Commercial health plans, Managed Care Organizations (MCOs), state Medicaid agencies, Medicare Advantage (MA) plans, and Medicare voluntarily participated in a national effort to measure the use of Alternative Payment Models (APMs) as well as progress towards the LAN's goal of tying 30% of U.S. health care payments to APMs by 2016 and 50% by 2018.

In 2018, 35.8% of U.S. health care payments, representing approximately 226.5 million Americans and 77% of the covered population, flowed through Categories 3&4 models.

In each market, Categories 3&4 payments accounted for:

- **Commercial**: 30.1%
- **Medicare Advantage**: 53.6%
- **Traditional Medicare**: 40.9%
- **Medicaid**: 23.3%

Representativeness of covered lives: Commercial - 61%; Medicare Advantage - 67%; Traditional Medicare - 100%; Medicaid - 51%
### What Do Payers Think about the Future of APM Adoption?

**PAYERS’ PERSPECTIVE**

- **↑ 91%** think APM activity will increase
- **↑ 7%** think APM activity will stay the same
- **↓ 0%** think APM activity will decrease
- **? 2%** not sure or didn’t answer

**Categories Payers Feel Will Increase the Most**

- **3B ** **↑ 45%**
- **3A ** **↑ 31%**

### Will APM adoption result in...

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Strongly Agree/Agree</th>
<th>Strongly Disagree/Disagree</th>
<th>Unsure</th>
</tr>
</thead>
<tbody>
<tr>
<td>...better quality of care?</td>
<td>97%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>...more affordable care?</td>
<td>88%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>...improved care coordination?</td>
<td>95%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>...more consolidation among health care providers?</td>
<td>56%</td>
<td>19%</td>
<td>25%</td>
</tr>
<tr>
<td>...higher unit prices for discrete services?</td>
<td>9%</td>
<td>63%</td>
<td>28%</td>
</tr>
</tbody>
</table>

#### Top 3 Barriers:
1. Provider willingness to take on financial risk
2. Provider ability to operationalize
3. Provider interest/readiness

#### Top 3 Facilitators:
1. Health plan interest/readiness
2. Government influence
3. Provider interest/readiness
Commercial health plans, Managed Care Organizations (MCOs), state Medicaid agencies, Medicare Advantage (MA) plans, and Medicare voluntarily participated in a national effort to measure the use of Alternative Payment Models (APMs) as well as progress towards the LAN’s goal of tying 30% of U.S. health care payments to APMs by 2016 and 50% by 2018.
Commercial health plans, Managed Care Organizations (MCOs), state Medicaid agencies, Medicare Advantage (MA) plans, and Medicare voluntarily participated in a national effort to measure the use of Alternative Payment Models (APMs) as well as progress towards the LAN's goal of tying 30% of U.S. health care payments to APMs by 2016 and 50% by 2018.

**CATEGORY 1: FEE-FOR-SERVICE - NO LINK TO QUALITY & VALUE**
- Commercial: 30.1%
- Medicare Advantage: 53.6%
- Traditional Medicare: 40.9%
- Medicaid: 23.3%

**CATEGORY 2: FEE-FOR-SERVICE - LINK TO QUALITY & VALUE**
- <0.1% Foundational Payments for Infrastructure & Operations
- <0.1% Pay-for-Reporting
- 6.9% Pay-for-Performance

**CATEGORY 3: APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE**
- 39.5% Upside Rewards for Appropriate Care
- 7.1% Upside & Downside for Appropriate Care

**CATEGORY 4: POPULATION-BASED PAYMENT**
- 24.3% Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs.
- 14.0% Condition-Specific Population-Based Payment
- 1.8% Comprehensive Population-Based Payment
- 1.4% Integrated Finance & Delivery Systems

Representativeness of covered lives: Medicare Advantage - 67%
TRADITIONAL MEDICARE

Commercial health plans, Managed Care Organizations (MCOs), state Medicaid agencies, Medicare Advantage (MA) plans, and Medicare voluntarily participated in a national effort to measure the use of Alternative Payment Models (APMs) as well as progress towards the LAN’s goal of tying 30% of U.S. health care payments to APMs by 2016 and 50% by 2018.

**Commercial Health Plans (MCOs):**
- 30.1%

**Medicare Advantage Plans:**
- 53.6%

**Traditional Medicare:**
- 40.9%

**Medicaid:**
- 23.3%

**Category 1: Fee-For-Service - No Link to Quality & Value**
- 10.2%

**Category 2: Fee-For-Service - Link to Quality & Value**
- 48.9%

**Category 3: APMs Built on Fee-For-Service Architecture**
- 22.7% Upside Rewards for Appropriate Care
- 13.8% Upside & Downside for Appropriate Care

**Category 4: Population-Based Payment**
- 3.4% Condition-Specific Population-Based Payment
- 1.0% Comprehensive Population-Based Payment
- 0% Integrated Finance & Delivery Systems

Representativeness of covered lives:
- Traditional Medicare - 100%
- Category 3 APMs - 18.2%
- Category 4 APMs - 0%
Commercial health plans, Managed Care Organizations (MCOs), state Medicaid agencies, Medicare Advantage (MA) plans, and Medicare voluntarily participated in a national effort to measure the use of Alternative Payment Models (APMs) as well as progress towards the LAN’s goal of tying 30% of U.S. health care payments to APMs by 2016 and 50% by 2018.