



# CMS Innovation and Health Care Delivery System Reform



*Patrick Conway, M.D., MSc*

*Acting Principal Deputy  
Administrator, Deputy  
Administrator for Innovation and  
Quality and Chief Medical Officer*

*Center for Medicare and Medicaid*

*June 18, 2015*

# Better.Smarter. *Healthier.*

So we will continue to work across sectors and across the aisle for the goals we share: *better care, smarter spending, and healthier people.*

# Delivery System Reform requires focusing on the way we pay providers, deliver care, and distribute information

“



*Improving the way providers are incentivized, the way care is delivered, and the way information is distributed will help provide better care at lower cost across the health care system.*

## FOCUS AREAS

Pay  
Providers

Deliver  
Care

Distribute  
Information

# During January 2015, HHS announced goals for value-based payments within the Medicare FFS system

## Medicare Fee-for-Service

**GOAL 1:** **30%** 

Medicare payments are tied to quality or value through **alternative payment models (categories 3-4)** by the end of 2016, and 50% by the end of 2018

**GOAL 2:** **85%** 

Medicare fee-for-service payments are **tied to quality or value (categories 2-4)** by the end of 2016, and 90% by the end of 2018



### STAKEHOLDERS:

Consumers | Businesses  
Payers | Providers  
State Partners



Set **internal** goals for HHS



Invite **private sector** payers to match or exceed HHS goals

### NEXT STEPS:

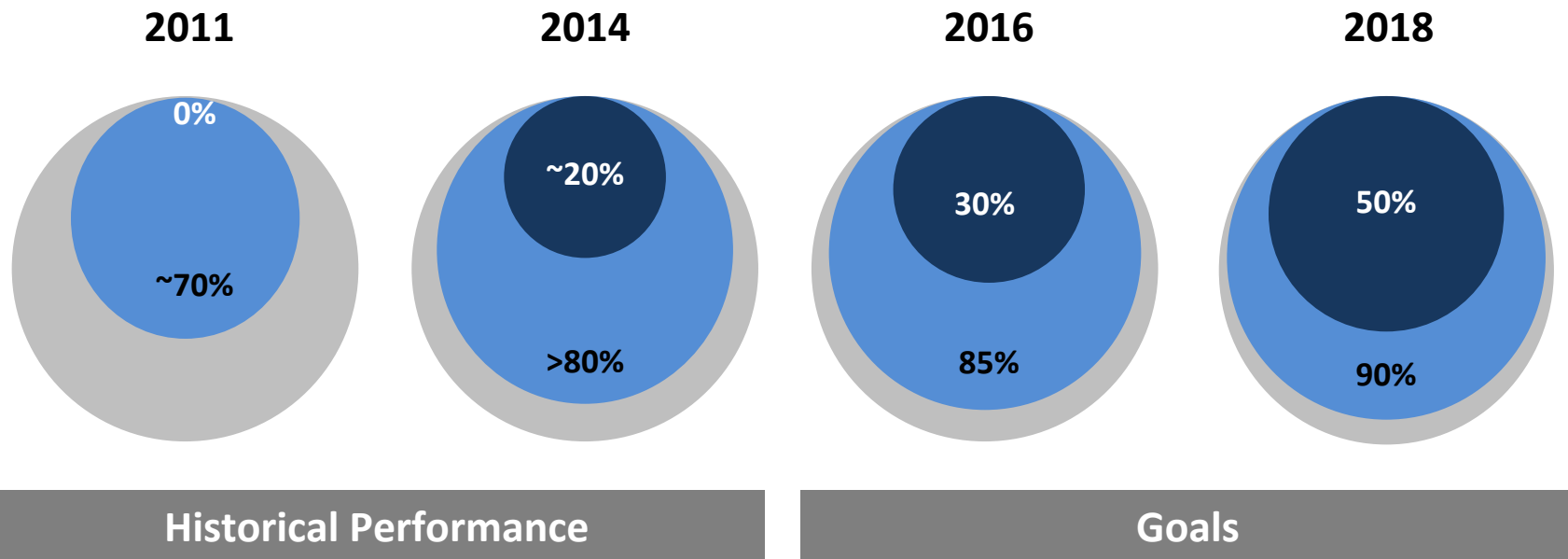


Testing of new models and expansion of existing models will be critical to reaching incentive goals

Creation of a Health Care Payment **Learning and Action Network** to align incentives for payers

# Target percentage of payments in 'FFS linked to quality' and 'alternative payment models' by 2016 and 2018

- Alternative payment models (Categories 3-4)
- FFS linked to quality (Categories 2-4)
- All Medicare FFS (Categories 1-4)



