April 19, 2017

TRUMPED-UP HEALTHCARE

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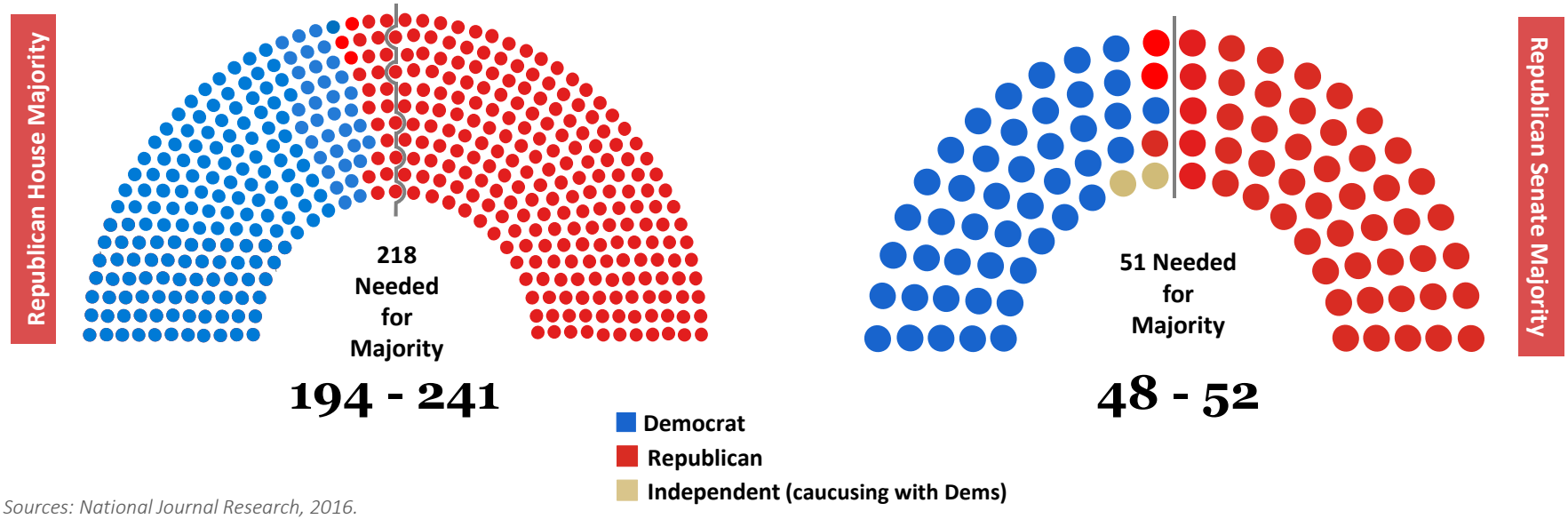
Agenda

- Trump and AHCA
- Federal Economic Reform
- Merit-Based Incentive Payment System
- Advanced APMs
- IT Industry Response
- Questions

The Politics

- 2018 Mid-Term Election Season → Earlier positioning than usual
- Normal Trend → President's party tends to lose positions in mid-terms

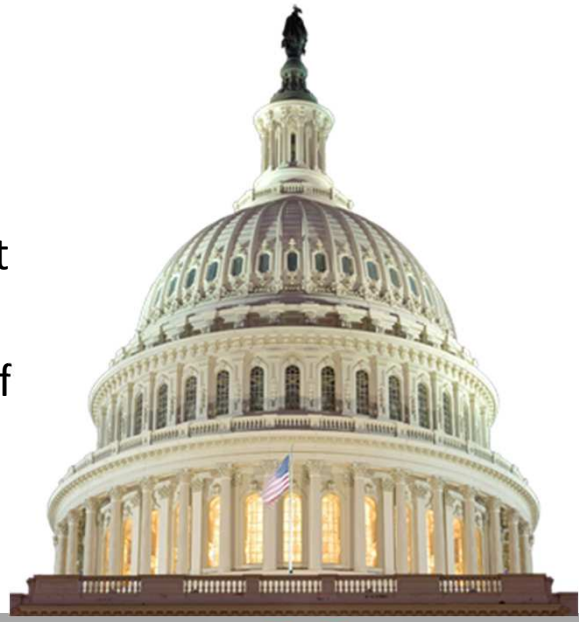
115th Congress (2017-2018)



Sources: National Journal Research, 2016.

The Politics

- **Eyes turned to Senate over next 21 months**
  - 3-seat net gain needed by Dems for 2019 majority
  - BUT, Dems defending 25 seats, Repubs defending only 8
  - GOP seats appear stable
  - Dems working hard to hold onto MO, MT, IN, ND
- **House elections**
  - Not much change expected
  - Dems rely on younger/minority voters → tend to sit out mid-terms
  - 3 Vacant seats to fill → Becerra (AG in CA), Price (Sec. of HHS), and Pompeo (CIA Director)



2017 Legislative/Regulatory Agenda

Trump Administration FY 2018 Budget Outline

Annual CMS Rulemakings (e.g., QPP, IPPS, PFS, OPPS, PFS) (April - September)

Debt Ceiling (late summer/early fall)*

CHIP Reauthorization (Expires Oct. 1, but state budgets begin 7/1/17)* - shorter extension could be included in reconciliation

CR FY 2017 Government Funding (April 28)*

PDUFA (and other UFA) Reauthorizations (Expire Oct. 1)*

Trump FY2018 Budget: 3/14

Medicare Extenders (Expire Oct. 1/Jan. 1)*

ACA Repeal and Repair (Reconciliation) – Two Reconciliation bills: first, FY 2017; then FY 2018 Reconciliation

Tax reform

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec

First 100 Days: Exec. Orders, Supreme Court nomination, Joint Session 2/28

Cabinet Nomination Senate Hearings

* "Must Pass" legislation

Source: Alston & Bird

Trumped-Up Healthcare

- **Interested in regulatory relief**
  - Regulatory freeze, Regulatory Reform Task Forces
  - "2 for 1" Executive Orders
  - Congressional Review Act → Planned Parenthood funding
- **Agency unilateral reg. action / non-enforcement**
  - IRS → Not checking taxpayer acknowledgement of coverage on tax forms
  - HHS proposed rule → Stabilize exchange thru incentives for insurers
  - Potential → Narrowing of essential health benefits, limits/ elimination of HRSA women's preventive services, expanded Hobby Lobby exemption re: contraceptives

Source: Alston & Bird

Trumped-Up Healthcare

- **AHCA (HR 1628)** → **House Vote Cancelled**
  - Trump ultimatum Friday a.m. → "Pass or Obamacare lives on"
  - Dissent among moderates and far right conservatives
  - Manager's amendments 3/23/2017 → attempt to win support
- **GOP Repeal** → **Agreed**; Replace? Repair?
- **Lack of Provider support** → AHA, AMA, MGMA
- **Move to other issues?** E.g., Tax reform, immigration
- **Speaker Ryan** → Sec. Price can help stabilize = expect policy / regulatory modifications

