STARFIELD SUMMIT
...where primary care research inspires policy and practice

Paying for the Primary Care Function: An Overview

Why is it important to pay effectively for primary care?

- Barbara Starfield showed that primary care leads to improved population health, higher quality of care, decreased healthcare expenditures, and better health equity.
- The "four Cs" of primary care explain its value: (first) contact, comprehensiveness, coordination, and continuity.
- The U.S. falls short of the Triple Aim of healthcare cost, quality, and outcomes due in part to a surplus of specialists and shortage of primary care providers.
- A central factor diminishing the role of primary care is fee-for-service (FFS), a payment model that rewards specialty care and volume, over primary care and value.

What is MACRA (Medicare Access and CHIP Reauthorization)?

- One of the most significant pieces of healthcare legislation since the ACA, MACRA represents an opportunity to accelerate the transition from a volume-based FFS model, towards a value-based payment model.
- MACRA permanently repealed Medicare's sustainable growth rate (SGR) formula for calculating reimbursements, replacing it with a two-track payment system: Merit-Based Incentive Payment System (MIPS) & Alternative Payment Models (APMs).
- Though most providers will initially enroll in MIPS (an enhanced FFS model), the goal is to transition providers towards APMs, which aims to deliver value-based payment.
- Questions remain about how MACRA will be administered, including what quality metrics will be measured, when provider performance assessments will start, how proposals for new payment methods will be reviewed, and whether it will successfully shift us to value-based payment.

Tensions in Primary Care Payment Models

Retrospective - risks overutilization of services - no upfront payments to invest in primary care infrastructure	⟷	**Prospective** - risks underutilization of services - provides upfront payments to invest in primary care infrastructure
No risk-adjustment - risks avoiding complex, unhealthy patients	⟷	**Risk-adjustment of payment** - risks perpetuating health inequities for complex patients
Low financial risk to provider - low extrinsic motivation to decrease costs - more palatable for PCPs to adopt	⟷	**High financial risk to provider** - high extrinsic motivation to decrease costs - less palatable for PCPs to adopt
Paying for services/visits (provider-centric) - FFS	⟷	**Paying for value (team-centric)** - Traditional capitation - Comprehensive primary care payment - Care management fees - Direct primary care

Comparison of Payment Models

	Description	Prospective vs. retrospective	Financially discourages volume of services?	Financially encourages high quality of care?	Primary care financially at risk for services rendered by specialists?	Risk-adjusts for patient complexity?	Key Example
Fee-for-service (FFS)	Paid for each **individual service** rendered	Retrospective	No	No	No	No	Medicare
Traditional capitation (global payment)	Paid to cover **all of the services within a specific period** of time	Prospective	Yes	Yes, for services affecting outcomes within payment period	Yes (often)	No	Medicare Advantage (WellMed)
Pay-for-performance (P4P) - often blended with FFS or capitation	Paid for **achievement of (or improvement in) a quality** measure	Retrospective	Potentially (depends on quality metrics)	Yes, for services being measured via quality metric	No	Potentially	Medicare Physician Group Practice Demonstration Project
Bundled payment (episodic)	Paid for **all services rendered for a given episode** of care	Both exist	Yes (but does not discourage volume of episodes)	Yes, for services affecting outcomes that occur within the episode	Yes	No	CMMI's Bundled Payments for Care Improvement (BPCI)
Shared savings	Paid based on **spending below a pre-determined benchmark** over a period of time (savings distributed across providers based on quality measures)	Both exist (often retrospective)	Yes	Yes, for services occurring within payment period	Yes	Potentially	Medicare Shared Savings Program (MSSP) ACOs
Comprehensive (primary) care payment	**Traditional capitation, but payments risk-adjusted** based on patient health or complexity	Prospective	Yes	Yes, for services occurring within payment period	No	Yes	Iora Health
Care management fees - often blended with FFS	Paid a smaller, pre-determined amount intended to **cover medical home services** (often per member per month [PMPM])	Prospective	No	No	No	Potentially	Medicare Comprehensive Primary Care (CPC) Initiative
Direct primary care	Paid **directly from patients** a pre-determined amount to cover all of the services for a specific period of time	Prospective	Yes	Yes, for services occurring within budget of subscription fee	No	No	Qliance