



CMMI's Primary Care First and Direct Contracting Models

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Primary Care Transformation

In April 2019, the Center for Medicare and Medicaid Innovation (CMMI) released information on two new models under the Primary Care Transformation Initiative: Primary Care First (PCF) and Direct Contracting (DC).

Since then, CMMI has hosted webinars and released information, including a Request for Applications (RFA) that provide additional details around the financial incentives, care delivery modifications, and payment reform aspects of each model.

The following summary is intended to assist potential participants in developing a high-level understanding of these programs through the lenses of innovation, care delivery, and payment reform. The programs are complicated and any group considering participating should ensure they have a complete understanding of their technical requirements and risks.

Primary Care First is the next iteration of Comprehensive Primary Care Plus, and is an aggressively focused primary care program. Major hallmarks of PCF are:

- Participation is open to smaller practices with a minimum aligned population of 125 beneficiaries.
- Normal Medicare Fee for Service reimbursements are replaced with: a Population Based Payment (capitation) that is risk and geography adjusted, a geographically adjusted per visit flat fee, and a periodic Performance Based Adjustment.
- A quality gatekeeper that is based on a short, focused list of quality metrics.
- Seriously Ill Population Track: A separate track focused exclusively on high-acuity individuals.
- A measured emphasis on reduction in acute hospital utilization.
- Opportunities for participating practices to offer additional valuable benefits to beneficiaries.

Direct Contracting is the next iteration of the current Next Generation ACO model, and targets larger organizations who are ready to take on higher levels of risk in exchange for higher potential rewards. Major program provisions are:

- Participating organizations can be risk bearing provider groups or managed care organizations.
- Acceptance of risk on total cost of care (Global) or primary care services (Professional).
- Normal Medicare Fee for Service reimbursements for in-network services are replaced with a Population Based Payment (capitation). This capitation is based on a discounted benchmark, which is a blend of an entity's past performance and regional costs.
- Opportunities for participating entities to offer additional valuable benefits to beneficiaries: transportation, wellness programs, OTC medication vouchers, and cost sharing subsidies.
- An expanded list of benefit waivers are offered to participating entities: telehealth, SNF 3-day waivers, home health, and more.
- An emphasis on voluntary alignment of beneficiaries.
- Trends in proportion of in vs. out of network spend is part of the financial reconciliation.
- An opportunity for participating entities to receive bonuses for high quality care delivery.

Modeling and Education

Wakely's actuaries have developed financial models to evaluate the potential performance for organizations who would like to participate in either of these programs. Because these represent significant evolutions of existing programs, we have also developed materials to explain the nuances and help organizations navigate the options by comparing them to currently understood programs. These materials will be beneficial to organizations without prior exposure to the precursor programs, and those who have been involved previously.

As CMS and CMMI continue to develop and release new payment reform and care delivery models Wakely is committed to understanding these models to provide thoughtful and complete technical and strategic advice around participation.

Wakely's provider risk actuaries have extensive experience working with many different types of provider groups, including: primary care practices, multi-specialty groups, ACOs, health systems, clinically integrated networks, academic medical centers, and children's hospitals. This experience, coupled with our deep knowledge of value based contracting and actuarial expertise makes us an ideal partner to assist in successfully navigating these programs.

Please contact Aaron Jurgaitis at aaron.jurgaitis@wakely.com with any questions or to follow up on any of the concepts presented here.