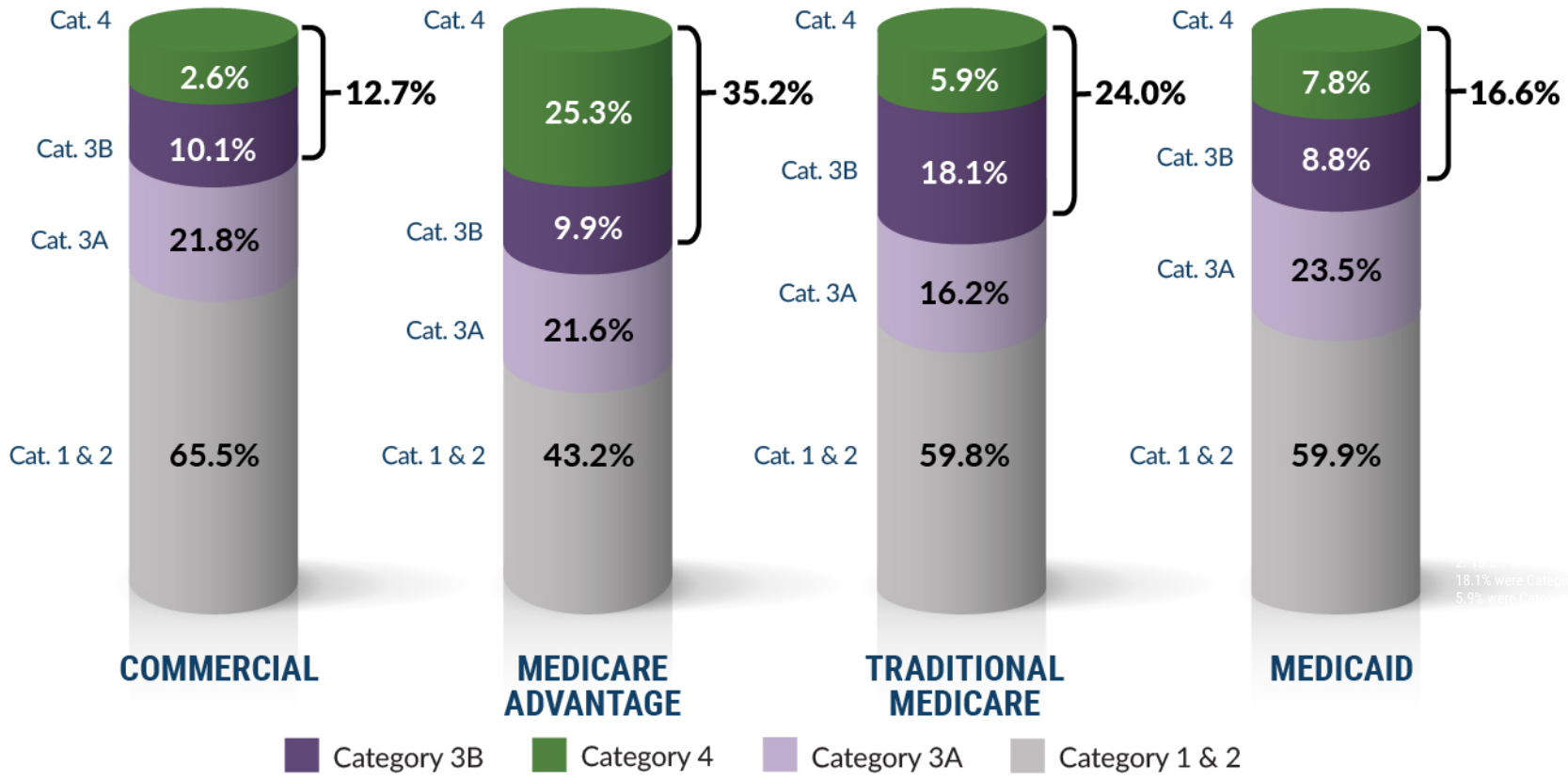
HCPLAN
Health Care Payment Learning & Action Network

APM MEASUREMENT EFFORT

Commercial health plans, Managed Care Organizations (MCOs), state Medicaid agencies, Medicare Advantage (MA) plans, and Traditional Medicare voluntarily participated in a national effort to measure the use of Alternative Payment Models (APMs) as well as progress towards the LAN's 2030 goals by line of business.

