

MEDPAC RECOMMENDS HHS CUT DOWN NUMBER ALTERNATIVE PAYMENT MODELS

Medicare payment advisors unanimously agreed to direct the Department of Health and Human Services (HHS) to put together a smaller and more harmonized group of alternative payment models as a first step to improving those demonstrations and Chair Michael Chernew said the commission will continue looking at how to improve value-based care when it reconvenes in the fall.

The commission voted in favor of a recommendation that says: "The Secretary should implement a more harmonized portfolio of fewer alternative payment models that are designed to work together to support the strategic objectives of reducing spending and improving quality."

Commission staff said while the Congressional Budget Office believes the recommendation would not affect Medicare spending over the course of five years, the commission believes there would be longer term savings. Beneficiaries could see better managed care and improved health outcomes if models are improved, and providers could see more predictable bonuses and less administrative burdens, staff added.

The recommendation was tweaked from what the commission looked at last month and focuses on not just coordinating but harmonizing demonstrations. Commissioner Jonathan Jaffery said that when models overlap, the incentives should increase.

The Medicare Payment Advisory Commission (MedPAC) plans to continue looking at alternative pay models during its next cycle. Chernew said generalizations about alternative pay models are difficult, and to make analytic recommendations the commission needs more time to really dig deeper. Some commissioners brought up questions on accountable care organizations and bundles, including whether one kind of demonstration would work better and whether there is any way for the two types of models to work together or at least without conflict where they overlap.

Jaffery said the commission's work sets MedPAC's tone for future work, and discussions need to continue about ACOs and bundles. Commissioner Larry Casalino also said the question of bundles versus ACOs may be the single biggest issue for the commission to take up.

Commissioner Amol Navathe said as the commission continues its work, it needs to be aware of the effect different models of care could have on beneficiaries and recognize what might be best for the system could lead to a greater hardship for beneficiaries.