

ALTERNATIVE PAYMENT METHODS: MASSACHUSETTS AGGREGATE DATA

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Alternative Payment Methods (APMs)

- APMs are methods of payment in which some of the financial risk associated with the delivery of medical care, as well as the management of health conditions, is shifted from payers to providers.
- Generally, APMs are intended to give providers new incentives to control overall costs (e.g., reduce unnecessary services and provide services in the most appropriate setting) while maintaining or improving quality.
- Nationally, it is estimated that 36% of health care dollars were paid out under APM contracts in 2018.¹

1: Across all payer types, according to the Health Care Payment Learning & Action Network's 2019 APM Measurement Effort, <https://hcp-lan.org/apm-measurement-effort/>

CHIA's Legislative Mandate

Chapter 224 of the Acts of 2012 (“An Act Improving the Quality of Health Care and Reducing Costs Through Increased Transparency, Efficiency and Innovation”)

- Established CHIA as a primary source for data on the Massachusetts health care system
- Set goals for the expansion of APMs in Massachusetts
 - 80% of members with primary coverage through MassHealth (Medicaid) covered by APMs
 - Other public and private health plans encouraged to implement APMs “to the maximum extent feasible”
- Charged CHIA with collecting data on alternative payment contracts between payers and providers, to be reported annually

Why Not Source from MA APCD?

- APMs are implemented within specific payer-provider contract terms, not related to APCD member eligibility dates
- Fields don't capture non-claims payments to providers
 - Non-claims payments account for approximately 5% of total spending for commercial members covered by “global payment” contracts, but results vary greatly by payer.
- End-of-term financial settlements (based on whether spending targets were met) occur on different schedule than claims processing and don't map to claim lines
- Missing data for self-insured members

APM Data Collection

- 19 data submitters, including all major commercial, Medicaid, and Medicare Advantage plans
- Aggregate data files submitted in May for the most recently completed calendar year (preliminary estimate with at least 60 days' runout) and the prior year (final)
- Includes member months, payments for health care services by service category (e.g., hospital inpatient, physician), and non-claims payments
 - Integrated with CHIA's Total Medical Expenses specification
- Reported by ZIP code (all members) and managing physician group (minimum of 36,000 member months)

