

**Physician-Focused Payment Model Technical Advisory Committee  
Value Considerations for Model Development and Testing  
Fact Sheet**

The Medicare Access and CHIP Reauthorization Act of 2015 established an innovative process for stakeholders and individuals to submit proposed physician-focused payment models to an advisory committee, the Physician-Focused Payment Model Technical Advisory Committee (PTAC). PTAC's statutory mandate is to make comments and recommendations to the Secretary of the Department of Health and Human Services (HHS) on the extent to which each submitted proposed model meets criteria established by the Secretary for physician-focused payment models. Submitters and PTAC thus have an important role to play in the advancement of value-based care.

This document aims to help stakeholders better understand how HHS is using PTAC's recommendations and comments received to date to advance the value agenda, the Secretary's Value Based Transformation (VBT) vision that HHS will use to prioritize model development, and additional considerations as HHS identifies proposed physician-focused payment models that can be further developed and tested. This document provides additional information for stakeholders, as they craft proposed models, so that the proposed payment models may in turn have a higher likelihood of being developed and tested by HHS.

**Proposed Models PTAC Recommended for Implementation, Limited-Scale Testing, or Attention (to date)**

HHS is taking this opportunity to give more specific information about how it is considering aspects of proposed payment models that have gone through the PTAC process as HHS assesses new model tests for implementation and improvements to existing models.

HHS is currently working to develop new potential model tests that build on ideas from the proposed models recommended by PTAC. These include proposed models from the Coalition to Transform Advanced Care (C-TAC) and the American Academy of Hospice and Palliative Medicine (AAHPM) to provide optimal care to seriously-ill beneficiaries; the American Academy of Family Physicians (AAFP), the University of Chicago Medicine, and Jean Antonucci, MD for a more holistic approach to primary care; the American College of Emergency Physicians (ACEP) to encourage improved transitions of care; the Icahn School of Medicine at Mt. Sinai and Marshfield Clinic and Personalized Recovery Care (PRC) LLC for providing safe and appropriate hospital level care at-home; and the Renal Physicians Association (RPA) and Dialyze Direct for creative models that support customized, patient-centered care to improve the well-being and medical management of patients with chronic kidney disease (CKD) or end-stage renal disease (ESRD). The proposed models submitted to PTAC, PTAC's thoughtful comments on them, and our discussions with submitters, have been valuable in shaping our work.

**Value Based Transformation Vision**

HHS is interested in proposed payment models focused on local delivery of health care, where patients and providers determine the best care plan, and providers are accountable for patients' outcomes. Those closest to patients – not the federal government — should be empowered, freed of unnecessary regulatory burden, and held accountable for outcomes. This vision of value-based transformation would not include models focused on testing specific proprietary innovations, such as unique drugs, medical devices, software or other technology, or that are focused on implementation for individual practices or companies. HHS is interested in developing new payment models that are transparent, simple and accountable.

- Transparent models empower consumers to drive value through choice, supported by interoperability and data.
- Simple models reduce complexity – they remove "check the box" requirements and focus on things that matter for measurement.
- Accountable models encourage risk and accountability – not as ends in themselves, but as tools to align incentives and meaningfully drive change in behavior.

With these objectives in mind, HHS has announced four areas of focus for value-based transformation: patients as consumers, providers as accountable patient navigators, payment for outcomes, and prevention of disease before it occurs.

1. *Patients as Consumers.* We will empower patients as consumers by enabling access to competitive pricing and allowing patients to share financially in the benefit of choosing high-performing providers or high-quality, affordable elective services.
2. *Providers as Accountable Patient Navigators.* We will pay providers for their patients' outcomes and remove unnecessary burdens so that they can focus on the delivery of care, not administrative tasks.
3. *Payment for outcomes.* We will test ways to modernize outdated payment rules that pay providers different amounts for the exact same service based solely on the location in which the service is delivered. We will also expand our efforts to pay for successful episodes of care rather than discrete services.
4. *Prevention of disease before it occurs.* We will consider a patient's health holistically and focus on early life interventions to deliver improvements over the course of a lifetime.

HHS believes physician-focused payment models are critically important to value based care and will have growing impact over time. PTAC is a critical partner in developing payment models.

### **Additional Considerations**

PTAC reviews proposed physician-focused payment models using the 10 criteria established by HHS in regulation (81 FR 77496). These 10 criteria were organized into three categories: payment incentives, care delivery, and information availability.

In addition to these criteria, HHS will prioritize models for implementation that embody the vision and considerations outlined above, and those that are expected to increase quality, reduce expenditures, and empower the beneficiary as a consumer - with a focus on transparency, simplicity, and accountability. Priority will be given to proposed models that meet the criteria below.

- Quality
  - Models that reduce avoidable events by at least 10 percent and/or mortality by at least 2 percent.
- Cost
  - Models that will reduce expenditures by \$10 billion annually once expanded nationally.
- Beneficiary Choice
  - Models that empower beneficiaries by increasing choice and access.

Please note that the criteria above are not strict requirements, but rather helpful guiding principles for prioritization that will be applied flexibly. For example, proposed models with little to no expected impact on expenditures but significant expected impact on quality will be closely considered. Additionally, please note that the estimated goals above are measured on the basis of improvement potential in a hypothetical full rollout across the nation rather than expected impact over the course of a model test.

Submitters' proposed models that have merit but may not meet all of the physician-focused payment model criteria, are still of significant interest. We note that PTAC's comments and recommendations on all proposed models are valuable to HHS. HHS looks forward to continuing our close working relationship with the PTAC.