Trumped-Up Healthcare

- **President Donald Trump**
  - **For** → Affordable, accessible, and innovative care
  - **Against** → Government forced coverage, healthcare increases under Obamacare
- **Result: Payment *Innovations* <u>Will Continue</u>**
  - Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) is Bipartisan, Bicameral
  - Mandates traditional Medicare provider payment reform
  - However, **less prescriptive** from federal government

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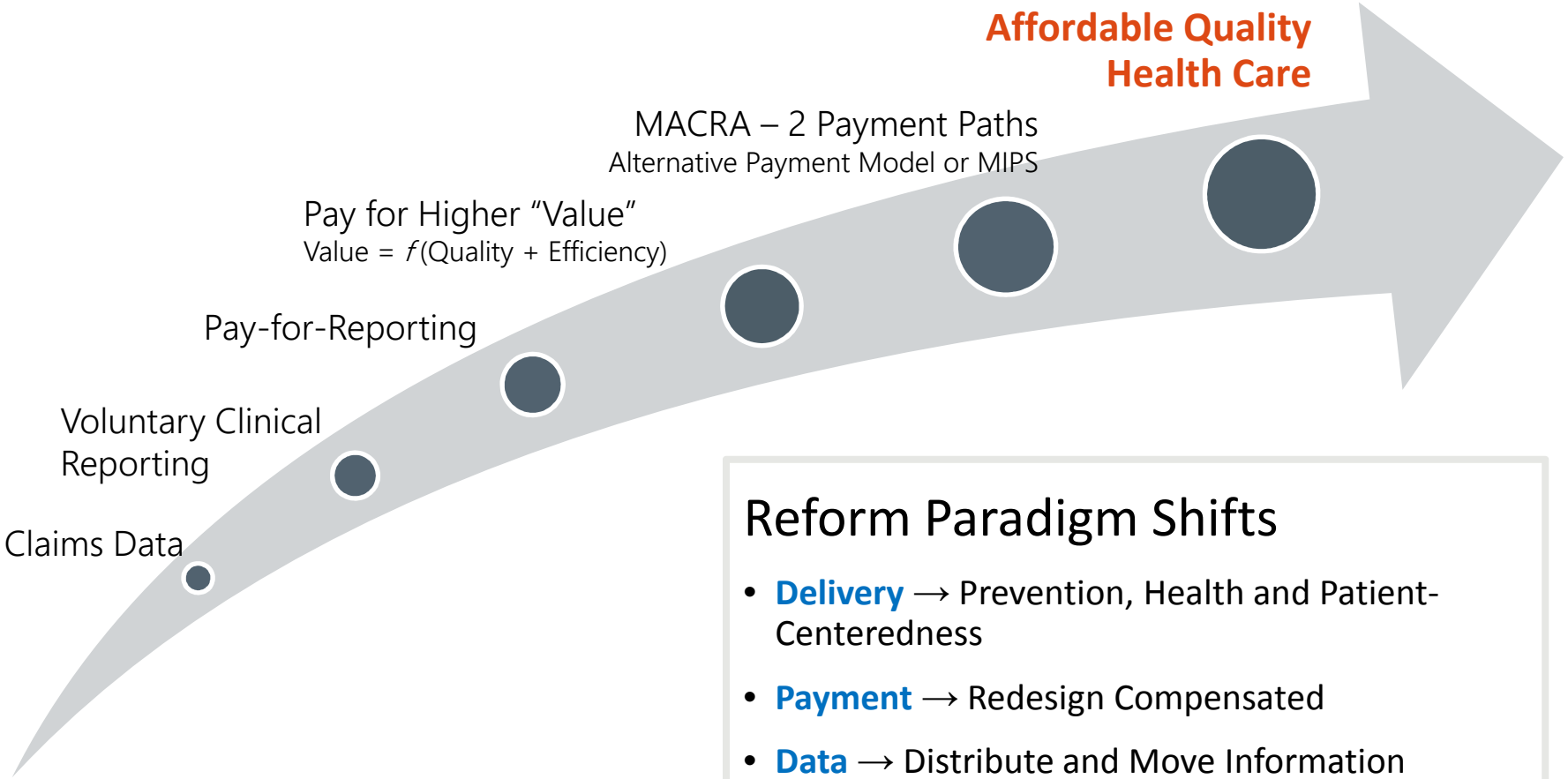
Federal Economic Reform



Reform Paradigm Shifts

- **Delivery** → Prevention, Health and Patient-Centeredness
- **Payment** → Redesign Compensated
- **Data** → Distribute and Move Information

Administrative Policymakers

- **Secretary Tom Price, MD**
  - GOP Rep from GA since 2005 → Former chair of House Budget Committee
  - Orthopedic surgeon by education
  - Penned GOP "replace" plan and full Medicaid expansion repeal

- **CMS Administrator Seema Verma**
  - Owner/CEO of SVC, Inc. → IN health policy consulting firm
  - Helped design Medicaid expansion waivers in IN, IA, OH, KY

Industry Economic Trends

MACRA – MIPS

- 676,722 clinicians $199-$321 million in ± adjustments
- $500 million in "exceptional perform."

MACRA – Advanced APMs

- 70,000-120,000 clinicians in 2019
- $333-$571 million APM incentives

CMS Policy

- Mandatory Bundles → Ortho and Cardio

Aetna

- Merck – Januvia and Janumet rebates for T2DM
- Driven by treatment outcomes

Cigna

- Sanofi and Amgen – Praluent and Repatha – Cholesterol PCSK9 inhibitors ~ $14K/year
- Discounts linked to LDL reduction benchmarks

2017 High Target Drugs

- Hep C and Oncology therapies

BCBS Plans VBP

- 350 Programs in 49 States for > 24 million members
- > 155,000 PCPs, and > 60,000 SCPs
- 37 Plans
  - 237 ACOs in 41 states and DC – 93,000 MDs
  - 63 PCMH initiatives in 48 states, DC and Puerto Rico

UnitedHealth Group

- Category 2 P4P rewards → 1,900 PCPs
- $148 million in bonuses

Medicare Advantage

- Seeking data on 4 categories of VBP
- VBID model 2017 → 5 years in 7 states; 2018 → 5 years in 3 states

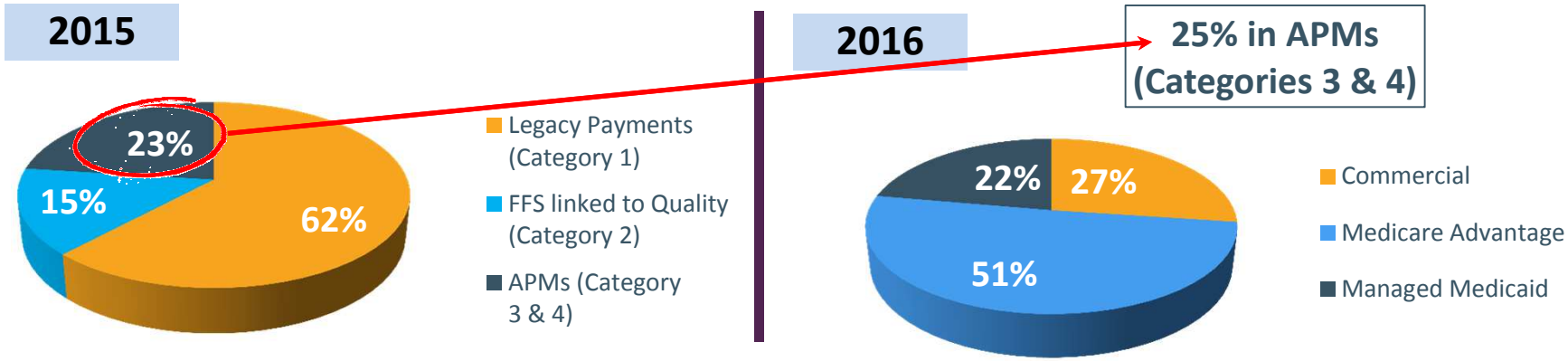
Managed Medicaid

- 5 state approaches
  - MCOs use state developed VBP model
  - % of payments must be VBP
  - Evolving VBP over years
  - Multi-payer VBP alignment
  - State approved VBP pilots

