

# Alternative Payment Model Environment

Implications for Specialty Providers and their  
Partners

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# Objectives

- Who is AmerisourceBergen?
- What is our perspective on healthcare reimbursement reform?
- What are the challenges and opportunities for specialist providers and the partners that support them?



AmerisourceBergen  
helps people access  
the healthcare  
products they need.

In the process, we  
enable the daily  
improvement of  
global health.

# We are here – at the center of healthcare delivery

## Pharma Manufacturers

Purchase distribution and commercialization services across all product types, including:

- Brand
- Generic
- Specialty
- Over the counter (OTC)
- Medical devices



## Healthcare Providers

Purchase pharmaceuticals and healthcare products to provide to patients across all sites of care, including:

- Community and independent pharmacies
- Specialty pharmacies
- Pharmacy benefit managers (PBMs)
- Health systems
- Alternate sites of care
- Physician practices
- Veterinary clinics

# Decades of dedication

For pharmacies, physician practices, health systems & veterinary practices

The largest network of community oncology practices in the United States

Good Neighbor Pharmacy network of approximately 3,000 independent pharmacies across the country

Millions of dollars invested in technologies and services focused solely toward improving providers' abilities to serve their communities more effectively



# Alternative Payment Models in Context: MACRA

The Basics of the Legislation (2015)

- Overwhelming bipartisan support
- Repeals SGR for Part B
- Moderate fee increases short term
- Payments tied to quality long term
  - MIPS (+/- fee adjustments tied to performance) DEFAULT PATH
  - APMs (population level risk tied to quality)
    - > Advanced APMs are exempt from MIPS
    - > 5% bonus paid to qualifying participants
    - > Non qualifying APM participants receive favorable scoring under MIPS

# Alternative Payment Models

## Narrow Definitions

- APM
  - a CMMI model under section 1115A of the Social Security Act
  - Shared Savings Program
  - Health Care Quality Demonstration Program under section 1866C
  - a demonstration required by federal law
- Advanced APMs require
  - Require [50% 2017] participants to use certified EHR technology (2015)
  - Provide payment for covered professional services based on quality measures comparable to those used in the quality performance category of MIPS
  - Either
    - > Medical home
    - > More than nominal risk

# Alternative Payment Models: MACRA

## Existing APMs

### APMs (MIPS)

- Comprehensive ESRD Care
- Comprehensive Primary Care Plus
- Medicare Shared Savings I
- Medicare Shared Savings II
- Medicare Shared Savings III
- Next Generation ACO
- Oncology Care Model one sided
- Oncology Care Model two sided

### Advanced APMs

- Comprehensive ESRD Care
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# Physician Focused Payment Model

