

Health Research Brief

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Health System Participation in Medicare Alternative Payment Models in 2018

The Centers for Medicare and Medicaid Services are testing a number of alternative payment models that tie health care payments to higher value care. To characterize health system and provider participation in these alternative payment models (APMs) in 2018, we used data from the Agency for Healthcare Research and Quality (AHRQ) [Compendium of U.S. Health Systems](#). We found that two-thirds of health systems had some physician participation in at least one Medicare APM during that year, and that a greater percentage of health system-affiliated physicians participated in a Medicare APM compared with physicians not affiliated with a health system. Future research should leverage the Compendium and other data sources to examine differences in APM participation across health care markets and by provider specialty type to identify areas for new payment reform efforts.

Introduction

Spending on health care continues to rise in the United States, without a corresponding increase in health care quality or improved health outcomes (Tikkanen and Abrams 2020). As a result, policy-makers have become increasingly interested in alternative approaches to paying for health care services that incentivize higher value care. To identify payment approaches that achieve this goal, the Centers for Medicare & Medicaid Services (CMS) is implementing and testing a variety of alternative payment models (APMs), including accountable care organizations (ACOs), episode-based payment (EBP) models, and primary care transformation (PCT) models. In this study, we leveraged new data from the 2018 AHRQ Compendium of U.S. Health Systems to characterize health system and provider participation in national Medicare APMs.

Data and methods

The AHRQ Compendium of U.S. Health Systems is a publicly available data source that identifies health systems operating in the United States. It includes information on system characteristics as well as linkages to system-affiliated hospitals and group practices. These data can be linked to additional data sources with information on hospitals, practices, and physicians; for example, we linked one of the Compendium files at the group practice level to the Medicare Data on Physician Practice and Specialty (MD-PPAS) file to identify the set of physicians billing Medicare in each group practice.

For this analysis, we linked the 2018 Compendium to data on physicians and practices participating in Medicare APMs from CMS's 2018 APM Management System database. The Medicare APMs included in this analysis were Medicare ACO models (the

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Medicare Shared Savings Program, the Comprehensive End-Stage Renal Disease Care Model, and the Next Generation ACO Model), EBP models (Bundled Payments for Care Improvement Initiative, the Comprehensive Care for Joint Replacement Model, and the Oncology Care Model), and a PCT model (Comprehensive Primary Care Plus). These APMs were all available in multiple regions across the country and influenced payments to physicians in 2018.

Physician and health system participation in Medicare APMs

More than two-thirds of U.S. health systems participated in at least one Medicare APM during 2018.

We found that 68 percent of U.S. health systems participated in Medicare APMs in 2018. The largest percentage of systems participated in ACOs (58 percent) (Figure 1). Fewer systems participated in PCT models (19 percent) or EBP models (16 percent). This is likely in part because one of the EBP models, Comprehensive Care for Joint Replacement, and

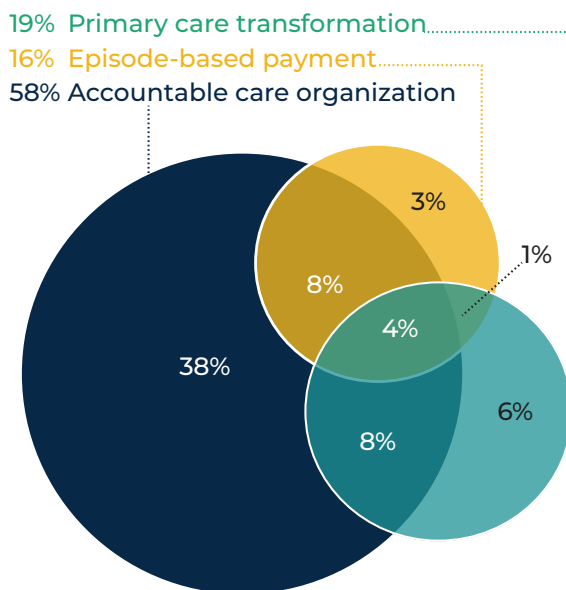
the sole PCT model, Comprehensive Primary Care Plus, were only available in specific areas or regions across the United States. (Participation in the Comprehensive Care for Joint Replacement model was mandatory in certain metropolitan areas and voluntary in others, and participation in Comprehensive Primary Care Plus was voluntary in specified regions.) Therefore, only health systems with providers operating in those locations were eligible to participate. All three of the Medicare ACO models, on the other hand, were available in all regions of the United States.