Sources: CMS MACRA Final Rule; Forbes UHC Article, Aug. 4; Aetna Press Release, Oct 11, 2016; Fortune, Jun 21, 2016; BCBS Press Release, Mar. 2015; MA Call Letter; CHCS Brief, Feb. 2016

Private APM Adoption & Growth

- **2016 Public and Private National Health Plan Survey**
- **Participants** → > 128 million Americans, ~ 44% of Market
  - Commercial → 26 health plans, 90 million lives, 44% of market
  - Medicare Advantage → 23 health plans, 10 million lives, 58% of MA market
  - Managed Medicaid → 28 health plans and 2 states, 28 million lives, 39% of Medicaid



Medicare Access & CHIP Reauthorization Act

- MACRA enacted April, 2015 → Final Rule Oct. 2016
- Bipartisan, Bicameral Medicare Cost Containment law
- Mandates 2 Medicare VBP Provider Payment Paths:
  - **Merit-based Incentive Payment System (MIPS)** – Payment differentially based on measures of Quality & Value
  - **Advanced Alternative Payment Models (APMs)** – Risk-based contracting with Providers for defined services
- Performance begins 2017 for statutory effective date Jan. 2019

MACRA 2018 Proposed Rule

- **OMB received proposed rule last week**
- Industry hoping for transition year repeat in 2018
- Final rule expected in Fall → No time to prepare / position
- Note: Mandatory cardiac / ortho bundles delayed, not abandoned

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MACRA By the Numbers

- **95** – Pages long
- **31** – "Reasonable Cost Reimbursement"
- **18** – Risk
- **27** – EHR or Technology to Manage, **Measure** and Report
- **8** – Meaningful Use
- **38** – Quality **Measures**
- **19** – Resource Use or Efficiency
- **171** – **"Measures"** or **"Measurement"**
- **103** – **Data**

Categories of Value-Based Payment

You Are Here

Category 1
FFS No Link to Quality & Value

1. Pay for Infrastructure & Operations
2. Pay-for-Reporting
3. Pay-for-Performance
4. Performance Rewards and Penalties

Category 2
FFS Linked to Quality & Value

1. Alternative Payment Models (APMs) with Upside Gainsharing
2. APM with Upside Sharing & Downside Risk

Category 3
Alternative Payment Built on FFS Architecture

1. Condition-Specific Population-Based Payment
2. Comprehensive Population-Based Payment

Category 4
Population-Based Payment (PBP)

Advancing Provider Alignment Creates Data and Operational Complexities

Source: HHS Health Care Payment Learning & Action Network, Financial Benchmarking White Paper, Feb. 2016

Predominant Payment Reform Models

FFS + Quality Measures

- Medical Home Incentives
- Care Management Fees
- Value-Based Payment Modifier (VBPM)
- Pay-for-Performance/Incentives

Category 2

Risk-Bearing

- Shared-Savings with PCMH / ACOs
- Accountable Care Organizations
- Bundled Payments

Category 3

- Episodes of Care Groupers
- Full/Partial Capitation + Performance

Category 4

MACRA

FFS + Quality Measures

- Medical Home Incentives
- Care Management Fees
- Value-Based Payment Modifier (VBM)
- Pay-for-Performance/Incentives

- Shared-Savings with PCMH / ACOs

Risk-Bearing

- Accountable Care Organizations
- Bundled Payments

- Episodes of Care Groupers
- Full/Partial Capitation + Performance

Merit-Based Incentive Payment System (MIPS)
(2017 Perform, 2019 Payment)

Category 2

Advanced APM (A-APM)

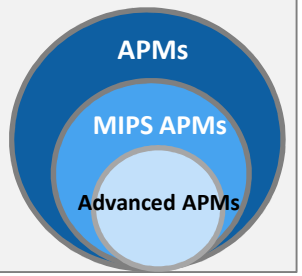
Category 3

Category 4

MACRA
Quality Payment Program (QPP)

2017 Transition Year

Options	1 MIPS – Penalty Avoidance	2 MIPS – Delayed Start	3 MIPS – Ready to Go	4 Advanced Alternative Payment Model
Requirements	**Submit by Mar. 31, 2018** – 90 days of data between Jan. 1 and Oct. 2, 2017 – 1 Quality Measure, – 1 Clinical Practice Improvement Activity, or – 5 required Advancing Care Information measures	**Submit by Mar. 31, 2018** – 90 days of data between Jan. 1 and Oct. 2, 2017 – > 1 Quality Measure, – > 1 improvement activity, and/or – > 5 required Advancing Care Information measures	**Submit by Mar. 31, 2018** – "Full Year" of data – 6 Quality Measures (1 outcome) – MIPS APM Groups report 15; – 4 improvement activities; or 2 for small, rural, HPSA or non-patient facing – Required or up to 9 of advancing care information measures	**Significant portion of Medicare patients or payments** – Qualified Participant (QP) determination "snapshot" and inclusive – Driven by patient or pay thresholds



CMS, Medicare Program; Merit-Based Incentive Payment System (MIPS) and Alternative Payment Model (APM) Incentive under the Physician Fee Schedule, and Criteria for Physician-Focused Payment Models, Final Rule, Released to Office of Federal Register, October 14, 2016

MIPS Composite Performance Score

Performance Year / Application Year	Quality Measures	Resource Use or Cost	Improvement Activities	Advancing Care Information
Description	*Replaces CMS Physician Quality Reporting System (PQRS)*	*Replaces ACA Value-based Payment Modifier*	*New category of measurement; Medical Homes and NCQA PCSR receive full credit; 93 activities available*	*Replaces CMS EHR Incentive Programs f/k/a Meaningful Use;*
Reporting Methods	*Claims, CSV, Web Interface (for group reporting), EHR, Qualified Clinical Data Registry (QCDR)*	*Claims*	*Attestation, QCDR, Qualified Registry, EHR Vendor*	*Attestation, QCDR, Qualified Registry, EHR Vendor, Web Interface (groups only)*
2017 / 2019	60%	0%*	15%	25%
2018 / 2020	50%	10%	15%	25%
2019 / 2021	30%	30%	15%	25%

**Measured for feedback only in 2017*

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MIPS – CPS Payment Adjustments

- **Positive / Negative adjustments are CMS budget neutral**
- Scoring → "Points" earned under each category, 0-100 points
- Eligible Clinicians (ECs) → perform all or none of categories
- **ECs performing none** → Composite Performance Score (CPS) of zero and subject to maximum negative adjustment

2017

Final Score Points	MIPS Adjustment
0.0 – 0.75	Negative 4 percent
0.76 – 2.9	Negative MIPS payment adjustment > -4.0% and < 0.0% on a linear sliding scale
3.0	0.0% adjustment
3.1 – 69.9	Positive MIPS payment adjustment > 0.0% to 4.0% x a scaling factor to preserve budget neutrality, on a linear sliding scale
70.0 – 100	Positive MIPS payment adjustment of 4.0% AND additional MIPS bonus for "exceptional performance" of 0.5 percent to 10.0% on a linear sliding scale x scaling facture

CMS, Medicare Program; Merit-Based Incentive Payment System (MIPS) and Alternative Payment Model (APM) Incentive under the Physician Fee Schedule, and Criteria for Physician-Focused Payment Models, Final Rule, Table 31, Released to Office of Federal Register, October 14, 2016

CMS Resources

Help!

