# COMMONWEALTH OF MASSACHUSETTS
# HEALTH POLICY COMMISSION

## TECHNICAL APPENDIX C3
## ALTERNATIVE PAYMENT METHODS

**ADDENDUM TO 2017 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 section on **Alternative Payment Methods** of **Chartpack** released with 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) 2017 Annual Report Alternative Payment Methods Databook (for calendar year 2016) 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, including the Number of Assigned ACO Beneficiaries by County PUF for years 2014 - 2016, Medicare Pioneer Accountable Care Organization Model Performance Results for years 2014, 2015 and 2016, and Medicare Next Generation Accountable Care Organization Model Performance Year 1 (2016) Results.

## 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 on page 25 of the **Chartpack**.

Overall APM adoption for MassHealth and commercial payers in the Commonwealth is reported in CHIA's 2017 Annual Report. 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 payer types.

### 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 2017 Annual Report APM Databook.

To estimate Original Medicare (fee-for-service) APM coverage, HPC used Massachusetts and national enrollment data for the Medicare Shared Savings Program, the Pioneer program and the Next Gen ACO program. HPC summed the number of beneficiaries enrolled in any of those programs in Massachusetts and divided by total number of beneficiaries in Massachusetts enrolled in Part A and/or Part B.

APM enrollment for the Medicare Shared Savings Program (MSSP) population is reported by CMS by county and is precise; however, Pioneer and Next Gen membership is reported by ACO

and several Massachusetts-based ACOs include residents of neighboring states are not excluded from the data.

The national comparison for Original Medicare APM coverage, which appears in the Dashboard (**Exhibit 5.1**), is calculated using the same method; the HPC summed the number of beneficiaries enrolled in all MSSP and Pioneer ACOs and next generation ACO and divided by total number of beneficiaries in the U.S. enrolled in Part A and/or Part B.

## 3. Commercial APM coverage by payer Massachusetts versus National Carriers

### 3.1 Data

The HPC used the Center for Health Information and Analysis' (CHIA) 2017 Annual Report Alternative Payment Methods Databook (for calendar year 2016).

### 3.2 Analysis

CHIA's 2016 Annual Report APM Databook reports APM adoption by payer and insurance category. To calculate APM coverage by commercial payer category, the HPC summed member months associated with all payment methods, excluding fee-for-service, and divided by the total member months for each payer category. They payers were grouped as follows: the three largest insurers in Massachusetts included Blue Cross Blue Shield of MA, Harvard Pilgrim Health Plan, and Tufts Health Plan. Other smaller Massachusetts plans included Network Health, BMC Health Net plan, Celticare Health Plan, Fallon Community Health Plan, Health New England, Health Plans Inc., Minuteman Health, Neighborhood Health Plan and Unicare. National Insurer's included Aetna, Cigna and United Health Plans.

## 4. APM Correlation with Adjusted Total Spending and ED Visits

### 4.1 Data

The HPC used the Center for Health Information and Analysis' (CHIA) 2017 Annual Report Alternative Payment Methods Databook (for calendar year 2016) , HPC analysis of the all payer claims database, Registry of Provider Organizations 2016; SK&A Office and Hospital Based Physicians Databases, December 2015.

### 4.2 Analysis

Using APCD claims from 2014 for the three largest Massachusetts commercial insurers, the HPC attributed members to provider organizations using the methodology described in Technical Appendix B3 on provider organization performance variation. The average risk adjusted total spending was calculated by summing all spending, including insurer payments and patient cost sharing for attributed patients, and dividing by the number of attributed patients. Spending numbers were risk adjusted for the attributed patient populations of each provider organization

using the Johns Hopkins Adjusted Clinical Groups (ACG®) System grouper. ED visits per 100 were calculated by summing the number of ED visits for attributed patients, divided by the number of attributed patients. The results were adjusted for the health risk of the attributed patient populations, in addition to other patient characteristics: median income in patients' zip codes, average deprivation index, percent of patients over 55, gender, as well as payer mix and the percentage of patients in HMO and POS plans.

The calculation of APM adoption by provider group used the CHIA Alternative Payment Methods databook information on APM by provider group. HPC removed duplicate records and summed member months associated with all payment methods, excluding fee-for-service grouping by each provider group and divided by the total member months for these providers. The results of the APM and Cost and ED analyses were graphed, with the linear trend lines displayed.