

Holland & Knight

MEMORANDUM

Date: April 29, 2019

From: Holland & Knight

Re: Medicare Unveils New Voluntary Primary Care Models

The Centers for Medicare & Medicaid Services (CMS) [announced](#) five new, voluntary value-based payment models for primary care: Primary Care First and Direct Contracting. Applications are expected to open shortly, and both models will begin in Jan. 2020 for five years. Both are expected to qualify as advanced alternative payment models (APMs). Included in the announcement was a [request for information](#) regarding a geographic risk model, where participants would assume financial and clinical accountability for a broader patient population.

The Primary Care First (PCF) path includes two voluntary, five-year payment models designed for small practices and provides a monthly population-based payment, flat primary care visit fee, and a performance-based payment adjustment to incentivize reduced hospital use. There is a second payment track under this model that will focus on seriously ill patient populations.

- **PCF General**, designed for primary care practices prepared to assume sizeable financial risk in exchange for reduced administrative burden and performance-based payments; and
- **PCF—High Need Populations (HNP)**, designed to encourage advanced primary care practices, including practices enrolled in Medicare and providing hospice or palliative care services, to assume financial responsibility for high need, seriously ill beneficiaries who lack a primary care practitioner or effective care coordination.

The Direct Contracting path is geared toward larger organizations with at least 5,000 Medicare beneficiaries that have experience taking on financial risk. There are three variations of the Direct Contracting model with increasing levels of risk-sharing and reward.

- **DC—Professional**, designed for providers to share 50% of the financial risk with CMS and will offer providers "a capitated, risk-adjusted monthly payment for enhanced primary care services"; and
- **DC—Global**, designed for providers to assume 100% of financial risk and will offer providers two payment options, including a "risk-adjusted monthly payment for all services provided;"
- **DC—Geographic**, designed for providers to assume 100% of financial risk and offer providers a similar payment structure as that provided under the DC—Professional Model.

HHS expects the models to create new opportunities for providers to coordinate care for a large share of the nearly 12 million beneficiaries who are dually eligible for Medicare and Medicaid, particularly for beneficiaries enrolled in Medicaid managed care and Medicare FFS plans.

Notably, the models build on recent changes made to the Medicare Shared Savings Program (MSSP). Many of the critical elements of the new models—prospective, population-based payments; streamlined quality metrics; etc. could address challenges associated with earlier iterations of Medicare's primary care and ACO models. However, the precise details of the payment mechanisms, financial model, and quality reporting requirements have yet to be released. We anticipate further information in the coming weeks.

CMS will host webinars on the following dates for interested stakeholders:

- Tuesday, April 30, 12 p.m. EDT [Register here](#)
- Tuesday, April 30, 3 p.m. EDT [Register here](#)
- Thursday, May 16, 12 p.m. EDT [Register here](#)
- Thursday, May 16, 3 p.m. EDT [Register here](#)