



Understanding Alternative Payment Models

Background

Over the last few years, a new phrase has appeared within the healthcare payment landscape. An alternative payment model, or APM, can be defined as a system for medical reimbursement that provides additional compensation as an incentive for the delivery of higher quality and more cost-efficient health care by providers. APMs got their start with the Affordable Care Act (ACA). In some respects, the ACA compelled Health and Human Services to “test” different health care payment models. These alternative payment models are now tested within the Center for Medicare & Medicaid Innovation (CMMI). Of interest, the nephrologist’s participation within an APM has important implications within the new CMS Quality Payment Program (QPP).

APM Classification

The [CMMI website](#) lists over 50 active APMs available today. From the perspective of the nephrologist, APMs can be classified into three broad categories, each of which impact the nephrologist’s participation in the QPP:

1. Advanced Alternative Payment Models (AAPMs)
2. MIPS Alternative Payment Models (MIPS APMs)
3. Other APMs

Advanced Alternative Payment Models

Each year CMS evaluates every APM model’s underlying framework to determine if the APM framework meets the established AAPM requirements. Models which meet all three requirements are identified on the CMMI website as Advanced APMs. The Advanced APM requirements are:

1. Require participants to use CEHRT
2. Payment is based on quality measures comparable to those in MIPS
3. Require participants to bear more than “nominal” financial risk

In 2018, the following APMs are considered Advanced APMs:

1. Bundled Payments for Care Improvement Advanced Model (BPCI Advanced)
2. Comprehensive Care for Joint Replacement (CJR) Payment Model
3. **Comprehensive ESRD Care (CEC) Model (LDO arrangement)**
4. **Comprehensive ESRD Care (CEC) Model (non-LDO two-sided risk)**



5. Comprehensive Primary Care Plus Model
6. Medicare ACO Track 1+
7. Medicare ACO Track 2
8. Medicare ACO Track 3
9. Next Gen ACO Model
10. Oncology Model of Care (two-sided risk)
11. Vermont Medicare ACO Initiative

The End Stage Renal Disease Seamless Care Organization (ESCO) is the Advanced APM most familiar to nephrologists. Models 3 and 4 above are the ESCO models operated by CMMI. The QPP impact for nephrologists participating in an Advanced APM on the list above is determined by what is referred to as a Qualifying Participant (QP) determination. At a high level, the QP calculation determines whether or not the providers within the Advanced APMs are participating in the model to a degree that warrants collection of what effectively can be considered an Advanced APM incentive. That incentive consists of two key features. Qualifying Participants in an Advanced APM are:

1. Excluded from MIPS, and
2. Will collect a lump sum payment equivalent to 5% of their Part B allowable

Of interest, in 2017 all nephrologists participating in a two-sided risk ESCO were determined to be Qualifying Participants.

MIPS APMs

APMs which are not classified as Advanced APMs may be considered MIPS APMs. MIPS APMs are defined by three criteria. A MIPS APM:

1. Requires an agreement with CMS
2. Includes at least one MIPS eligible clinician
3. Bases incentive payments on performance in cost/utilization and quality measures

The MIPS APM most familiar to nephrologists is the Medicare Shared Savings Program (MSSP) track 1 Accountable Care Organization. As the name implies, participants in a MIPS APM are not excluded from MIPS. However, participation in MIPS is easier for the nephrologist participating in a MIPS APM. This is largely a function of the MIPS APM scoring methodology. Consider the four categories that make up the provider's MIPS score. The MIPS APM scoring standard generally takes the following approach:

- **Quality:** All participants within the APM receive the same quality score which is based on the APMs quality measures.
- **Improvement Activities:** Participation within an APM typically results in the achievement of the maximum score for the Improvement Activities category of MIPS (nephrologists should confirm this applies to the MIPS APM in which they are participating).
- **Cost:** Cost is not scored for participants within a MIPS APM which results in over weighting of the remaining categories.



- Advancing Care Information (ACI): ACI is the only category which requires effort beyond participation in the APM. Each MIPS APM participant will report ACI as though they were participating in MIPS outside the APM. The ACI scores for all participants within the APM are rolled up into a single ACI score which is the score each participant receives.

The MIPS categories are weighted differently within the MIPS APM scoring framework as noted below.



It is important to note that within a MIPS APM, the administrative overhead necessary to participate in MIPS is much lower than participating in MIPS outside of an APM. However, of equal importance should be the recognition that all participants within the MIPS APM receive the same MIPS score, and as a result the same adjustment to their Medicare professional fee schedule during the associated payment year.

Other APMs

The remaining APMs are of little interest to the nephrologist as they do not include MIPS eligible clinicians. They are referenced only for completeness.

