The Current State of Medicare Payment Reform (On a Napkin)

ACO
$90 - $95B

Pioneer
NextGen

BPCI
$10-$12

CJR
$2-$3

Traditional Medicare*
$520

Other Models

Medicare Advantage*
$150 - $160B

* Excludes Outpatient Rx.

MACRA

* Excludes Outpatient Rx.

Brandeis University
10-Year Change in Physician Payment Under Merit-Based Incentive Program Program

MIPS AVG  |  MIPS Lower  |  MIPS Upper

2014: $100  |  $93  |  $111
2024: $100  |  $93  |  $102
10-Year Change in Physician Payment Under Merit-Based Incentive Program

Updates after 2024:
- MIPS = 0.25%
- APMs = 0.75%
The Only Way Physicians Can Maintain Current Income is Through Successful APM Performance

Note: Inflation is projected CPI-U from Congressional Budget Office 2016 Economic Outlook.
National Health Spending

PAYMENT SOURCES, 2014

- Private Health Insurance: 33%
- Public Health Insurance: 40%
- Medicare: 20%
- Medicaid: 16%
- Other Payers: 8%
- Out-of-Pocket: 11%
- Other: 4%
- Public Health Activities: 3%
- Investment: 5%

Total Spending: $3.0 trillion
Progress on Value Based Pay?

CMS Goal: 50% in APMs by 2018

- Medicare FFS Payments in ACOs: 22%
- Medicaid Beneficiaries in ACOs: 5-6%
- Commercial Beneficiaries in ACOs: 8-9%
- Mass Commercial in APMs: 38%
- Mass Medicare ACO: 50%

Sources: CMS (1); Calculated based on Levitt Partners (2); Mass CHIA 2015 (3).
Open Access Plan Designs Are the Norm

Source: Kaiser Family Foundation Annual Health Benefits Survey.
Self Funding Predominates

Source: Kaiser Family Foundation Annual Health Benefits Survey.