

Insights

CMS Unveils New Value-Based Payment Options for Primary Care Practices

May 21, 2019

By: Andrew W. Breck and Thomas N. Hutchinson

CMS recently announced new value-based care payment models aimed at transforming primary care in order to deliver better value for patients across the healthcare system. Participation in the payment models will be available starting in January 2020 and is anticipated to attract 25% or more of traditional Medicare beneficiaries and providers. Participation in the models is voluntary and will test paying for health and outcomes, rather than existing fee-for-service structures.

The two new payment models are divided into two groups: Primary Care First for smaller practices and Direct Contracting for larger primary care practices.

Primary Care First

The Primary Care First option will test whether financial risk and performance-based payments, that reward primary care practitioners and other clinicians for easily understood and actionable outcomes, will reduce total Medicare expenditures. Payment will be a simplified flat total monthly amount that will arguably allow physicians to focus more on caring for patients. Bonuses would potentially be paid to practices when patients are healthy and stay out of the hospital.

There will also be a second payment track addressing high need populations. Under the "Primary Care First – High Need Population" option, higher payments would be paid to practices that specialize in care for patients with complex, chronic needs and the seriously ill population.

Direct Contracting

The Direct Contracting options are designed to engage larger primary care practices that have experience taking on financial risk and serving larger patient populations. This model is designed to create a competitive environment where organizations with greater efficiencies and better quality of care will be financially rewarded. Depending on the Direct Contracting model selected, participant organizations will receive a fixed monthly payment that can range from a portion of anticipated primary care costs to the total cost of care. Participant organizations in the "Direct Contracting – Global" option will carry the full financial risk, while those in the "Direct Contracting – Professional" option will share risk with CMS.



A third payment option for "Direct Contracting – Geographic" is still being created with the expectation of launching in January 2021. This model will be designed to offer organizations the opportunity to carry full financial responsibility for the total cost of care and health needs of a population in a defined target region.

Application for Participation

CMS anticipates releasing a Request for Applications this month for an initial group of payors and practices. CMS indicated that another round of applications will likely take place during 2020. For additional information on the Primary Care First and Direct Contracting payment models, click on the applicable link to be transferred to the CMS Innovation Center website.

If you have any questions related to the new payment models or would like additional information about this topic, please contact Andrew W. Breck at abreck@kdlegal.com or Thomas N. Hutchinson at thutchinson@kdlegal.com.