

CMS ANNOUNCES NEW PRIMARY CARES INITIATIVE

On April 22, 2019, the Centers for Medicare & Medicaid Services ("CMS") **announced** a new set of value-based payment models for reimbursement of primary care services. CMS has coined the new models its "Primary Care Initiative." Although participation in the models is currently voluntary, CMS hopes the initiative will accelerate the nationwide transition of primary care from volume to value.

DETAILS OF PRIMARY CARES INITIATIVE MODELS

Primary care providers that participate will have two tracks of value-based payment options from which to choose, consisting of five new reimbursement models in total. The two tracks of the initiative are called Primary Care First ("PCF") and Direct Contracting ("DC").

Track 1 - PCF Models

On the PCF track, there are two payment models: i) Primary Care First; and ii) Primary Care First - High Need Populations. Although the two models are very similar, the second is specifically intended for providers who specialize in caring for high-need patients, such as patients with complex, chronic conditions and seriously ill populations. Under the PCF models, providers will receive a base payment per beneficiary along with a flat primary care visit fee. In addition, primary care providers will be eligible to earn quarterly incentive payments if they achieve certain identified quality metrics. Payments for high-need patients will be set to reflect the high-need, high-risk nature of the population and will be subject to increases or decreases based on quality.

The PCF models are designed for individual primary care practice sites that serve predominately Medicare fee-for-service beneficiaries and that are prepared to accept increased financial risk associated with population-based payments. In addition to other requirements, eligible participants must practice in the specialty areas of internal medicine, general medicine, geriatric medicine, family medicine and/or hospice and palliative medicine; must be located in one of the 26 PCF regions; must have a minimum patient panel of 125 attributed Medicare beneficiaries; must use certain electronic health record technology and support certain data exchanges; and primary care services must account for 70 percent of the practice's collective billing based on revenue.

CMS plans to announce the details of the PCF application process in the coming weeks, and the first PCF models will go into effect in January 2020. CMS anticipates having another round of PCF applications in 2020 with participation starting in January 2021. Providers already participating in a CPC+ model may be eligible to apply during the second round. CMS intends to test the PCF models for five years.

Track 2 - DC Models

The DC track includes three payment models: Professional, Global and Geographic. In contrast to the PCF models, the DC models are designed for organizations that have experience taking on financial risk and serving larger patient populations, such as ACOs, Medicare Advantage plans and Medicaid MCOs.

- First, the Professional model offers a lower risk-sharing arrangement in which primary care providers receive a capitated, risk-adjusted monthly payment equal to 7 percent of the total cost of care for enhanced primary care services as well as 50 percent shared savings and losses with CMS.
- Second, the Global model offers a much higher risk-sharing arrangement in which primary care providers receive a capitated, risk-adjusted monthly payment equal to 7 percent of the total cost of care for enhanced primary care services *or* a capitated, risk-adjusted monthly payment for all services provided by DC participants and preferred providers with whom the DC participant has an agreement as well as 100 percent shared savings and losses.
- Lastly, CMS has not yet finalized the plan for the Geographic model, but it is expected to be similar to the Global model with the exception that there will be a defined target region of Medicare fee-for-service beneficiaries. To further refine the design of the model, CMS is currently seeking public input. Responses will be accepted through 11:59 PM EDT on May 23, 2019 and can be submitted electronically to DPC@cms.hhs.gov.

For participation in the DC models, CMS plans to request a non-binding letter of intent from organizations interested in applying. The

Professional and Global models will begin in January 2020 with an initial year for organizations that want to align beneficiaries to meet the minimum beneficiary requirements. The applicable performance periods are expected to begin in January 2021 and will continue for five years. The Geographic model is projected to begin in mid-2020.

PRACTICAL TAKEAWAYS

Although participation in the Primary Cares Initiative is currently voluntary, on April 25, 2019, CMS Administrator Seema Verma **stated** that participation in similar models that are under development could be mandatory in the future. This is reflective of CMS's stated goal to accelerate the shift in health care from a volume-based "fee-for-service" model to a value-based system. Stakeholders should be cognizant of the Primary Cares Initiative and should consider how this initiative, and others envisioned by CMS, could potentially impact their organizations.

If you are interested in submitting an application or would like additional information about the new Primary Cares Initiative, please contact:

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