

2024 Issue Brief Pathway to Value

Issue

Over the past several years, federal policymakers have embarked on bipartisan efforts to transition the current healthcare landscape from fee-for-service to value-based care and reimbursement. However, providers still face significant impediments to taking risk, which slows the progress of moving to an actual value-based healthcare system. Policymakers must address the significant obstacles and challenges that currently exist in the healthcare market to create a clear pathway to value-based care.

Improve and Incentivize Value-Based Models of Care

Last August, the Centers for Medicare & Medicaid Services (CMS) announced that the Medicare Shared Savings Program (MSSP) had saved the Medicare program \$1.8 billion in 2022 compared to spending targets.ⁱ This marked the sixth consecutive year the MSSP has generated overall savings compared to expected Medicare expenditures. It represents the second-highest annual savings accrued for Medicare since MSSP's inception over 10 years ago. About 63% of participating Accountable Care Organizations (ACOs) earned shared savings payments for their performance in 2022.

The success of the MSSP demonstrates the importance of the 5% Advanced Alternative Payment Model (APM) incentive payment. When the Medicare Access to CHIP Reauthorization Act of 2015 was enacted, it set in motion a transition to value-based Medicare physician payment. Part of the law created a 5% Advanced APM incentive which motivated providers to move toward value-based payment. Congress temporarily extended the eligibility to earn incentive payments twice, but the payments will expire at the end of 2024.

The Value Act (H.R. 5013/S. 3503) reinforces the shift to value-based care by extending the 5% Advanced APM incentive payments for an additional two years. This legislative proposal also strengthens the MSSP by updating it to recognize and reward ACOs. Specifically, the bill eliminates the artificial distinction between high- and low-revenue ACOs, revises benchmark development and shared savings policies, and mandates more technical assistance from the federal government. This legislation also establishes a voluntary ACO track to enable participants to take on higher levels of risk.

AMGA asks Congress to:

- **Approve the Value Act (H.R. 5013/S. 3503), which extends the 5% Advanced APM payment incentive to implement reforms to the ACO program**

ⁱ Centers for Medicare & Medicaid Services, (2023, August 24), Medicare Shared Savings Program Saves Medicare More Than \$1.8 Billion in 2022 and Continues to Deliver High-quality Care (Press Release), [cms.gov/newsroom/press-releases/medicare-shared-savings-program-saves-medicare-more-18-billion-2022-and-continues-deliver-high](https://www.cms.gov/newsroom/press-releases/medicare-shared-savings-program-saves-medicare-more-18-billion-2022-and-continues-deliver-high)