

# Extend Medicare Advanced APM Incentive Payments

## Value-based care improves patient care and bends the cost curve of our health care system.

- Advanced Alternative Payment Models (APMs), which are risk-based payment models that pay physicians and other healthcare providers who provide better care at a lower cost, have slowed the rate of growth of healthcare spending, saving more than \$600 billion.
  - Accountable Care Organizations (ACOs) have generated over \$16 billion in gross savings and produced higher quality care for patients over the last decade.
  - ACOs in the Advanced APM track have generated almost 36% higher net per beneficiary savings compared to non-Advanced APM track ACOs between 2018–2020.
- Advanced APMs improve patient outcomes and experience by giving physicians and other providers tools to innovate and better coordinate care.
- The COVID-19 pandemic highlighted the need for value-based solutions.
- Providers in APMs had a leg up in leveraging population health capabilities to respond to the pandemic, according to a [Premier survey](#). Those in the highest levels of risk, such as global budgets and capitation, faced fewer financial hurdles.

## The bipartisan Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) promotes the adoption of Advanced APMs by supporting participating clinicians with a 5% incentive payment. This policy works and must be extended.

- **MACRA incentives are set to expire this year** – jeopardizing 10 years of progress toward value-based care, improved patient outcomes, and the financial well-being of nearly 300,000 physicians and other eligible clinicians.
  - The incentives are critical to clinicians to cover the investment costs of moving to new payment models.
    - ACOs spend between \$1–2 million per year on these types of care delivery transitions on average.
  - 84% of ACOs surveyed by the National Association of ACOs (NAACOS) said [the APM incentive payment was “extremely important.”](#) More than 50% said it allowed their ACO to invest in care coordination, data analytics, and move to risk.
    - ACOs use these incentives to fund wellness programs, pay for patient transportation and meals programs, reduce cost sharing, and hire care coordinators, among other initiatives.
  - The incentives encourage physicians and other clinicians to engage in risk-based arrangements across payers.
- **Participation in Advanced APMs will slow if the incentive payment expires.**
  - **Without the payment, physicians and other types of clinicians won’t stay in value-based care.**
    - Physicians and other clinicians participating in Advanced APMs bear financial risk for the cost and quality of care. Few will be able to accept this liability if the incentives expire.
  - **CMS projects 2023 drop in participation.** Insufficient incentives and rising qualification thresholds could result in 100,000 fewer clinicians qualifying as Advanced APMs in 2023.

- **Extending the incentives will maintain the momentum around value-based care.**
  - These payments are a good financial investment.
    - The \$3.6 billion in gross savings ACOs generated in 2021 far exceeds the \$613 million CMS paid in Advanced APM incentive payments in 2022.
  - APM adoption has increased, but we have more work to do.
    - In 2015, CMS estimated that 60% of clinicians would be in an APM by 2019, but only 26% are expected to qualify for the Advanced APM incentive payments in 2022.
    - As a result, Advanced APM incentives are significantly lower than initially projected. When MACRA first passed, the Administration estimated incentive payments of nearly \$2.7 billion in 2024. Now, payments are estimated at \$600–750 million.
- **Extend MACRA's 5% Advanced APM incentive payments so that they can continue to improve patient care.**
- **Grant CMS authority to set thresholds based on current APM adoption.**
- **Support the Value in Health Care Act ([H.R. 4587](#)).**