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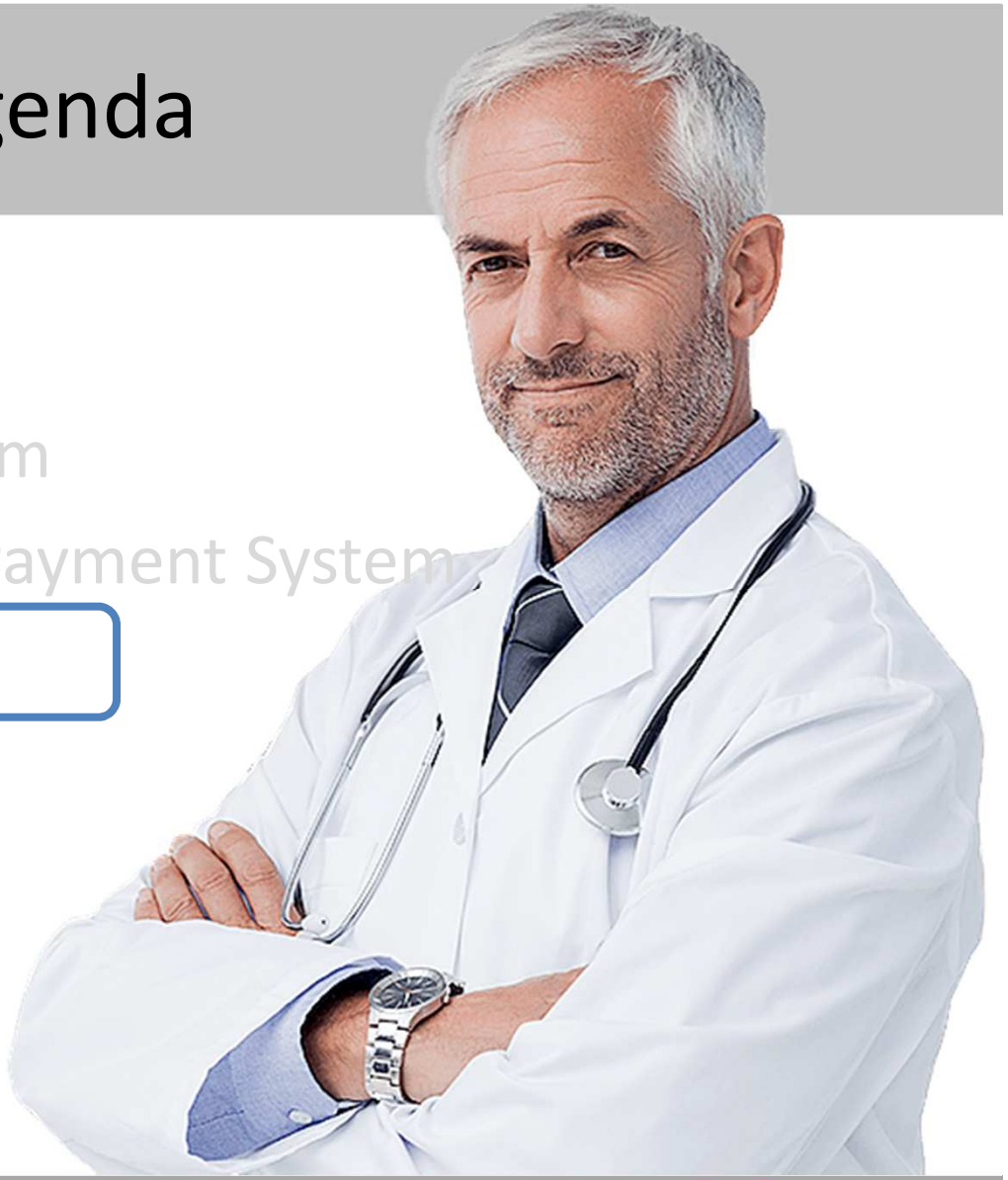


CMS APM vs. A-APM

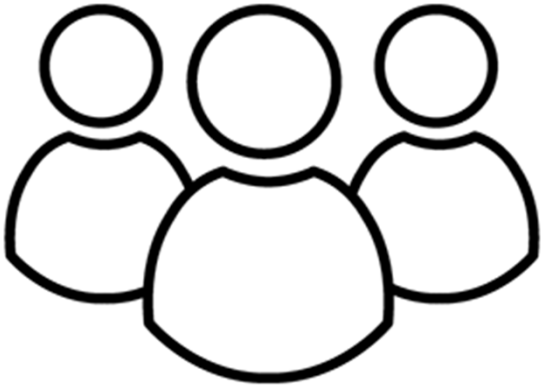
CMS Alternative Payment Model (APM)

CMS Advanced Alternative Payment Model (A-APM)

There is a difference!

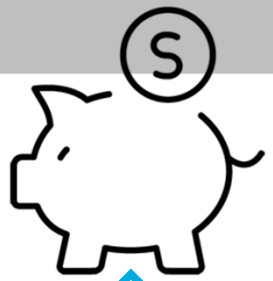
2-Part Qualifier For A-APMs

1 Nominal Risk Standard



2 Volume Threshold

Financial Rewards



- **Advanced APM**
  - APM-specific Rewards
  - Lump sum incentive of 5% of Medicare payments
  - Qualified Participants (QPs) not subject to MIPS

- **Non-advanced APM or MIPS APM**
  - APM-specific Rewards
  - MIPS Opt-In – Collective Scoring
    - Clinicians Scored Individually
    - Scores averaged across APM
    - Average score applied to all APM clinicians subject to MIPS
  - MIPS Opt-Out – No Scoring

- **Not in APM**
  - MIPS Rewards (or penalties)

Earning more than fee schedule

Advanced Alternative Payment Models

- **A-APMs specifically included in Performance Year (PY) 2017**
  - Medicare Shared-Savings Programs (MSSP) – Tracks 2 and 3
  - Next Generation ACO Model
  - Comprehensive ESRD Care (CEC)
  - Comprehensive Primary Care Plus (CPC+) → **"Advanced Medical Home Model"**
  - Oncology Care Model (OCM) – 2-sided risk starts in 2018
- **A-APMs for PY2018**
  - MSSP Track 1+ → New model; details to come
  - Medicare Episode Based Payment Model → Proposed only

