

# DELIVERING VALUE-BASED TRANSFORMATION IN PRIMARY CARE

*The CMS Primary Cares Initiative to Empower Patients and Providers to Drive Better Value and Results*

Administered through the Centers for Medicare & Medicaid Services (CMS) Innovation Center, the CMS Primary Cares Initiative will provide primary care practices and other providers with five new payment model options under two paths: **Primary Care First** and **Direct Contracting**.

The two payment model options under **Primary Care First** include:

1. Primary Care First (PCF) – General
2. Primary Care First – High Need Populations

The three payment model options under **Direct Contracting** include:

1. Direct Contracting (DC) – Global
2. Direct Contracting – Professional
3. Direct Contracting – Geographic

## Primary Care First

Primary care is central to a high-functioning health care system and thus, there is an urgent need to preserve and strengthen primary care as well as a need for support of complex, chronic, and serious illness care services for Medicare beneficiaries. PCF addresses these needs by creating a seamless continuum of care and as a result, accommodating a continuum of interested providers at multiple stages of readiness to assume accountability for patient outcomes.

### 1. Primary Care First Payment Model Option

The PCF payment model option tests whether delivery of advanced primary care can reduce total cost of care and focuses on advanced primary care practices ready to assume financial risk in exchange for reduced administrative burden and performance-based payments. The PCF model option also introduces new, higher payments for practices that care for complex, chronically ill patients.

### 2. Primary Care First – High Need Populations Payment Model Option

Through a second payment model option, PCF also encourages advanced primary care practices, including practices whose clinicians are enrolled in Medicare and typically provide hospice or palliative care services, to take responsibility for high need, seriously ill beneficiaries who currently lack a primary care practitioner and/or effective care coordination. These population groups are referred to under this payment model option as the Seriously Ill Population or SIP.



## Direct Contracting

Direct Contracting (DC) is a set of three voluntary payment model options aimed at reducing expenditures and preserving or enhancing quality of care for beneficiaries in Medicare fee-for-service (FFS). The payment model options available under DC create opportunities for a broad range of organizations to participate with CMS in testing the next evolution of risk-sharing arrangements to produce value and high quality health care. Building on lessons learned from initiatives involving Medicare Accountable Care Organizations (ACOs), such as the Medicare Shared Savings Program and the Next Generation ACO Model, the payment model options available under DC also leverage innovative approaches from Medicare Advantage and private sector risk-sharing arrangements.

DC creates three payment model options for participants to take on risk and earn rewards, and provides participants with choices related to cash flow through Population-Based Payment (PBP), beneficiary alignment, and benefit enhancements. The payment model options are (1) Professional PBP; (2) Global PBP; and (3) Geographic PBP. In an effort to further refine specific design parameters for Geographic PBP, CMS is seeking additional input from the public through a Request for Information (RFI).

### 1. Direct Contracting – Professional

Professional PBP Direct Contracting Entities (DCEs) will bear risk for 50% of shared savings/shared losses on the total cost of care (i.e. all Parts A and B services) for aligned beneficiaries. Professional PBP DCEs will receive “Primary Care Capitation,” a capitated, risk-adjusted monthly payment for enhanced primary care services equal to seven percent of the total cost of care for enhanced primary care services.

### 2. Direct Contracting – Global

Global PBP DCEs will bear risk for 100% of shared savings/shared losses on the total cost of care (i.e. all Parts A and B services) for aligned beneficiaries. Global PBP DCEs will be able to choose between two payment options: Primary Care Capitation, described above, or Total Care Capitation. Total Care Capitation refers to a capitated, risk-adjusted monthly payment for all services provided by DC Participants and Preferred Providers with whom the DCE has an agreement.

### 3. Direct Contracting – Geographic

Geographic PBP DCEs will bear risk for 100% of shared savings/shared losses on the total cost of care (i.e. all Parts A and B services) for aligned beneficiaries in a target region. Geographic PBP DCEs will be selected as part of a competitive application process and commit to providing CMS a specified discount amount off of total cost of care for the defined target region.

Similar to Professional PBP and Global PBP, Geographic PBP will offer an optional Total Care Capitation payment mechanism. Under this capitation payment, CMS will continue to pay claims for services furnished by providers outside of the DCE, including outside of the target region. Alternatively, Geographic PBP DCEs can assume full financial risk, while having CMS continue to make FFS claims payments to all providers in the target region.

As noted, in an effort to further refine specific design parameters for Geographic PBP, CMS is seeking additional input from the public through a RFI to be released separately.

