

**COMMONWEALTH OF MASSACHUSETTS**  
**HEALTH POLICY COMMISSION**

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**TECHNICAL APPENDIX B8**  
**ALTERNATIVE PAYMENT METHODS**

**ADDENDUM TO 2016 COST TRENDS REPORT**

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## 1 Summary

This appendix describes the Health Policy Commission's (HPC) approach to measuring the percentage of members covered under an alternative payment method (APM) in Massachusetts, contained in **Chapter 8: "Alternative Payment Methods"** of the 2016 Cost Trends Report.

## 2 APM coverage by insurance category

### 2.1 Data

The HPC used the Center for Health Information and Analysis' (CHIA) 2016 Annual Report Alternative Payment Methods Databook (for calendar year 2015) for commercial, Medicaid (MassHealth), and Medicare Advantage APM coverage and publically available Centers for Medicare and Medicaid Services (CMS) data (2014-2016) for Original Medicare (fee-for-Service) APM coverage.

### 2.2 Analysis

#### 2.2.1 Commercial and Medicaid (MassHealth) APM coverage

CHIA's 2016 Annual Report APM Databook reports APM adoption for commercial members, as well as MassHealth Primary Care Clinician (PCC) and Managed Care Organization (MCO) beneficiaries, which appear in **Exhibit 8.1**.

To calculate commercial HMO and PPO APM coverage, the HPC summed member months associated with all payment methods, excluding fee-for-service, and divided by the total member months for these payers. Overall APM adoption for commercial payers in the Commonwealth is reported in CHIA's 2016 Annual Report. APM adoption within commercial HMO and PPO products was calculated using the same method, with data from CHIA's 2016 Annual Report APM Databook.

#### 2.2.2 Medicare Advantage and Original Medicare (Fee-For-Service) APM coverage

APM coverage for the Medicare Advantage population was calculated using the same methodology above, from CHIA's 2016 Annual Report APM Databook.

To estimate Original Medicare (fee-for-service) APM coverage in 2014, HPC used Massachusetts and national enrollment data for the Medicare Shared Savings Program and the Pioneer program, from the CMS Shared Savings Program State Counts Public Use Files (2012-2014) and Performance Year 2015 Results and CMS Pioneer Accountable Care Organizations (ACOs) Public Use Files (2012-2014) and Performance Year 4 Results (2015). HPC summed the number of beneficiaries enrolled in either of those programs in Massachusetts and divided by total number of beneficiaries in Massachusetts enrolled in Part A and/or Part B.

Pioneer membership is precise. However, for Original Medicare, HPC estimated APM enrollment for the Medicare Shared Savings Program (MSSP) population in 2015, as several

ACOs include residents of neighboring states that were not excluded from data calculations at the time of publication. Using growth in membership from the previous year, the HPC projected 2015 membership for the MSSP population.

The national comparison for Original Medicare APM coverage, which appears in the Dashboard (**Exhibit 10.1**), is calculated using the same method; the HPC summed the number of beneficiaries enrolled in all MSSP and Pioneer ACOs and divided by total number of beneficiaries in the U.S. enrolled in Part A and/or Part B.