HR 2, 114th Congress, Medicare Access and CHIP Reauthorization Act, https://www.congress.gov/bill/114th-congress/house-bill/2/text
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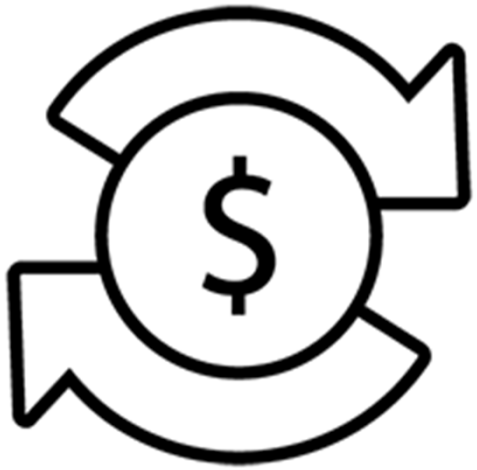
Advanced Alternative Payment Models

- **A-APMs included in PY2019**
  - Approved commercial contracts with sufficient risk
  - Medicare Advantage
- **Physician-Focused Payment Model Technical Advisory Committee (PTAC)** → 11-member MACRA established advisory committee, reviews/recommends APM models to HHS



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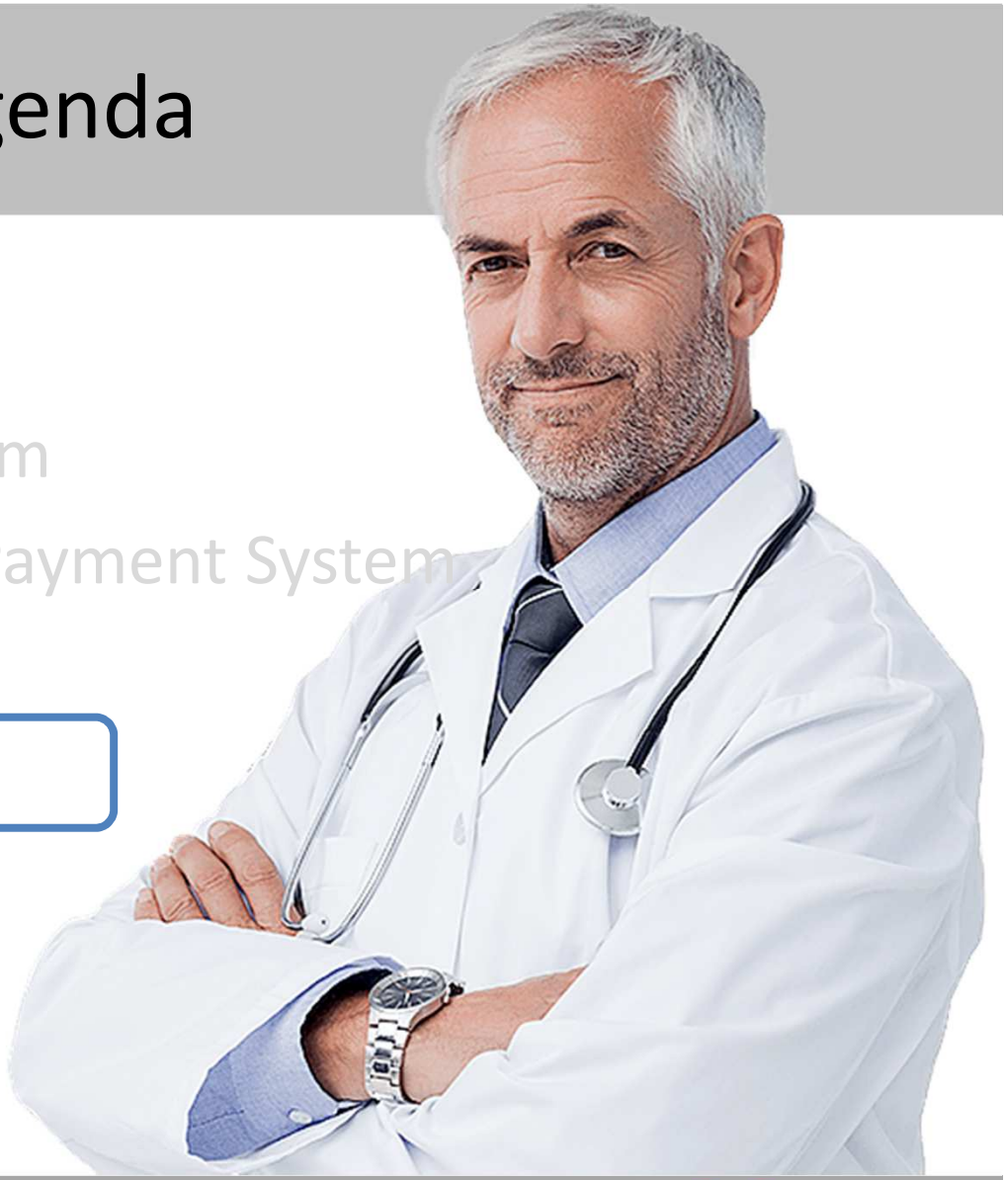
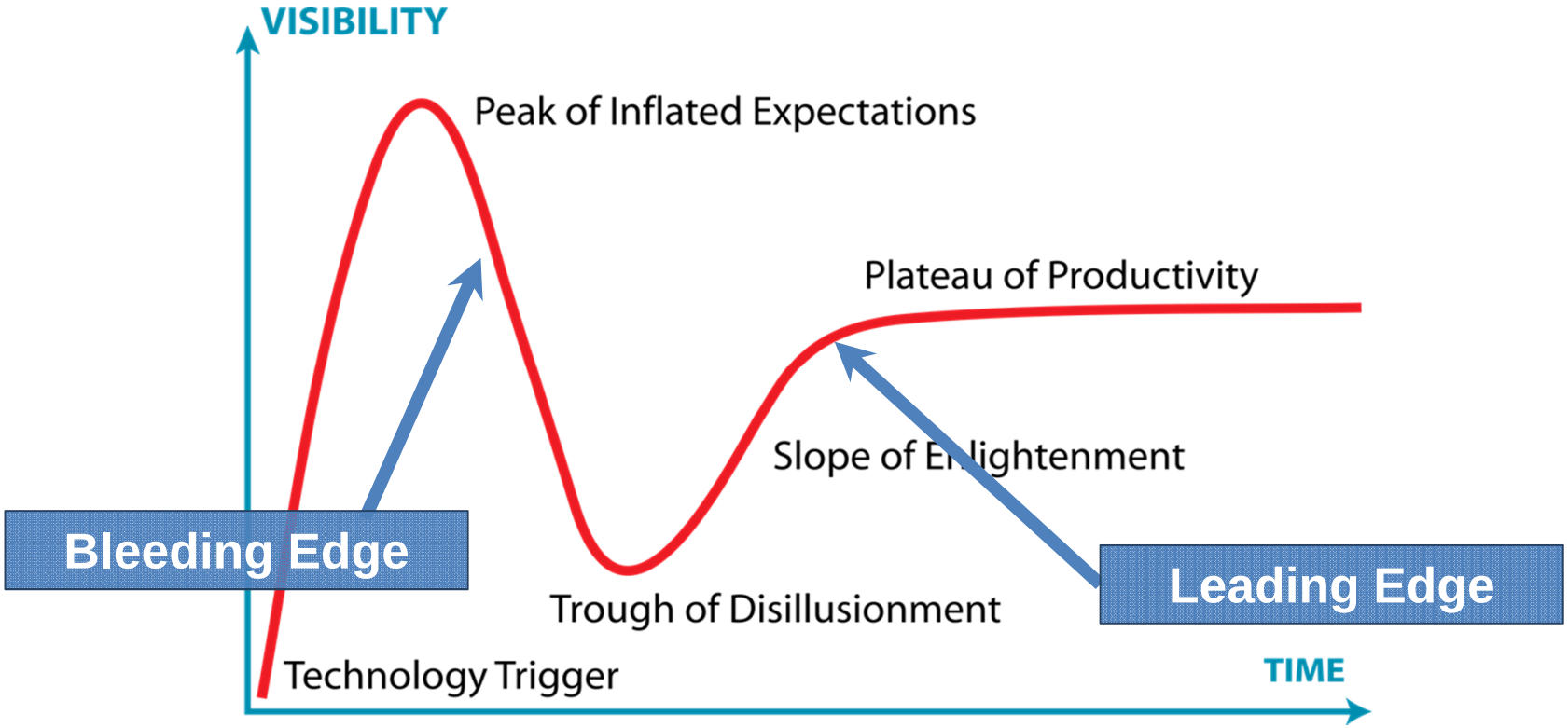
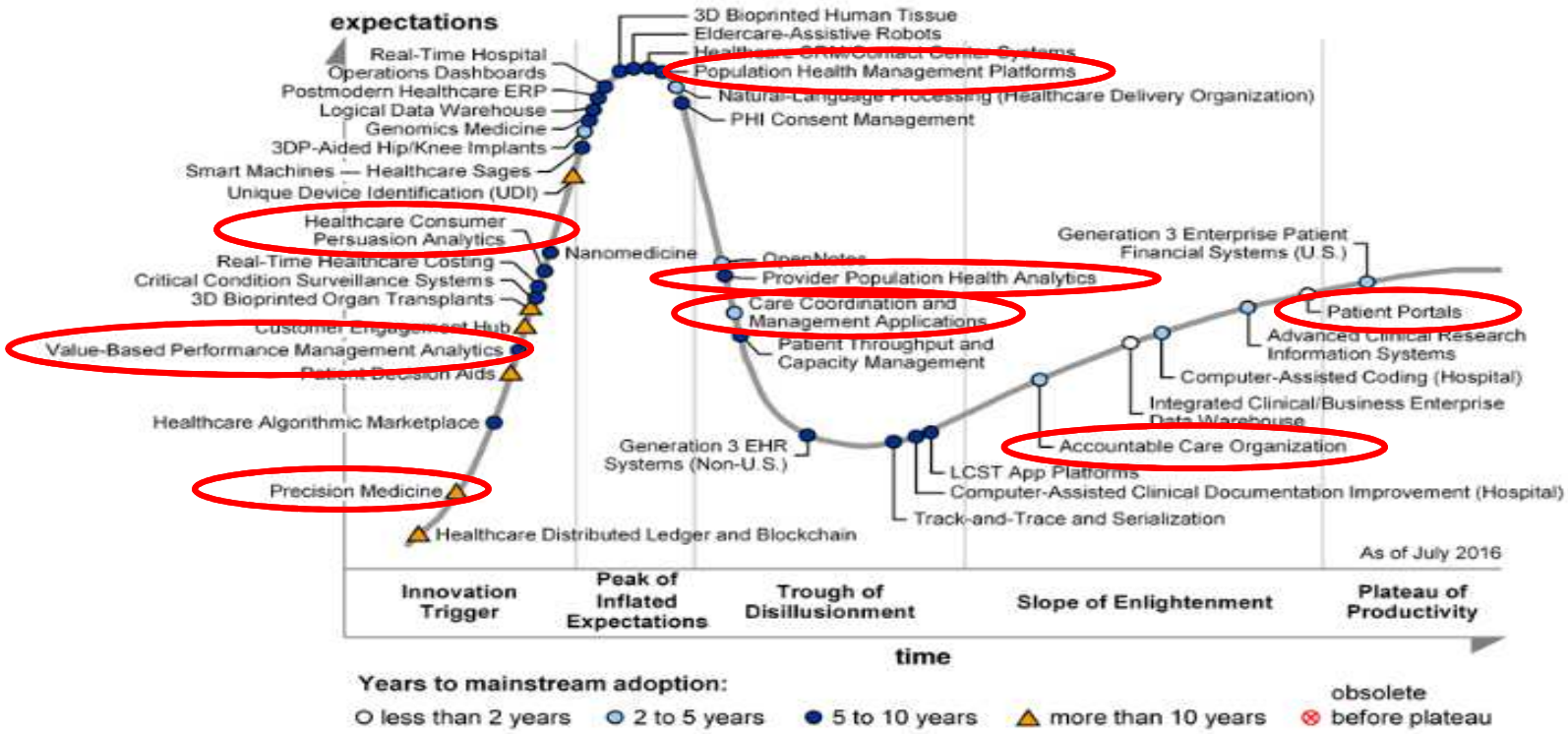