Many systems that participated in a Medicare ACO model also participated in another type of Medicare APM. Among the 58 percent of systems that participated in Medicare ACOs, 20 percent also participated in either a PCT model (8 percent), an EBP model (8 percent), or both (4 percent).

We also examined whether certain types of systems participated in Medicare APMs more frequently. We found that a larger percentage of systems that employ 500 or more physicians or that are church-operated participated in Medicare APMs, when compared with systems that do not have these characteristics (results not shown). Specifically, 79 percent of health systems that employ 500 or more physicians participated in Medicare APMs in 2018, compared with only 57 percent of systems with 50 to 149 physicians. In addition, 89 percent of church-owned systems participated, whereas only 54 percent of publicly owned systems, 65 percent of investor-owned systems, and 69 percent of non-profit systems participated.

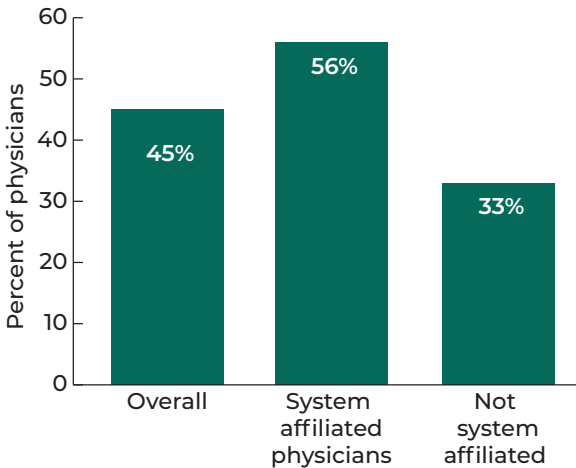
Physicians affiliated with health systems were more likely to participate in Medicare APMs when compared with unaffiliated physicians. At the physician level, we found that a greater percentage of physicians billing the Medicare program who were affiliated with health systems were participating in at least one Medicare APM, when compared with physicians billing Medicare who were not affiliated with systems (56 percent versus 33 percent) (Figure 2). Physician participation in Medicare APMs was driven by physician participation in ACO models.

Figure 1. Percentage of systems with physicians participating in different Medicare APM types in 2018



Source: Authors' analysis of the 2018 Compendium of U.S. Health Systems and 2018 Centers for Medicare & Medicaid Services Alternative Payment Model Management System.

Figure 2. Percentage of U.S. physicians billing the Medicare program participating in at least one Medicare APM, overall and by health system affiliation, in 2018



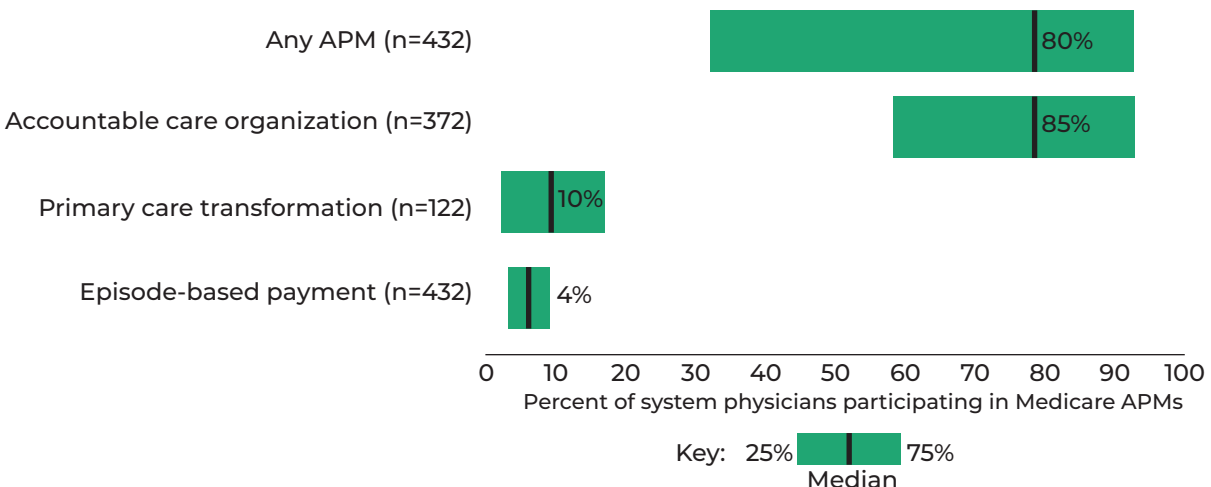
Source: Authors' analysis of the 2018 Compendium of U.S. Health Systems and 2018 Centers for Medicare & Medicaid Services Alternative Payment Model Management System.

