

**COMMONWEALTH OF MASSACHUSETTS**  
**HEALTH POLICY COMMISSION**

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**TECHNICAL APPENDIX B8**  
**ALTERNATIVE PAYMENT METHODS**

**ADDENDUM TO 2014 COST TRENDS REPORT**

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## **1 Summary**

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

### **2 Estimate of commercial APM coverage in 2012 and 2013**

Our estimate of commercial APM coverage is based on data from the CHIA 2014 Annual Report Alternative Payment Methods Data Book (for CY 2013) and the CHIA 2013 Alternative Payment Methods Baseline Report Data Appendix (for CY 2012). 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. We performed this calculation for all product types combined to estimate overall APM coverage and for HMO and POS products only to estimate APM coverage of insurance products that require patient attribution to a primary care provider. Estimates were produced using the most recently available version of the data source at the time of publication. Exact percentages may vary slightly.

### **3 Estimate of Medicare APM coverage in 2012 and 2013**

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 Traditional Medicare (Medicare fee-for-service) APM coverage, 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 1 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 Traditional 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.

### **4 Estimate of MassHealth APM coverage in 2012 and 2013**

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. 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 via bundled rates (the SPAD and APAD, formerly PAPE). We did not include these rates in our estimates of APM coverage, although MassHealth may consider them APMs for certain reporting purposes.

## **5 Estimate of statewide APM coverage in 2012 and 2013**

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.