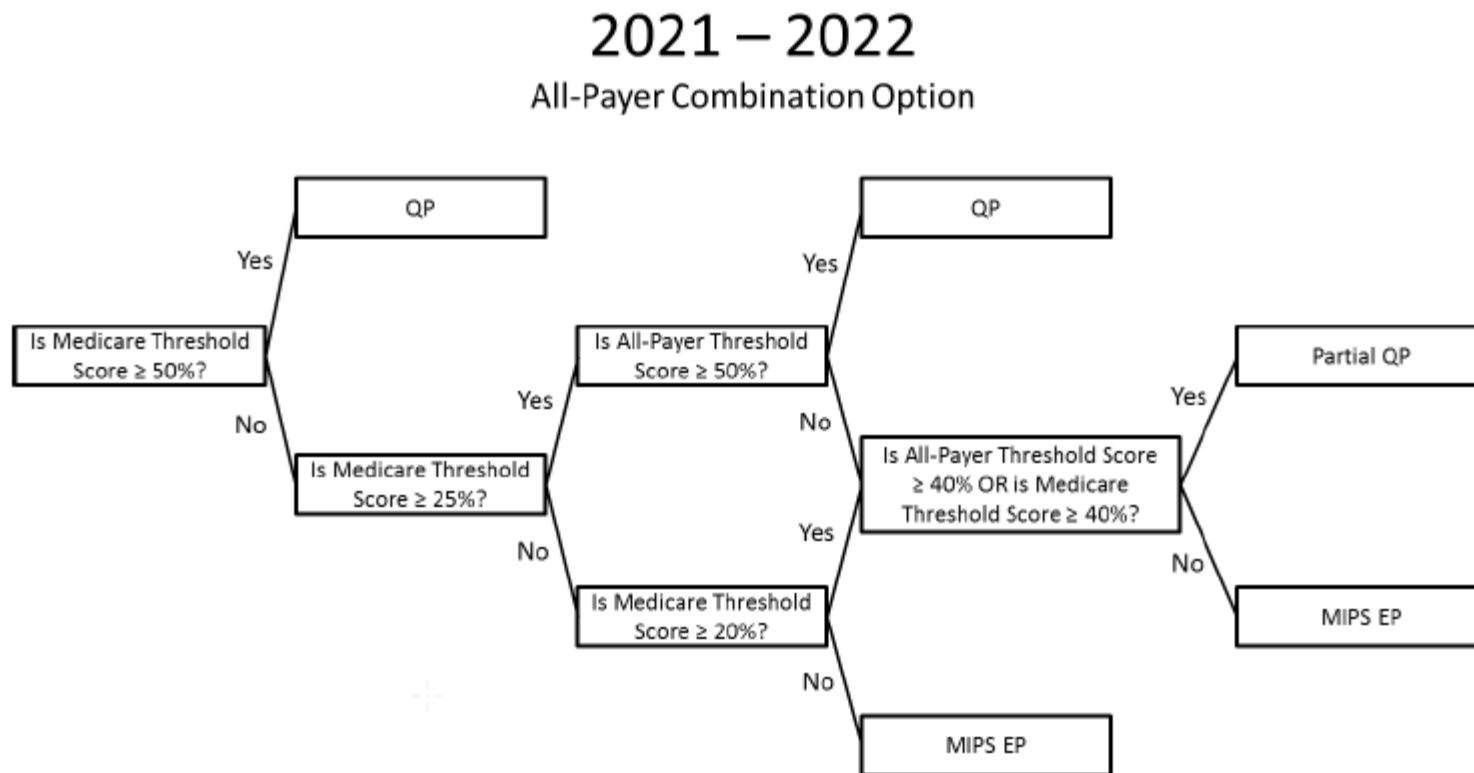
## Definition

- An Alternative Payment Model wherein Medicare is a payer, which includes physician group practices (PGPs) or individual physicians as APM Entities and targets the quality and costs of physician services.
- A PFPM may or may not be an Advanced APM
- Very strict criteria
  - Incentives to pay for higher value care
  - Discrete Care Delivery Improvements
  - Information Enhancements: Improving the availability of information to guide decision-making
  - Specific supplemental information must be supplied

# Advanced APMs


## Qualifying Thresholds

**FIGURE F: QP Determination Tree, Payment Years 2021-2022**



# Estimates

## NPRM MACRA

- MIPS fee schedule adjustments
  - 687,000 -746,000 eligible clinicians in MIPS 2019
  - -833 M  +833 M
  - 500 M in exceptional performance payments
  - 60% of small (<25 eligible clinicians) practices will be penalized
- Advanced APM bonus payments
  - 30,658 - 90,000 eligible clinicians QP
  - \$146 million - \$429 million

# Estimates

## Specialty

### MIPS

| Specialty       | #      | Charge (Mil) | % Negative | % Positive | Aggregate negative | Aggregate Positive | Aggregate Exceptional |
|-----------------|--------|--------------|------------|------------|--------------------|--------------------|-----------------------|
| Urology         | 8,814  | \$1,586      | 40.5%      | 59.2%      | -\$13              | \$31               | \$11                  |
| Oncology        | 11,705 | \$1,706      | 37.5%      | 62.1%      | -\$13              | \$24               | \$9                   |
| Family Practice | 79,541 | \$5,666      | 40.2%      | 59.5%      | -\$60              | \$103              | \$38                  |

### Excluded from MIPS

| Specialty       | #      | Allowed Charges (mil) | % of all excluded |
|-----------------|--------|-----------------------|-------------------|
| Urology         | 1,754  | \$44                  | <1%               |
| Oncology        | 1,825  | \$46                  | <1%               |
| Family Practice | 28,966 | \$325                 | 2%                |

