Alternative Payment Model Environment
Implications for Specialty Providers and their Partners

Bob Dowling MD
Vice President Medical Affairs and Policy
ION Solutions/IntrinsiQ Specialty Solutions

June 20, 2016
Washington DC
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


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

2021 – 2022
All-Payer Combination Option

- **QP**
  - Is Medicare Threshold Score ≥ 50%?
    - Yes
    - Is All-Payer Threshold Score ≥ 50%?
      - Yes
        - Is All-Payer Threshold Score ≥ 40% OR is Medicare Threshold Score ≥ 40%?
          - Yes
            - Partial QP
          - No
            - MIPS EP
        - No
          - Is Medicare Threshold Score ≥ 25%?
            - Yes
              - Is Medicare Threshold Score ≥ 20%?
                - Yes
                  - MIPS EP
                - No
                  - MIPS EP
            - No
              - MIPS EP
    - No
      - Is Medicare Threshold Score ≥ 25%?
        - Yes
          - Is Medicare Threshold Score ≥ 20%?
            - Yes
              - MIPS EP
            - No
              - MIPS EP
        - No
          - MIPS EP
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

<table>
<thead>
<tr>
<th>Specialty</th>
<th>#</th>
<th>Charge (Mil)</th>
<th>% Negative</th>
<th>% Positive</th>
<th>Aggregate negative</th>
<th>Aggregate Positive</th>
<th>Aggregate Exceptional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urology</td>
<td>8,814</td>
<td>$1,586</td>
<td>40.5%</td>
<td>59.2%</td>
<td>-$13</td>
<td>$31</td>
<td>$11</td>
</tr>
<tr>
<td>Oncology</td>
<td>11,705</td>
<td>$1,706</td>
<td>37.5%</td>
<td>62.1%</td>
<td>-$13</td>
<td>$24</td>
<td>$9</td>
</tr>
<tr>
<td>Family Practice</td>
<td>79,541</td>
<td>$5,666</td>
<td>40.2%</td>
<td>59.5%</td>
<td>-$60</td>
<td>$103</td>
<td>$38</td>
</tr>
</tbody>
</table>

### Excluded from MIPS

<table>
<thead>
<tr>
<th>Specialty</th>
<th>#</th>
<th>Allowed Charges (mil)</th>
<th>% of all excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urology</td>
<td>1,754</td>
<td>$44</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Oncology</td>
<td>1,825</td>
<td>$46</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Family Practice</td>
<td>28,966</td>
<td>$325</td>
<td>2%</td>
</tr>
</tbody>
</table>

All dollars are million.
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

- **ICD 10**
- **MU Stage 3**
- **PQRS 2015**
- **VBM 2015**
- **MACRA January 2017**
- **Part B Demo Phase 1**

MACRA January 2017 is the central event connecting various other events and initiatives related to healthcare reimbursement pressures, including MU Stage 3, PQRS 2015, VBM 2015, Part B Demo Phase 1, and ICD 10.
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.
Where knowledge, reach and partnership shape healthcare delivery.