Physician-Focused Payment Model Technical Advisory Committee

August 4, 2017

The Honorable Thomas E. Price, MD
Secretary of the Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Price:

On behalf of the Physician-Focused Payment Model Technical Advisory Committee (PTAC), I write to thank you for your ongoing support of PTAC and to respond to your request that the PTAC share "lessons learned" from its reviews of the first physician-focused payment models (PFPMs) submitted to it. PTAC has submitted its recommendations to you on three PFPM proposals, and we are actively engaged in reviewing nine additional proposals.

During the course of our work, we identified several opportunities for improvement that PTAC alone cannot fully address. We would like to share with you our thoughts and observations in the following areas:

- individualized technical assistance (TA) for submitters in payment model design;
- access to data and analysis;
- data sharing capabilities of HIT;
- limited-scale testing of innovative payment models; and
- barriers to innovation in current payment systems.

Each of these issues is discussed below.

Individualized Technical Assistance to Submitters in Payment Model Design. Committee members have been impressed by the number of practicing physicians and specialty groups that have developed and submitted PFPM proposals to us. Some of the proposals submitted by practicing physicians provide a clear description for the *care delivery model* that would be supported by a change in payment, but the detailed description of the actual *payment model* that would support the new approach to care delivery is underdeveloped. This is not surprising, since physicians' expertise is in delivering care, not designing payment models.

In many cases the proposal submitters could address these gaps if they had access to assistance from individuals with expertise in payment model design. In addition, PTAC could be helpful triaging good ideas by identifying those that warrant a payment model versus those that would benefit from other intervention such as a new code or change in payment amount.

A TA program for submitters could include:

- Periodic public workshops explaining the key building blocks of payment models and describing optional ways of addressing issues such as risk adjustment, performance measurement, cost estimations and other elements of payment models.

- Help for model developers in determining when good ideas could be addressed using current payment methods versus needing new payment models and helping applicants discern options for closing specific gaps in a PFPM proposal.

- Assistance for model developers in interpreting and meeting the Secretarial criterion on "*Health Information Technology – Encourage use of health information technology to inform care*" and helping submitters implement the HIT-enabled data sharing elements of their model as proposed, if the PTAC finds that the proposed PFPM has sufficient merit otherwise.

Access to Data and Analysis. One of the three secretarial criteria the PTAC has designated as high priority is that a proposed PFPM must be expected to improve health care quality without increasing spending, reduce spending while maintaining quality, or reduce spending and improve quality. However, evaluating a proposal against this criterion usually requires analysis of Medicare claims data that has been disaggregated into the types of conditions and procedures being addressed by the PFPM.

Large and well-resourced organizations could hire consultants to complete this analysis before submitting a PFPM proposal, but the feasibility is limited for small organizations. For your consideration, we respectfully request that a mechanism be established for the PTAC applicants to obtain analyses of Medicare claims data to be incorporated within their proposals.

Guidance and Technical Assistance on Data Sharing in HIT. Both applicants and PTAC members have had difficulties in addressing Secretarial criterion 10: *"Health Information Technology. Encourage use of health information technology to inform care."* Most models received by the PTAC propose some degree of data sharing across providers, however, insufficient interoperability remains a barrier to submitters meeting this criterion, and one that individual submitters cannot resolve by themselves. In addition, lack of ability to assure electronic exchange of information makes it difficult for applicants to meet *Criterion 7. Integration and Care Coordination* in a cost-effective way.

A Ready Path for "Limited Scale" Testing. In its work to date, the Committee has observed that it will not be possible to fully specify the payment methodology for some proposed PFPMs without the benefit of experiential data derived from implementing the PFPM in some physician practices. The PTAC has

recommended some models to you for limited scale testing to signal that a model requires additional refinement before it is ready for a typical larger scale demonstration. We believe that a path for testing on a smaller scale would be a helpful first step for many models.

Barriers to Innovation in Current Payment Systems. An additional issue PTAC has observed in reviewing proposed models is that barriers in current payment systems, in this case the Physician Fee Schedule, sometimes impede innovation. As a way of overcoming the barriers, clinicians are proposing new payment models to PTAC. However, in some cases, a more straight-forward approach to accomplishing the payment improvement is to remove an identified barrier in the current payment system. For example, a new or refined code or a new payment amount might achieve the desired delivery system change without the need for the development, refinement and implementation of a new payment model. For some models being proposed through the PTAC and presumably for many under development, identifying and resolving barriers to innovation caused by inadequacies within the payment systems already in place may be the most efficient path to implementing an innovation.

PTAC members would be happy to discuss any of these observations with you.

After completing its first round of proposal reviews, PTAC examined its own processes and procedures and is making changes with a focus on streamlining the process for submitters, clarifying PTAC member conflict of interest policies, improving communication with the public, and strengthening PTAC's review and evaluation of proposals. We are committed to continuously improving our processes and to remain transparent in our work. Our goal is to deliver thoughtfully considered recommendations to you, and to contribute to positive changes in the health care delivery system.

We look forward to your response to the recommendations that PTAC has made to you, and to learn more about the process HHS will use for PFPMs that receive a favorable response from PTAC and HHS.

Please let me know if PTAC can provide any additional information on its work to you.

Sincerely,

Jeffrey Bailet, MD