

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](#)).**