	FFS	Total
Medicare	$500K	$1.5million	$2 million
Commercial	$500K	$1.5miilion	$2 million
Total	$1 million	$3 million	$4 million

Commercial APM risk model:

- Total targeted price for episode = $30K/episode
- Total potential episodes = 200
- Provider current revenue from episodes = $500K
- Aggregate target price of episodes = $6million
- Per episode stop loss set at $50K, and aggregate stop loss at $1 million
- Risk sharing = 70% upside and 30% downside
- Quality measures include infection rates and readmissions and 10 process measures

Results:

- Provider made $250K on commercial AAPM
- Provider got $75K Medicare FFS bonus

What Must Payers Do To Have Their APMs Qualified As AAPMs

- Submit form to CMS by due date:
  - *June 1 for commercial payers*
  - *April for MA plans (along with their normal plan bids)*
  - *April for States on behalf of their Medicaid MCOs*
- Forms must include TIN-NPI of participating providers as well as elements of the contract that cover the risk arrangements (note that some of the information would be protected by CMS and not made public – e.g. target prices)
- Maintain records for 6 years and submit yearly
- One form for all lines of business other than MA or Medicaid

Key Takeaway:
Yes, it's a pain, but a clear win for network providers with few palpable Medicare AAPM options

Some Important Considerations

- It's too late for the 2019 Performance Period, but payers and providers should get ready for January 2019
- Everyone is complaining about the lack of speed with which we're moving to downside risk arrangements – here's a clear path with a built-in mechanism (the FFS bonus) to mitigate losses in addition to simply doing a better job managing patients
- Downside risk is actually over estimated in almost all deals – very few providers have lost any money on commercial APMs

QUESTIONS ?