# Achieving the Goals

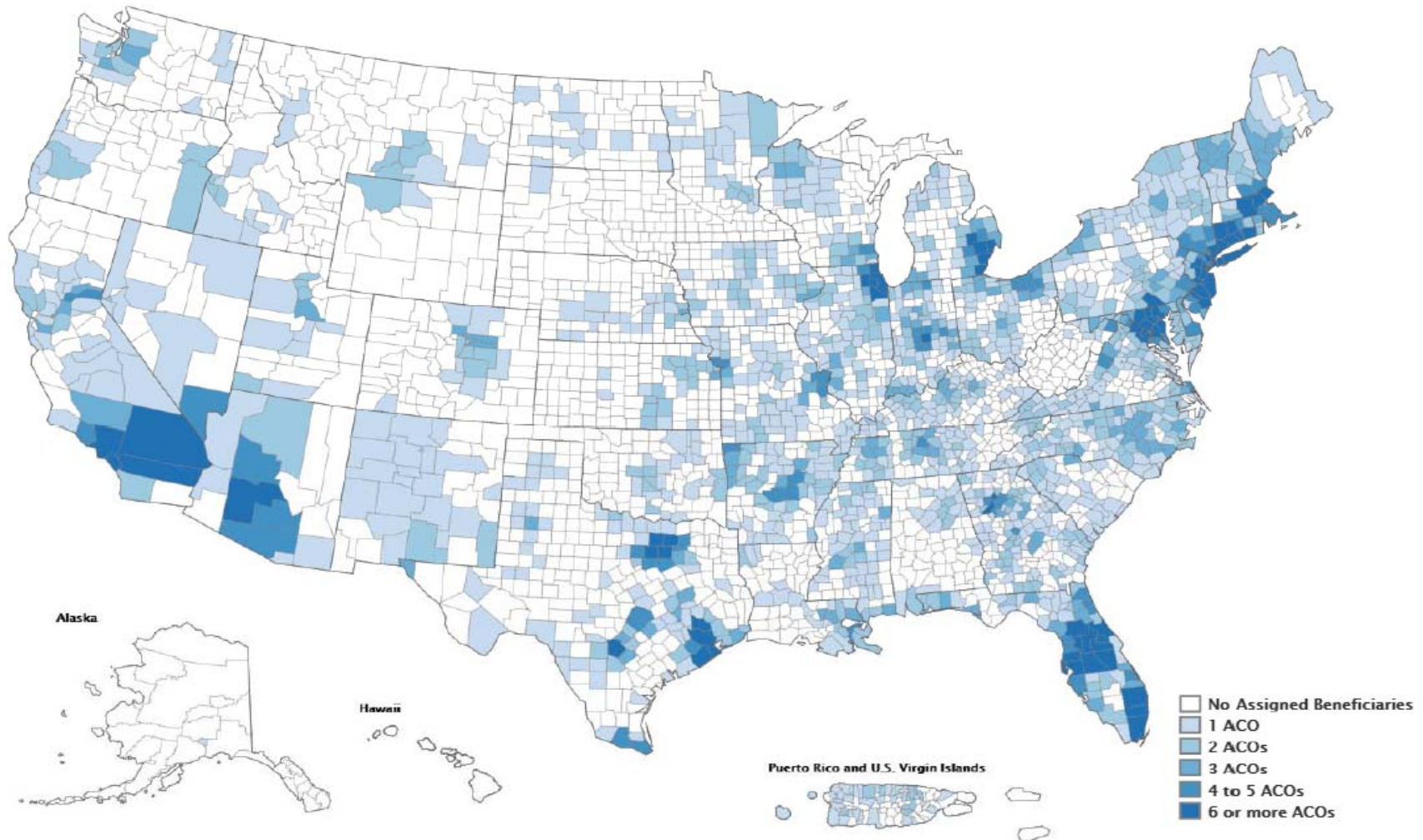
- **Accountable Care Organizations (ACO)**
  - Pioneer ACO Model
  - Next Generation ACO Model
  - ESRD ACO Initiative
  - Advance Payment Model
  - ACO Investment Model
  - Medicare Shared Savings Program – 3 Tracks
- **Value-Based Purchasing / Value-Based Modifier**
- **Medicare Advantage / Medicare Part D**

# ACOs - Participation is Growing Rapidly

- **More than 400 ACOs participating in the Medicare Shared Savings Program**
- **Almost 8 million assigned beneficiaries in 49 states, plus D.C. and Puerto Rico**
- **Proposed MSSP rule seeks to build on this momentum.**