In **2021**, **19.6%** of U.S. health care payments, flowed through Categories 3B-4 models. In each market, Categories 3B-4 payments accounted for:

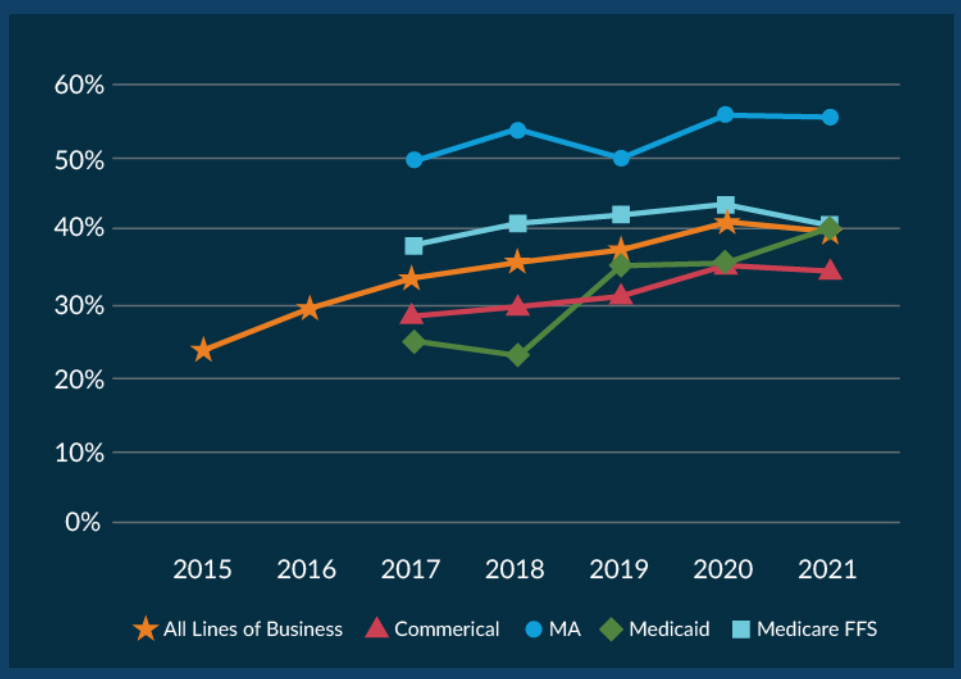


TRENDS OVER TIME

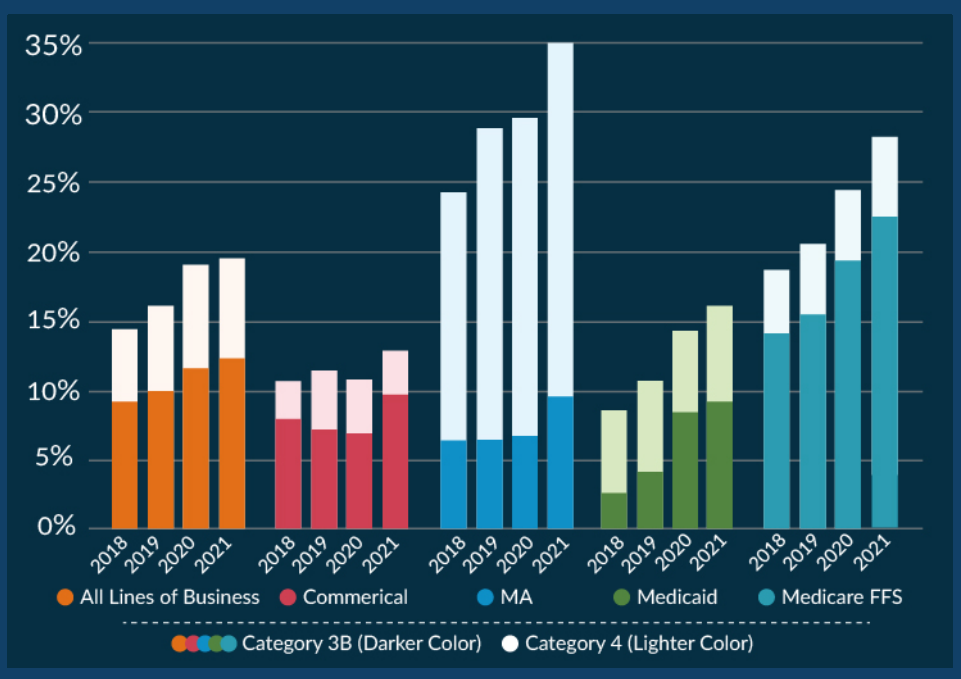
Since its inception in 2015, the LAN has measured the amount of U.S. health care payments that flow through alternative payment models (APMs). Over time, the LAN refined its measurement process to examine APM adoption by line of business (LOB) and payments by subcategory within the four categories of the LAN's Refreshed APM Framework.

