Current Perspective

Alternative Payment Models: Academy Works Toward More Options

A basic tenet of health care reform has been the conceptual move from "volume" to "value"—from payment based solely on the number of units of care provided to one that takes into account the quality of health care and the cost of health care. The stated goals of the Centers for Medicare & Medicaid Services (CMS) are better care coordination and better outcomes of care at lower cost. An underlying assumption of this tenet is that a fee-for-service (FFS) payment system will not readily accomplish these goals.

For this reason, the recently-passed Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) legislation contains provisions intended to accelerate the gradual shift away from FFS and toward alternative payment models (APMs). Under MACRA, APMs provide for exemption from the penalties embedded in the Merit-based Incentive Payment System (MIPS) and annual bonuses of 5% for services in 2019 through 2024. The addition of other APM bonuses could (in a best-case scenario) produce aggregate potential bonuses of nearly 20%. Pretty significant incentivization!

And CMS expects this to really move the needle. Even before passage of the MACRA legislation, regulators had expected the percentage of payments under APM models to reach 50% by the end of 2018 and the percentage of all payments linked to quality and value to rise to 90% by 2018.

So what is an APM, and where do you sign up? The fact is that the APM concept is not well-defined. Accountable care organizations are APMs. Primary care medical homes will likely qualify. Integrated systems with shared savings (and shared risk) are APMs. Bundled pricing (above a threshold amount) can be an APM. Significantly, MACRA also allows CMS to broaden the scope of the definition.

Why is this important? Since the administration's policy goal is to encourage APM participation, the potential for bonuses is higher. Yet, most ophthalmologists (particularly solo and small-group ophthalmologists) may be unable to qualify under existing regulations. The Academy feels this bias toward primary care and large integrated systems discriminates against many private practice physicians.

The Academy's goal (along with that of several other major nonophthalmic medical societies working on behalf of their members) is to work with CMS to delineate possible mechanisms by which ophthalmologists in private practice may have an APM option available to them—without being absorbed into a large integrated health system. If we are successful, ophthalmologists may have an option other than MIPS.

This may involve the qualification of "virtual groups" that quantitatively self-monitor quality and resource use—key elements by statute of any APM. (The Academy's IRIS Registry may be vital in this regard.) It may involve different payment and gain-sharing methodologies within the group.

Ophthalmology is heterogeneous in terms of practice structure and style. The Academy's goal is to help design and provide as many options for all of us so that we may each choose the alternative that best fits our philosophies and our practices. For some, this will mean continuing the FFS model via MIPS. For others, it may mean using an APM to move away from FFS if it will benefit the ophthalmology practice, physician, and patients.

One size will not fit all.

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