

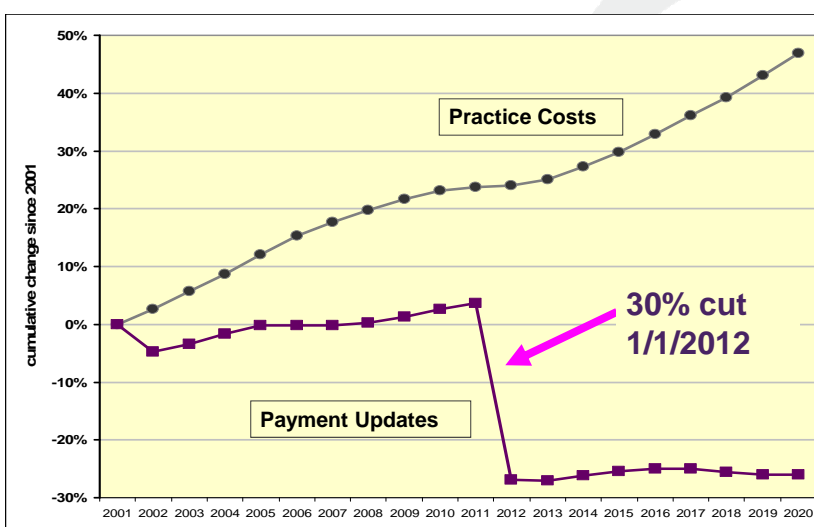


## Federal Policy on the Next Generation of Physician Payment

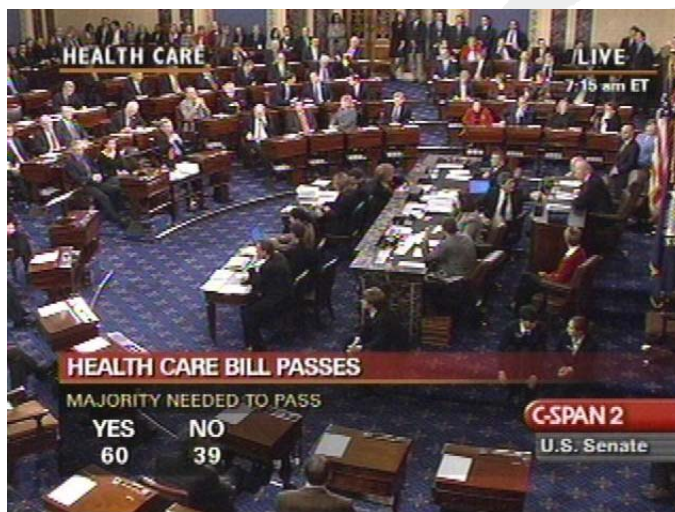
Jeremy A. Lazarus, MD  
President-Elect  
American Medical Association

July 16, 2011

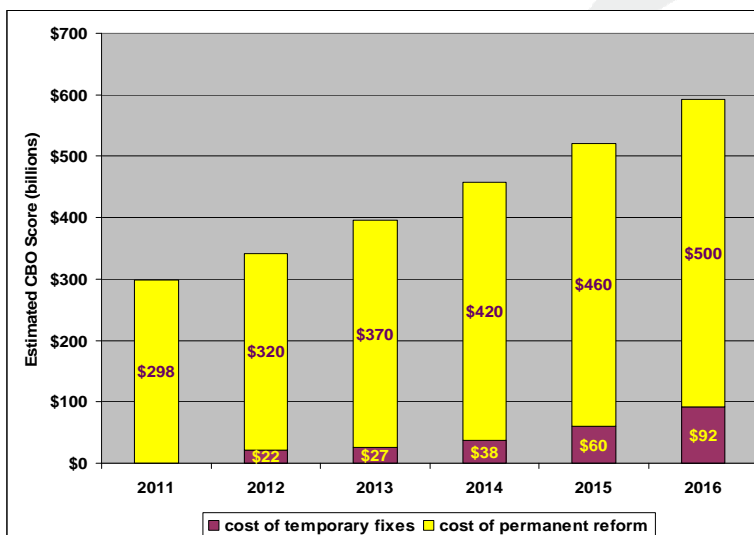
### Continuing Threat of SGR Cuts



## View from the Capitol



## SGR Reform: Delay = Higher Costs



## **The AMA's Long-Term Proposal**

1. Repeal the SGR
2. Provide 5 years of positive payment updates
3. Implement pilot programs and legislation that will facilitate physician transitions to a menu of innovative payment and delivery models, allowing them to select those that best fit their patients' needs, specialty, practice type, capabilities and community

## **AMA Advocacy Efforts**

- Shaping key provisions of Affordable Care Act
- Working to influence development of regulations and Innovation Center initiatives
- Advocating AMA policies to private payers, state governments, and National Association of Insurance Commissioners
- Reaching out to think tanks like Brookings
- Identifying needs for new legislative initiatives

## Proposed Rule Follows Listening Sessions and Workshops

- FTC Chairman addresses American Medical Association at June 2010 Annual Meeting
- FTC-OIG-CMS Workshop on ACOs held Oct. 5, 2010



## CMS Request for Information



Michael D. Maves, MD, MBA, Executive Vice President, CEO

December 2, 2010

Donald Berwick, MD  
Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
Room 445-G, Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, DC 20201

Re: Medicare Program; Request for Information Regarding Accountable Care Organizations and the Medicare Shared Savings Program, 75 *Fed. Reg.* 70,165 (November 17, 2010); CMS-1345-NC.

