From Volume to Value

BY LEAH RALPH

Shifting our healthcare system from payment based on "volume" to one based on "value" has become a familiar and frequent adage among policymakers in recent years. In an effort to rein in costs, there's been a renewed focus on moving our current reimbursement system from one that incentivizes quantity of services to one that encourages better coordinated, quality care. We've seen this trend crop up in every major healthcare law in recent years—from the Medicare Modernization Act (MMA) in 2003 to the Affordable Care Act (ACA) in 2010. The ACA created the $10 billion Center for Medicare and Medicaid Innovation (CMMI), whose sole purpose is to develop and test innovative ways to pay providers. Even last year's bipartisan, bicameral sustainable growth rate (SGR) legislation—our biggest hope for a long-term SGR fix—ultimately tied payment updates to participation in some form of alternative payment arrangement.

In January, the U.S. Department of Health and Human Services (HHS) effectively upped the ante. For the first time in Medicare's history, the agency announced explicit goals for tying Medicare payments to alternative payment models and value-based payments. According to HHS, by 2016, 30 percent of all fee-for-service (FFS) Medicare payments will be tied to alternative payment models—including, but not limited to, Accountable Care Organizations (ACOs), medical homes, and bundled payments for episodes of care. By 2018, 50 percent of payments will be tied to these models. The agency also set a goal of tying 85 percent of traditional Medicare payments to quality or value by 2016 and 90 percent by 2018 through such programs as the Hospital Value-Based Purchasing or Hospital Readmissions Reduction programs.

Notably, the first benchmark is next year—a laudable, but ambitious, goal. Certainly the announcement signals the Obama Administration is making this issue a priority, and we can expect to see an accelerated push to transition Medicare payments and, in turn, private payers.

But this shift is a huge undertaking that will not only affect payments, but also fundamentally change incentives for how providers deliver care. Implementation will take time, and requires the right balance of forward momentum and important safeguards to ensure that patients continue to receive the most appropriate, quality care. As HHS moves full steam ahead, the provider community should urge policymakers to continue to work to find consensus on appropriate quality measures; establish a sound, fair methodology for calculating financial benchmarks and risk adjustment; and allow providers the time, resources, and flexibility they need to implement these new payment models.

Unlike primary care, specialists will face unique challenges in how to fit into these new models. The Centers for Medicare & Medicaid Services (CMS) has placed a particular focus on oncology, funding a major community oncology medical home initiative, the COME HOME project in 2012, and the recently released Oncology Care Model (OCM) that will test the bundling of payments for chemotherapy administration. But with other models, such as the Medicare Shared Savings Program (Medicare ACOs) that are primary care focused, it's still unclear how oncologists will be included or even participate. Caring for cancer patients is complex and often expensive, leaving inherent challenges in how to account for cancer care in alternative models. How will high-cost drugs and innovative therapies be treated in the construct of an ACO? Would high-cost cancer patients be included in the financial benchmark? What is oncology's role in shared risk and savings? ACCC and other organizations continue to work with CMS to answer these questions.

While it's still unclear how successful some of these new payment models will be, it is almost certain that components of these models will be reflected in any future, more permanent payment reform. We urge the provider community to remain active participants in the dialogue to ensure that we do, in fact, achieve meaningful, realistic payment reform in Medicare and beyond.

One way to actively engage is by becoming more involved with ACCC. If you are interested in serving on a committee, attending one of our Oncology Reimbursement Meetings, or becoming more involved in advocacy, please contact me at: lralph@accc-cancer.org. OI

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