This might be because, unlike in ACO models, only certain types of physicians and practices are eligible to participate in EBP and PCT models. For example, Medicare's Oncology Care Model is focused on physicians who treat Medicare beneficiaries diagnosed with cancer, and the Comprehensive Primary Care Plus

model is focused on primary care practices. Also, some of the EBP and PCT models were only available in specific areas or regions, so physicians not practicing in those locations could not participate.

Among health systems with physicians participating in Medicare APMs, a median of 80 percent of their affiliated physicians participated, although this varied considerably across systems and by APM type. To understand health system participation in various types of Medicare APMs, we examined the percentages of system-affiliated physicians who were participating in an APM across systems, overall and by APM type. We found that, overall, a median of 80 percent of system-affiliated physicians, or 141 physicians, participated in Medicare APMs (Figure 3); this finding, however, is similarly driven by systems participating in ACOs. When systems were in ACOs, a median of 85 percent of the system's affiliated physicians participated. This high share likely reflects ACOs' emphasis on total cost of care and the inclusion of system specialists that treat a broad array of Medicare beneficiary conditions (Machta et al. 2020). But across systems, the share of physicians participating in ACOs varied from 56 percent for systems in the 25th percentile to 94 percent for systems in the 75th percentile.

Figure 3. Among health systems engaged in Medicare APMs in 2018, percentage of system-affiliated physicians participating in those APMs, overall and by type



Source: Authors' analysis of the 2018 Compendium of U.S. Health Systems and 2018 Centers for Medicare & Medicaid Services Alternative Payment Model Management System.

A much smaller percentage of system-affiliated physicians typically participated in PCT or EBP models (medians are 10 percent and 4 percent, respectively) (Figure 3). Again, this is likely because only certain types of physicians are eligible to participate in EBP and PCT models. Returning to the example of Medicare's Oncology Care Model, only system physicians who treat Medicare beneficiaries diagnosed with cancer would be eligible to participate, which is a relatively small proportion of the total physicians in systems. Accordingly, fewer than 12 percent of physicians in any system participated in this model (result not shown).

Discussion

Our finding that a majority of U.S. health systems participated in Medicare APMs in 2018 demonstrates the substantial reach of health care payment reform in the Medicare program. Yet the Health Care Payment Learning and Action Network (HCPLAN) set an ambitious goal of having 100 percent of Medicare payments tied to APMs with downside risk by 2025. To achieve this goal, all health systems and many more providers, including those unaffiliated with health systems, will need to engage in APMs with greater financial risk. Indeed, several models included in this analysis (such as the Oncology Care Model) did not require participants to bear downside financial risk.

To inform the development of new payment models and work toward the goal identified by HCPLAN, payment reform researchers could leverage the AHRQ Compendium data files, along with CMS data on Medicare APM participation. For instance, there is an opportunity to better understand how different types of payment models could work in concert to collectively improve health care value, since we observed many health systems participating in ACOs

also participate in EBP and PCT models. In addition, by using the Compendium group practice linkage file and providers' locations, researchers could link providers to the markets in which they practice to explore the factors associated with systems participating in different APMs in the markets the systems serve. Similarly, researchers could identify U.S. markets where no local health systems or group practices participate in Medicare APMs and identify relevant community and provider factors. Finally, researchers could leverage the Compendium group practice linkage file, MD-PPAS file, and CMS data on Medicare APM participation to identify priority medical specialties and group practice types that could be the focus of future payment models.

CMS is continuing to build its portfolio of APMs that include downside risk to providers. As CMS implements new APMs, they will provide additional opportunities for health systems and physicians to engage in payment reform. Given their growing prominence, understanding the role that health systems play in this evolving space is critical to advancing our understanding of how various payment models can be deployed to improve the quality and affordability of health care in the United States.

References

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