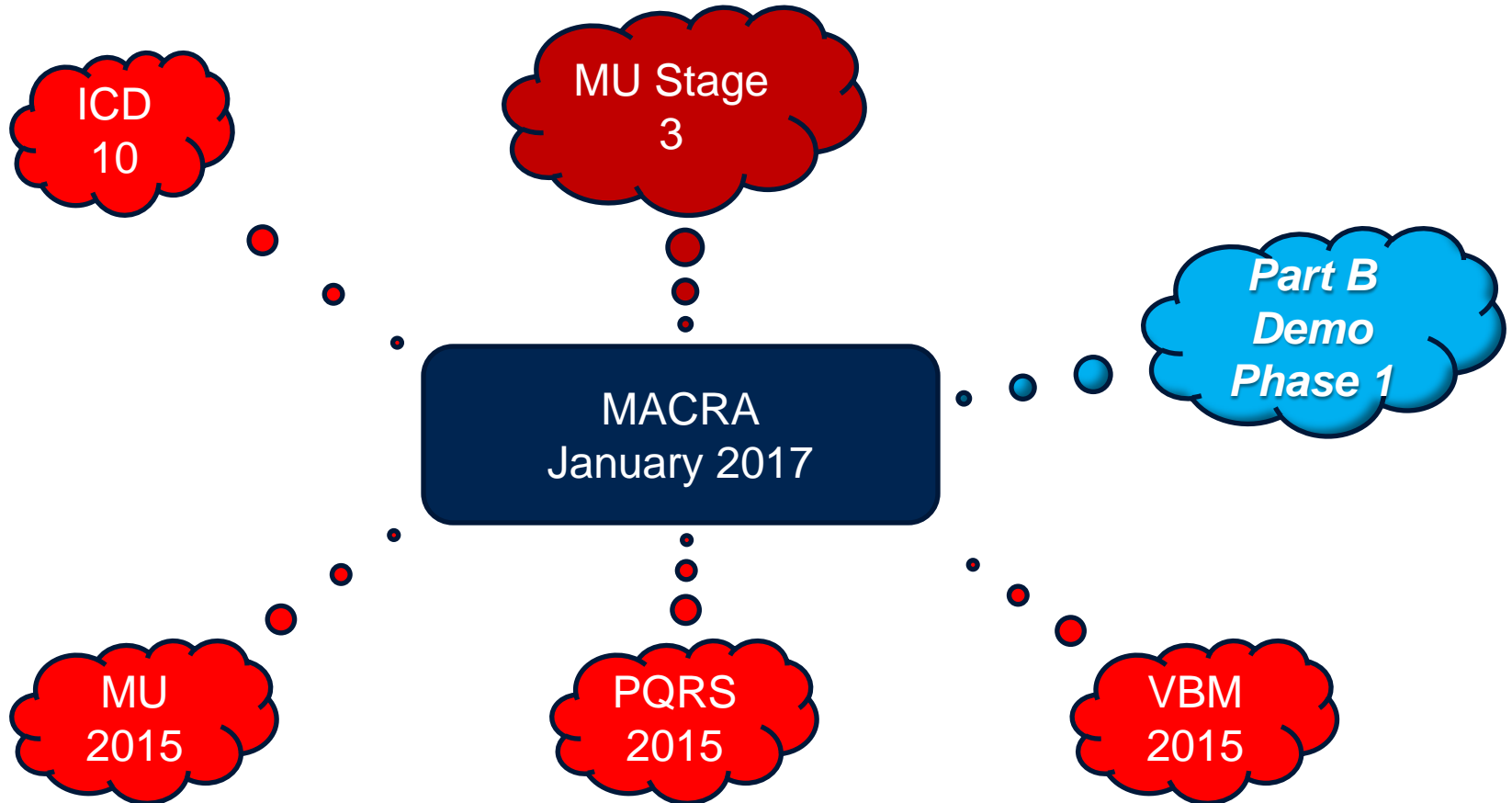
# Alternative Payment Models

## Challenges and Implications for Specialty Providers

- Few APMs are available to specialists today
- Qualifying participation is based on collective determination, not individual clinician, during the “performance period”.
- MACRA may accelerate consolidation in specialty market
- Very tight timeline
  - List of Advanced APMs published “before January 1, 2017”
  - Performance period begins January 1, 2017 (snapshot 12/31/2017)
  - Notification to QPs no sooner than summer of 2018

# Providers Face Many Reimbursement Pressures all at Once

Confluence of Events



# Alternative Payment Models

## Opportunities for Specialists

- Favorable scoring under MIPS
- Advanced APM Bonus is based on participation, not performance
- MACRA may accelerate consolidation in specialty market
- Path forward to design models tailored to a specialty

# Alternative Payment Models

## Challenges and Opportunities for Partners

- Operational Solutions
  - EHR
  - Dispensing and inventory
  - Clinical Decision support
- Analytic Solutions
  - Population health for specialty
  - Clinical Analytics (including Advanced Quality Reporting)
  - Consolidated Financial Analytics
- Contracting Solutions
  - Value based purchasing



## Conclusions

- MACRA may accelerate participation in alternative payment models in the specialty space, but not in first years of the program
- Specialty providers will face significant pressures from many directions in a short period of time, while absorbing the complexity of moving to value based reimbursement
- Health care stakeholders will need to understand the specialty provider perspective to realize opportunities in the APM environment



AmerisourceBergen®

Where knowledge,  
reach and partnership  
shape healthcare delivery.