

COMMONWEALTH OF MASSACHUSETTS
HEALTH POLICY COMMISSION



TECHNICAL APPENDIX B7
ALTERNATIVE PAYMENT METHODS

ADDENDUM TO 2015 COST TRENDS REPORT

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1 Summary

This section describes the Health Policy Commission's (HPC) approach to measuring the percentage of members covered under an alternative payment method (APM) in Massachusetts.

2 Estimate of commercial APM coverage

Our estimate of commercial APM coverage is based on data from the CHIA 2015 Annual Report Alternative Payment Methods Data Book (for CY 2014) and the HPC's 2014 Cost Trends Report. To estimate APM coverage for commercial payers, we summed member months associated with all payment methods excluding fee-for-service and divided by the total member months for these payers.

Estimates of the percentage of members enrolled in global-budget APMs with downside risks were derived in a similar manner using data from CHIA's 2015 supplemental APM data collection.

Estimates were produced using the most recently available version of the data source at the time of publication and confirmed by the CHIA. Exact percentages may vary slightly.

3 Estimate of Medicare APM coverage

We estimated Medicare APM coverage in the Medicare Advantage population using the same methodology and data sets as used in the commercial sector analysis. To estimate Original Medicare (Medicare fee-for-service) APM coverage in 2014, we used Massachusetts enrollment data for the Medicare Shared Savings Program and the Pioneer program, which was obtained from the CMS Shared Savings Program Performance Year 3 (2014) Results and other publicly-available CMS data. We 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.

For Original Medicare, APM enrollment figures are slightly overestimated because several of the Accountable Care Organizations (ACOs) include residents of neighboring states that we are unable to exclude from data calculations. We were able to obtain such data for two ACOs and excluded out-of-state residents from our analysis accordingly. In both cases, the percentage of members residing in other states was less than 10 percent. In addition, we excluded one ACO, Accountable Care Clinical Services, PC, completely from our estimate of Massachusetts enrollment, because internet research strongly suggested that the vast majority of this ACO's assigned beneficiaries were not from Massachusetts.

4 Estimate of MassHealth APM coverage

We estimated MassHealth MCO APM coverage using the same methodology and data sets as used in the commercial and Medicare Advantage analyses. MassHealth PCC data was provided

via MassHealth personal communication in 2014. Our PCC 2012 and 2013 APM coverage estimates include only members who were enrolled in MassHealth's Patient-Centered Medical Home Initiative (PCMHI). MassHealth pays for inpatient stays and outpatient encounters for other members via bundled rates (the SPAD and APAD, formerly PAPE). We did not include these members in our estimates of APM coverage, although MassHealth may consider them as enrolled in APMs for certain reporting purposes.

5 Estimate of statewide APM coverage

Statewide APM coverage was estimated as an average of the Commercial, Medicare, and MassHealth estimates, weighted by the number of members/beneficiaries for which each payer type was the primary payer, as derived from CHIA's APM files.

6 Numbers of Massachusetts organizations participating in Medicare ACO and APM programs

Numbers of Massachusetts organizations participating in Medicare ACO and APM programs were obtained from the CMS Shared Savings Program Performance Year 3 (2014) Results and other publicly-available CMS data.