Gartner Hype Cycle

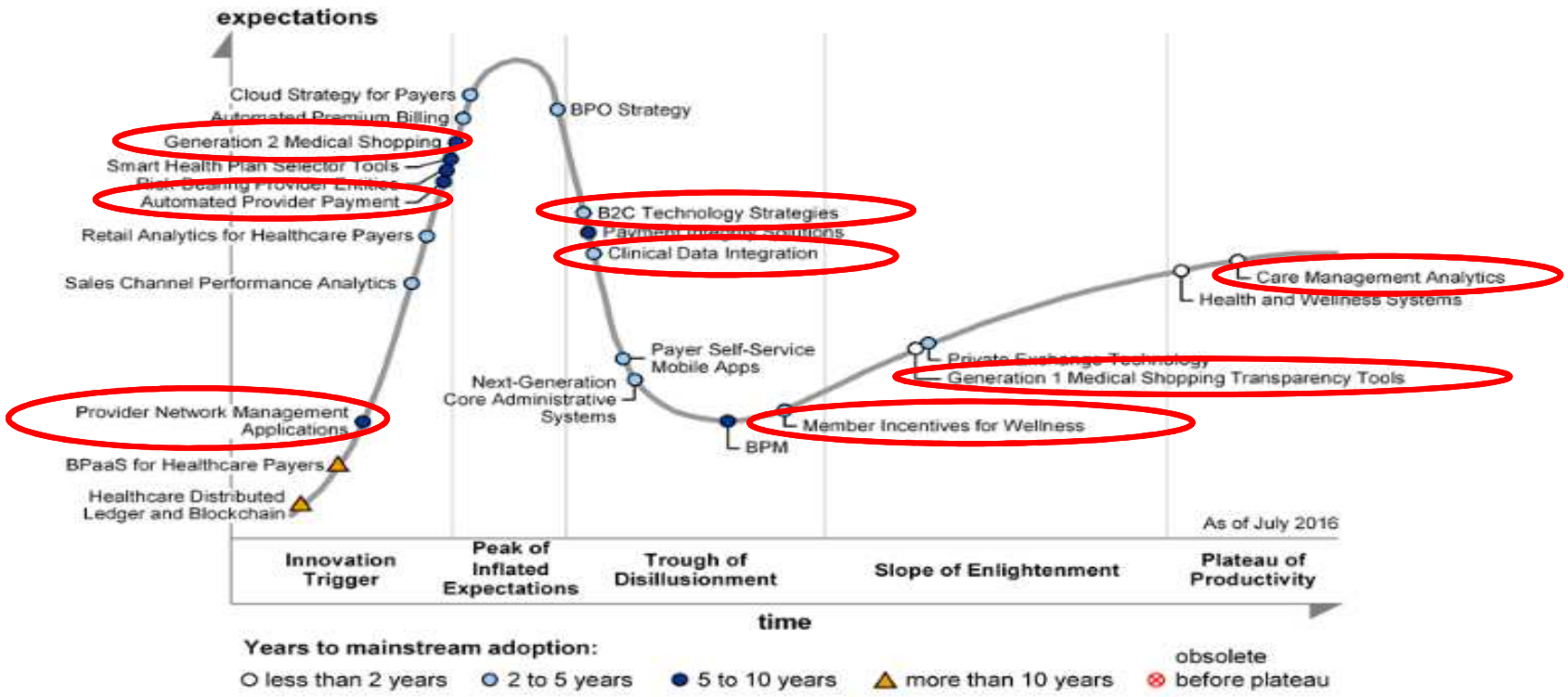


Providers Health IT



Source: Gartner (July 2016)

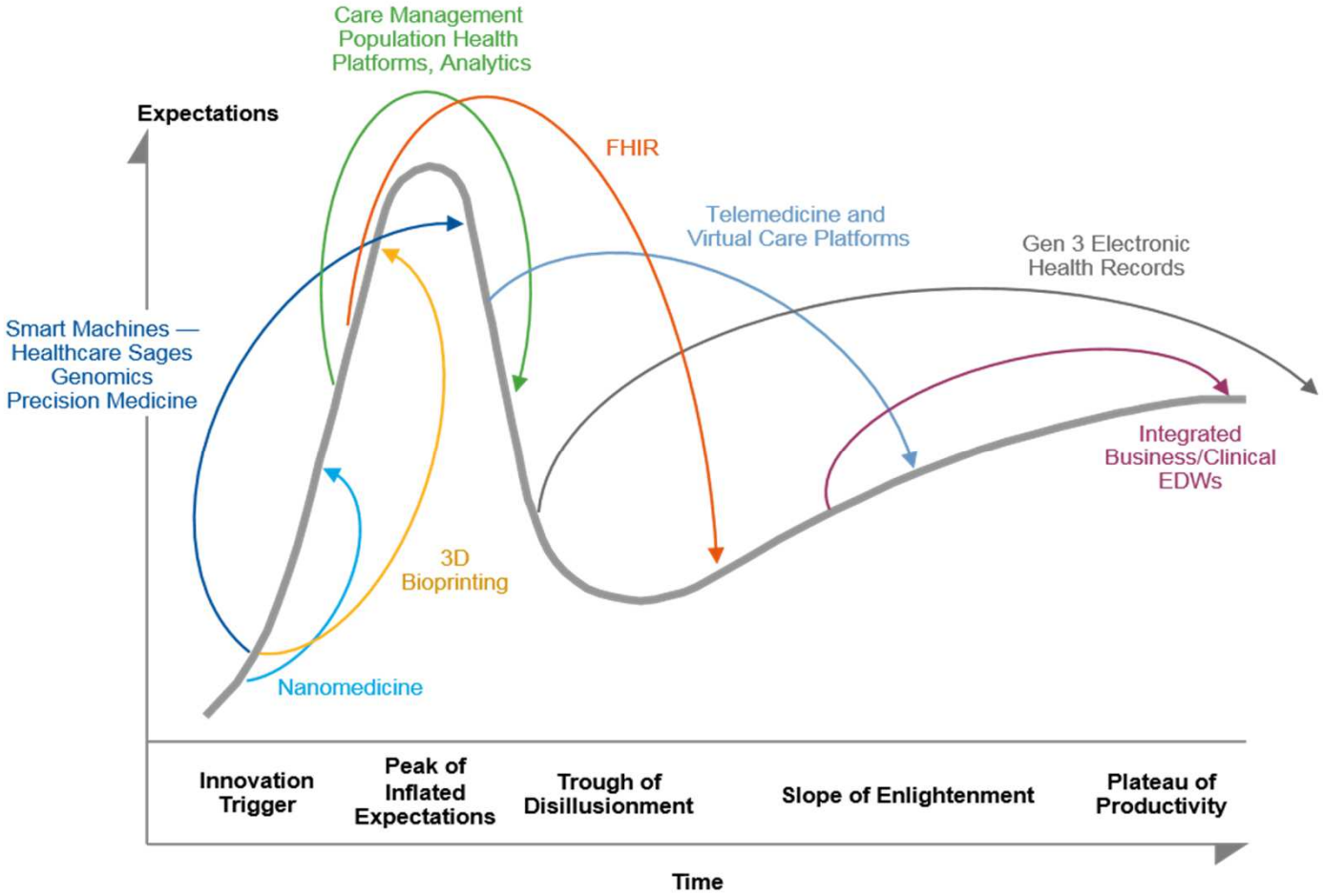
U.S. Healthcare Payers



Source: Gartner (July 2016)