Dear Dr. Berwick:

The American Medical Association (AMA) appreciates the opportunity to provide our views regarding the Centers for Medicare and Medicaid Services' (CMS) request for information concerning accountable care organizations (ACOs) and the Medicare Shared Savings Program.

## **AMA Comments on ACO Proposed Rule**

- ACO model, if well-developed, has potential, but major changes needed in regulations
- “Interim” rather than permanent final rule should be issued so that regulations can be modified as more experience becomes available
- Maintain key role for physicians in ACO governance

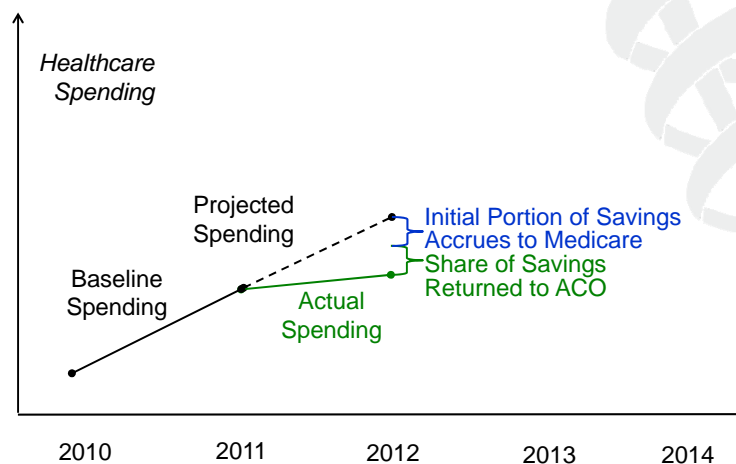
## **Beneficiary Assignment**

- AMA continues to call for prospective assignment based on voluntary agreements between patients and their physicians
- ACO physicians should include all physicians who provide patients’ primary care and not be limited to family physicians, internists, geriatricians and general practitioners

## ACO Payments

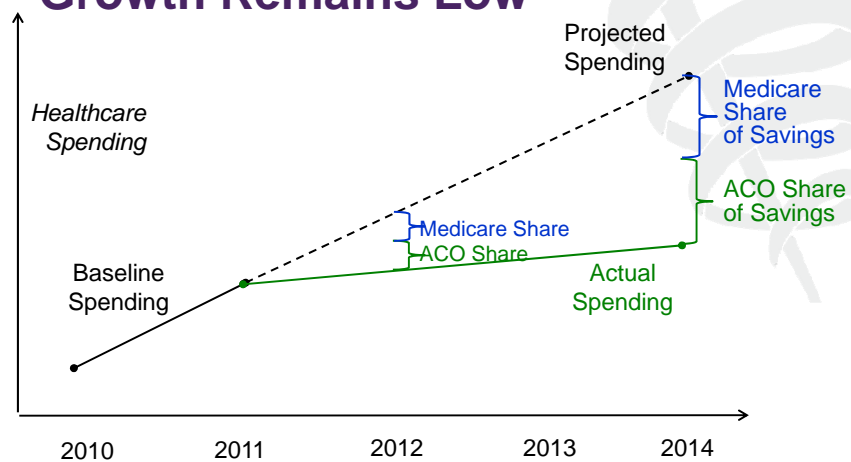
- AMA made a number of comments on the proposed payment structure for ACOs
- In particular, CMS needs to provide a shared savings option that allows ACOs to recoup more of the savings they generate
- ACOs are paid according to the regular Medicare fee-for-service payment schedules
- Only additional funds paid to them are a portion of the these shared savings

## How “Shared Savings” Works



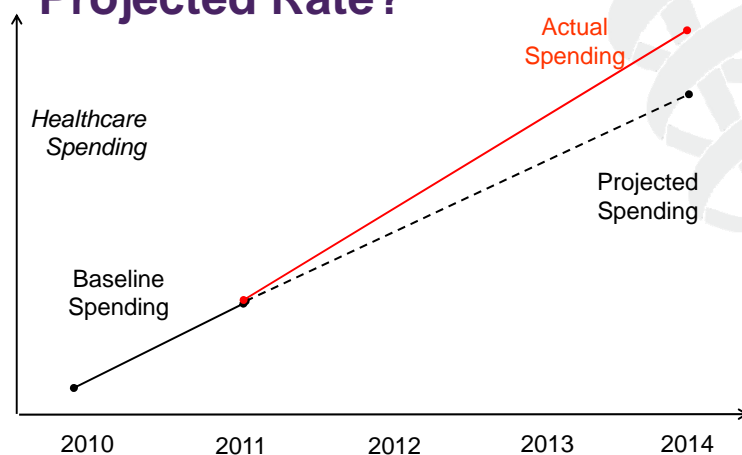
Based on a presentation by Harold Miller, CHQPR