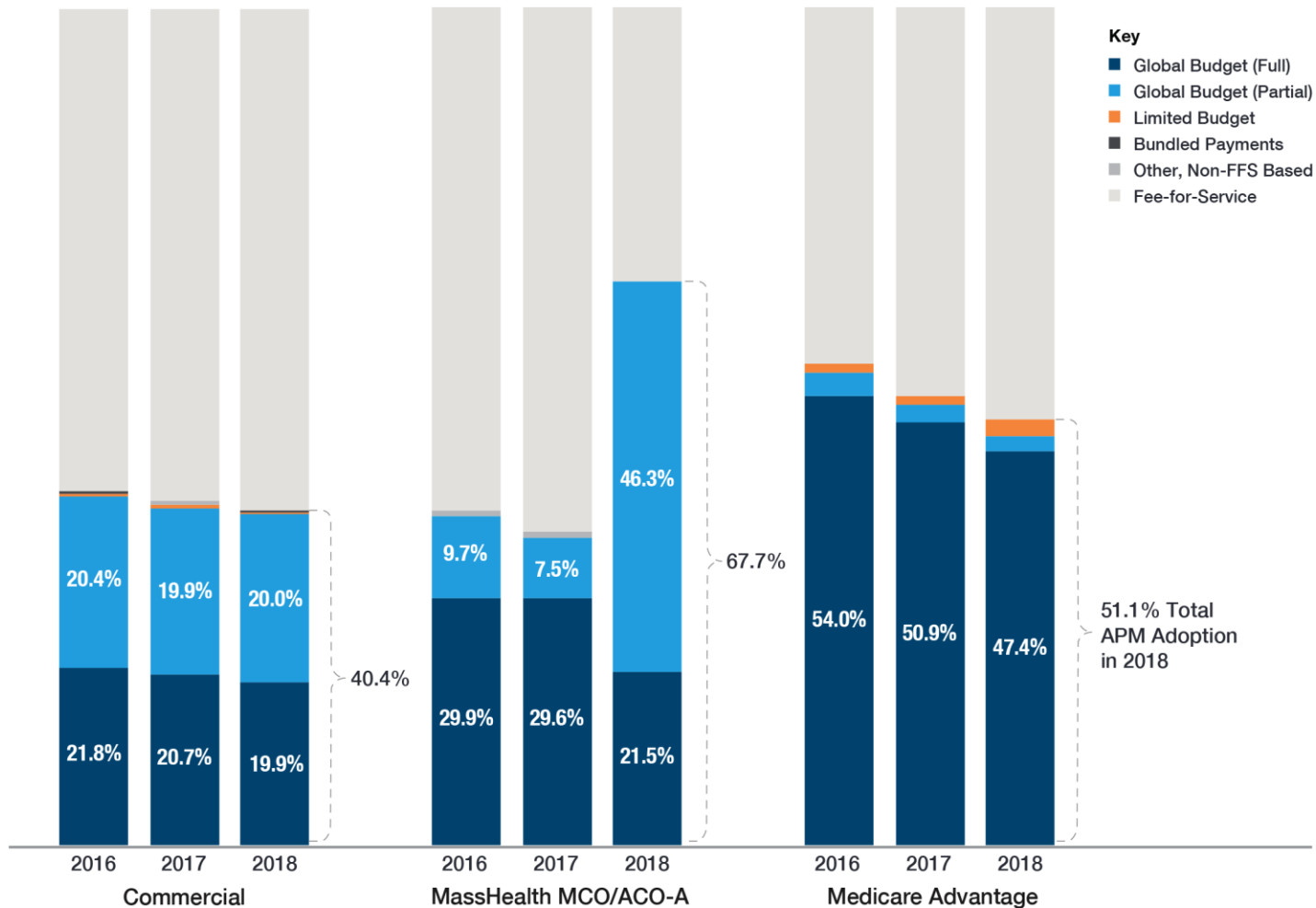
Classification: Payment Methods

- Global payments
 - Full: Budget includes comprehensive services
 - Partial: Certain services carved-out and not part of budget
- Limited budget
- Bundled payments
- Other, not fee-for-service
- Fee-for-service (non-APM)

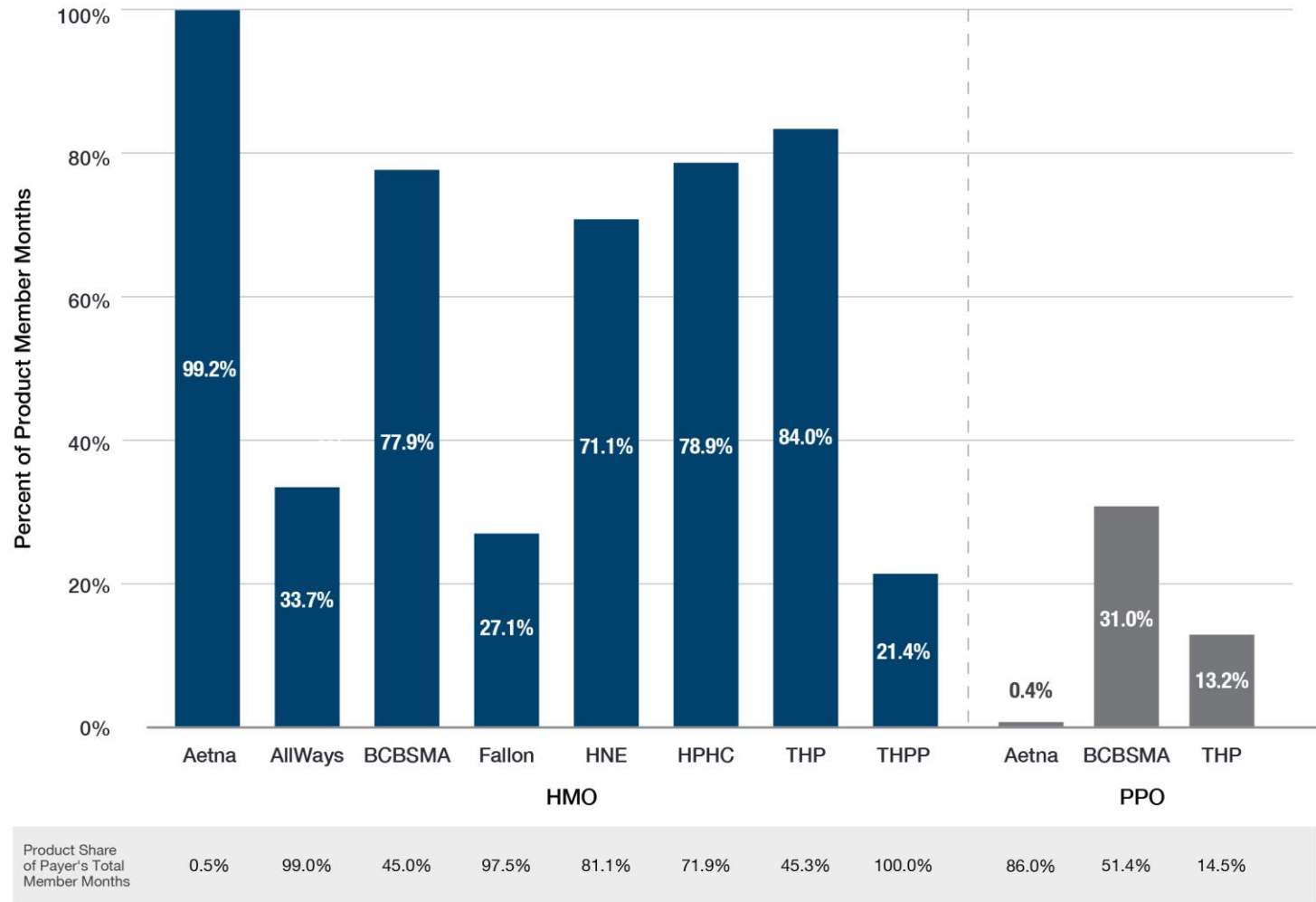
Classification: Risk Type (Physician Group Level)

- Upside and downside risk
- Shared savings only
- No risk (traditional fee-for-service model)

APM Adoption by Insurance Category, 2016-2018



APM Adoption by Commercial Payer and Product Type, 2016-2018



Additional Information

- APM trends are reported in CHIA's [Annual Report on the Performance of the Massachusetts Health Care System](#)
- Data specifications: <http://www.chiamass.gov/payer-data-reporting-tme-apm/>
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