# ACO Participation

## ACO-Assigned Beneficiaries by County



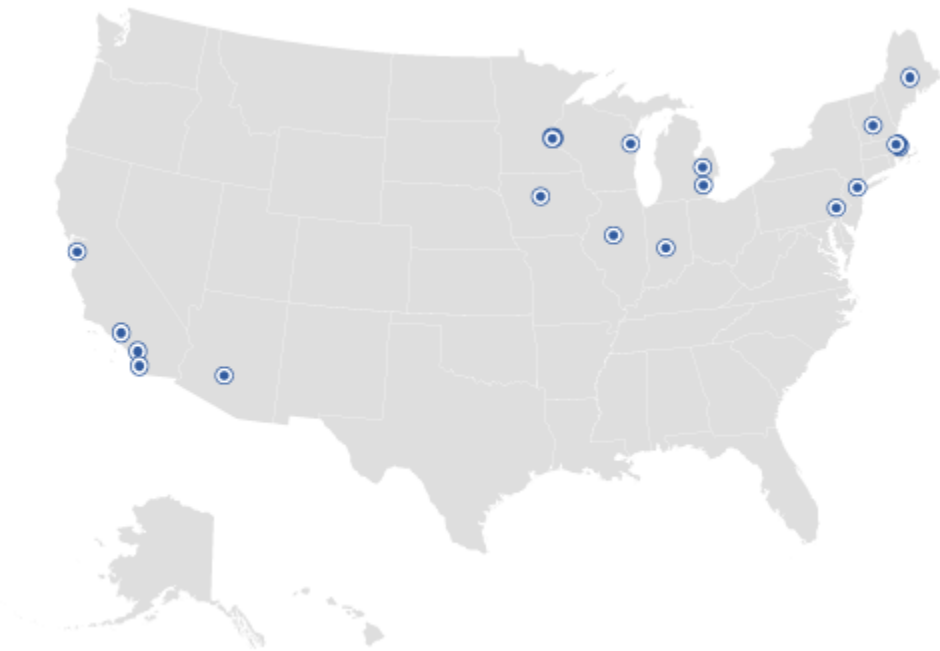


# Pioneer ACO Model

- **Among CMMI's first demonstrations – began January 2012**
- **Prospectively aligns beneficiaries**
- **PY1 and PY2 - Shared savings payment arrangement with higher levels of savings and risk than in the Shared Savings Program.**
- **PY3 - Organizations that earned savings in past 2 years were eligible to move to a population-based payment arrangement and full risk arrangements**
- **Benefit Enhancements:**
  - 1) **3-day Skilled Nursing Facility Rule Waiver**
  - 2) **Voluntary Alignment - A process that allows beneficiaries to confirm their care relationship with ACO providers**

# Pioneer ACO Model

- 19 ACOs currently participating
- Model in its 4<sup>th</sup> of 5 performance years
- \$400M saved in first two performance years
- OACT Certification



Source: Centers for Medicare & Medicaid Services

# Pioneer ACO Quality Results

- The mean quality score among Pioneer ACOs increased from 71.8 percent in 2012 to 85.2 percent in 2013.
- The organizations showed improvements in 28 of the 33 quality measures, including 6 of 7 patient experience measures
- High level of baseline quality that improved

# Next Generation ACO Model

- **Protect Medicare FFS beneficiaries' freedom of choice**
- **Create a financial model with long-term sustainability**
- **Use a prospectively-set benchmark that:**
  - **Rewards quality;**
  - **Rewards both attainment of and improvement in efficiency; and**
  - **Ultimately transitions away from updating benchmarks based on ACO's recent expenditures**

# Next Generation ACO Model

- **Offer benefit enhancements that directly improve the patient experience and support coordinated care**
- **Allow beneficiaries a choice to remain aligned to the ACO**
  - **Mitigates fluctuations in aligned beneficiary populations**
  - **Respects beneficiary preferences**
- **Smooth ACO cash flow and improve investment capabilities through alternative payment mechanisms**
- **Focus on quality indicators across the spectrum of care**

# Financial Goals and Opportunities

## Goals:

- **Increased ACO financial risk**
- **Long-term fiscal sustainability**
- **Benchmark predictability and stability**

## ACO Opportunities:

**1) Greater financial risk coupled with a greater portion of savings; and**

**2) Flexible payment options that support ACO investments in care improvement infrastructure to provide high quality care to patients.**

# Beneficiary Engagement Overview

- **Encourage greater care coordination and closer care relationships between the ACO and beneficiaries by:**
  - **Supporting meaningful discussions and considerations about care through the voluntary alignment process**
  - **Enhancing services beneficiaries can receive from ACOs.**
  - **Offering a coordinated care reward directly from CMS for beneficiaries seeking care from Next Generation Providers/Suppliers, Preferred Providers, and Affiliates**

# Advance Payment Model

**Provides participants in the Shared Savings Program (SSP) with advance payments that will be recouped from the shared savings they earn**

- Supports infrastructure investments**
- Focus is on physician-led ACOs and smaller, rural providers**



# Vision for Future

- Tracks of ACOs that allow providers to migrate based on tolerance for risk and model design features
- Increased direct engagement of beneficiaries
- Continued exploration of waivers that enable higher quality and lower costs
- ACO model grows over time, delivers results, and we continue to learn
- Multi-payer alignment
- Participation in ACOs and alternative payment models are key to provider success and better outcomes for patients

## Contact Information

**Patrick Conway, M.D., M.Sc.**  
**CMS Acting Principal Deputy Administrator and**  
**CMS Chief Medical Officer**  
**410-786-6841**  
**[patrick.conway@cms.hhs.gov](mailto:patrick.conway@cms.hhs.gov)**