## Shared Savings Increase if Cost Growth Remains Low



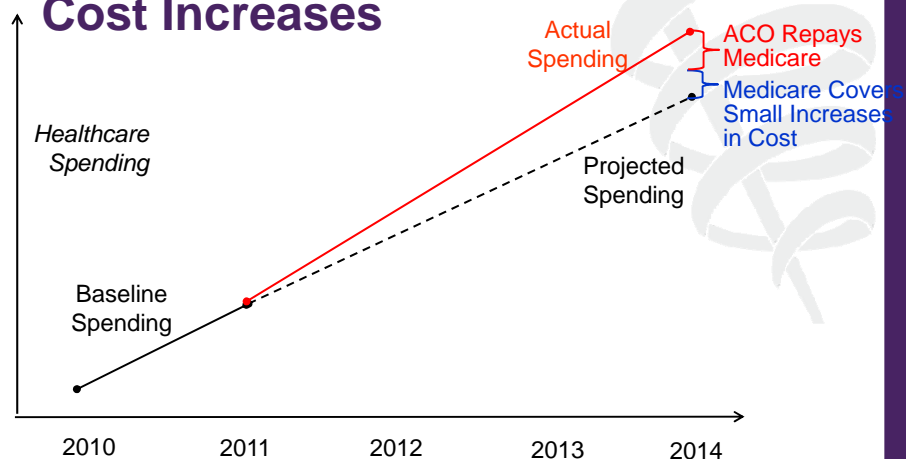
Based on a presentation by Harold Miller, CHQPR

## What if Costs Increase Above Projected Rate?



Based on a presentation by Harold Miller, CHQPR

## In Year 3, ACO Must Repay Part of Cost Increases

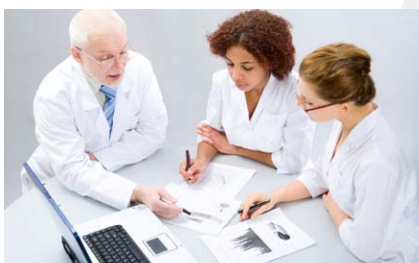


Based on a presentation by Harold Miller, CHQPR

## AMA Comments on Proposed Payment Structure

- Proposed approach will make it difficult to recoup investments (start-up costs \$1.8 million)
- Requirement to repay a portion of losses will inhibit ACO participation
- CMS needs to provide an ACO option without the requirement to repay losses
- ACOs should be able to retain more of the savings they generate
- Alternative payment models should be offered





#### Have your voice heard

Help us build the Innovation Center and identify innovative care and payment models that will reduce costs while improving health and health care.



## Quality Measurement Comments

- All ACOs would be required to report on the same set of 65 quality measures, including 9 hospital-acquired conditions
- ACOs should choose quality measures appropriate to the care improvements they intend to put in place while still reporting on some standardized measures
- Fewer than 65 should be required
- HAC measures should not be required as not all ACOs will have hospitals

## Antitrust & Anti-kickback

- AMA recommended:
  - Gainsharing and similar prohibitions be waived for those involved in innovative payment models
  - Ability for physician networks qualified as Medicare ACOs to be able to jointly contract with commercial payers
  - Safe harbors and rule of reason analysis to provide physicians with confidence as they pursue innovative arrangements

## Leadership Group Being Formed

- AMA working with state and specialty societies to form a Physician Payment and Delivery Reform Leadership Group
- Innovator Committee formed initially, comprised of early-innovator physicians pilot testing medical homes, bundled payments, pay-for-performance, ACOs and other initiatives
- Ultimately all specialty and state societies to be invited to participate
- Provides mechanism to collaborate and learn what works and what doesn't, help inform future initiatives and policies

## For More Information:

- SGR and Medicare payment:  
[www.ama-assn.org/go/medicarepaymentkit](http://www.ama-assn.org/go/medicarepaymentkit)
- AMA comment letters on payment innovations and Harold Miller white paper and video:  
[www.ama-assn.org/go/paymentpathways](http://www.ama-assn.org/go/paymentpathways)
- AMA “how to” guide to ACOs:  
[www.ama-assn.org/go/aco](http://www.ama-assn.org/go/aco)
- Network for Regional Health Improvement:  
[www.nrhi.org](http://www.nrhi.org)

## Questions?

- What do we do next, and how can AMA help?
  - AMA strongly advocating that Innovation Center provide start-up funds and other tools
  - Government should support health care delivery innovations just like it supports alternative energy
  - AMA staff can help link physicians to CMS  
(email [Sharon.Mcilrath@ama-assn.org](mailto:Sharon.Mcilrath@ama-assn.org))
  - Contact your regional collaborative
  - Speak to early innovator physicians
  - AMA and NCMS continue to develop resources