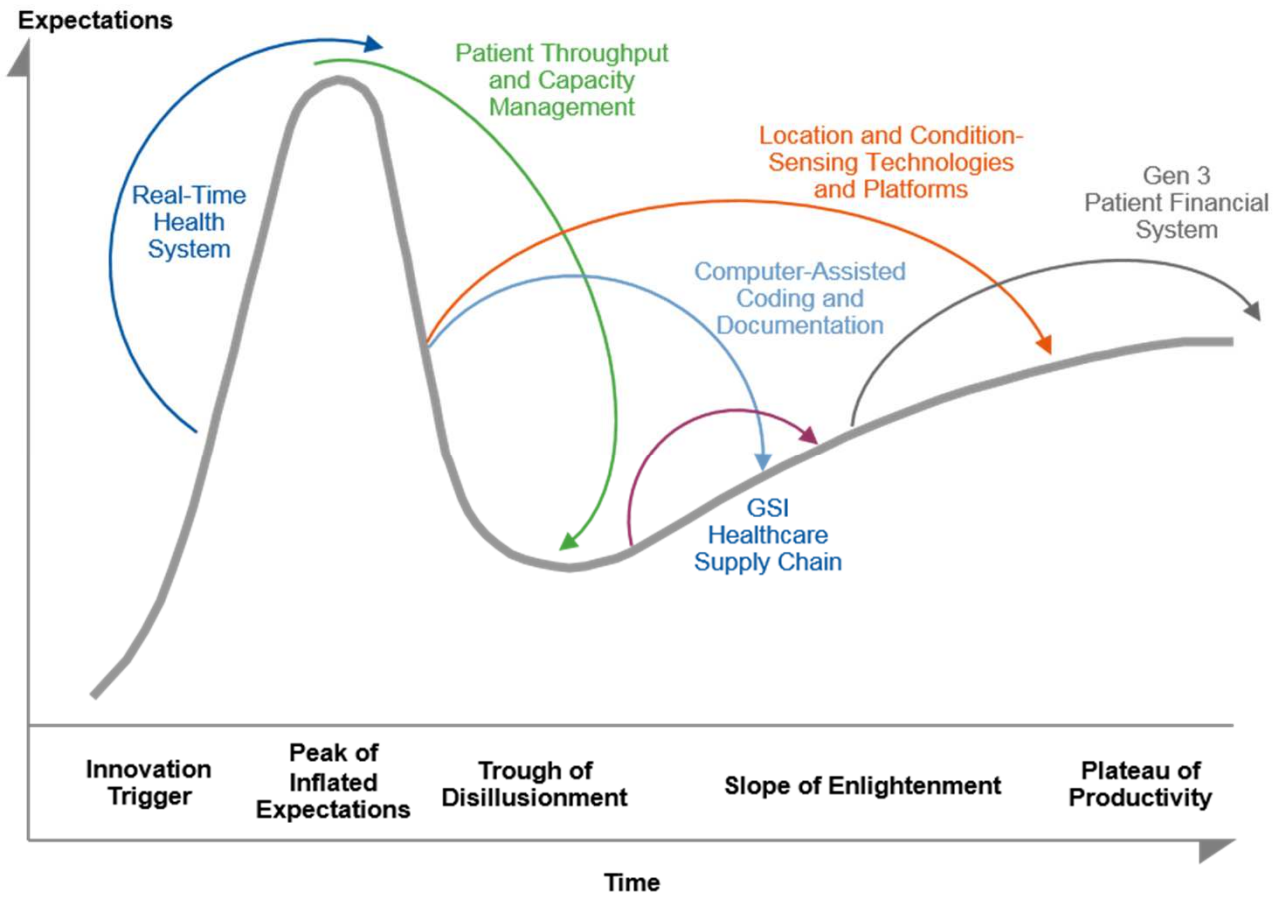
Hype Cycle – Medicine & Care Delivery

2015 - 2020



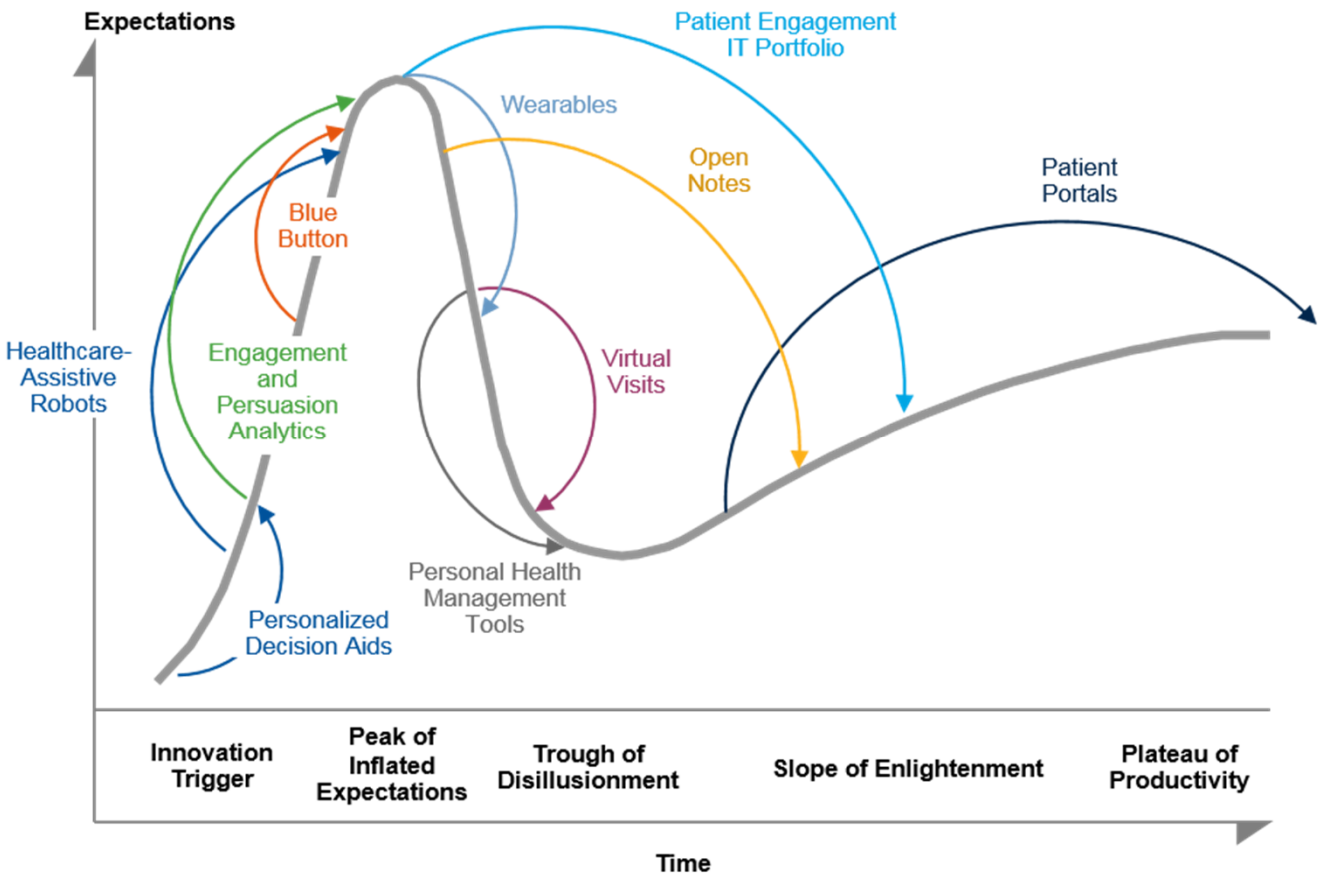
Hype Cycle – Hospital Operations

2015 - 2020



Hype Cycle – Consumer-Facing IT

2015 - 2020



CIO, CMIO, CNIO and CDO Implications

- **IT Shift** → Transaction-based automation to service delivery and prioritizing real-time actions (business, clinical, consumer)
  - Requires bimodal IT thinking
    - 2 separate, coherent modes of IT delivery
    - 1 focusing on stability and 1 on agility
  - Requires data mastery & analytics re: behaviors, processes, performance
    - Logical data warehouse
    - Consider adding a CDO
- **Agile development acumen** → Part of IT services (not just for vendors)
  - Large health delivery orgs
  - Self-develop extension and IT innovations with strategic platforms & domain knowledge clouds
  - Increased security risk across expanding public/private clouds & infrastructures

Thank you!

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