The line graph shows how APM spending in Categories 3 and 4 changed year-over-year by LOB. The bar graph illustrates the adoption of two-sided risk APM spending (Categories 3B, 4A, 4B, 4C) by line of business since 2018.

Categories 3-4 Spending By Year and by Line of Business:
Data Years 2015-2021



Categories 3B-4 Spending By Year and Line of Business:
Data Years 2018-2021



The LAN began collecting APM spending by LOB and subcategory in 2018 (2017 data year), however, not all plans that were surveyed in 2018 (2017 data year) included a breakdown of expenditures by subcategory. Therefore the subcategory breakdown is not shown in the above graphic.

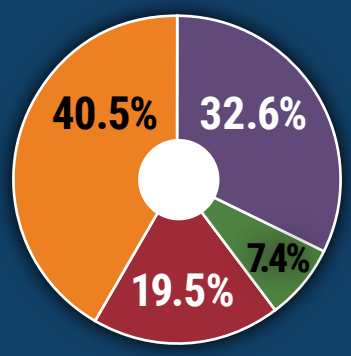
AGGREGATED DATA

CATEGORY 1: *FEE-FOR-SERVICE - NO LINK TO QUALITY & VALUE*

40.5%

CATEGORY 2: *FEE-FOR-SERVICE – LINK TO QUALITY & VALUE*

A	+	B	+	C
Foundational Payments for Infrastructure & Operations		Pay-for-Reporting		Pay-for-Performance
19.5%				



Based on 63 plans, 5 states, Traditional Medicare

CATEGORY 3: *APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE*

A	B
Upside Rewards for Appropiate Care	Upside & Downside for Appropiate Care
20.4%	12.2%

CATEGORY 4: *POPULATION-BASED PAYMENT*

A	B	C
Condition-Specific Population-Based Payment	Comprehensive Population-Based Payment	Integrated Finance & Delivery Systems
2.1%	4.5%	0.8%

19.6% *Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs*

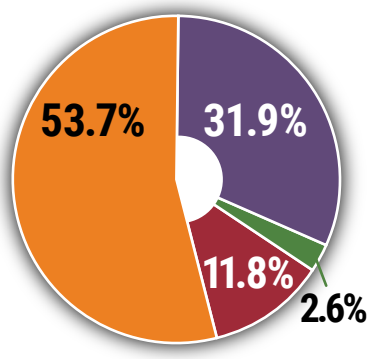
COMMERCIAL

CATEGORY 1: *FEE-FOR-SERVICE - NO LINK TO QUALITY & VALUE*

53.7%

CATEGORY 2: *FEE-FOR-SERVICE – LINK TO QUALITY & VALUE*

A	B	C
0.1%	0.0%	11.7%



Representativeness of Covered Lives: Commercial - 62%

CATEGORY 3: *APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE*

A	B
21.8%	10.1%

CATEGORY 4: *POPULATION-BASED PAYMENT*

A	B	C
1.0%	1.1%	0.5%

12.7% *Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs.*

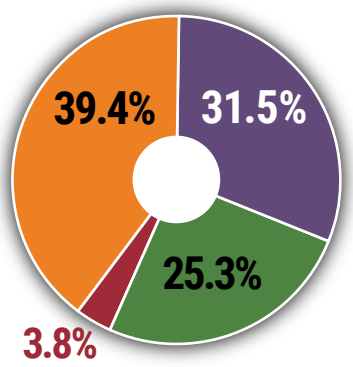
MEDICARE ADVANTAGE

CATEGORY 1: *FEE-FOR-SERVICE - NO LINK TO QUALITY & VALUE*

39.4%

CATEGORY 2: *FEE-FOR-SERVICE – LINK TO QUALITY & VALUE*

A	B	C
0.0%	0.0%	3.8%



Representativeness of Covered Lives: Medicare Advantage - 69%

CATEGORY 3: *APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE*

A	B
21.6%	9.9%

CATEGORY 4: *POPULATION-BASED PAYMENT*

A	B	C
1.6%	21.4%	2.3%

35.2% *Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs.*

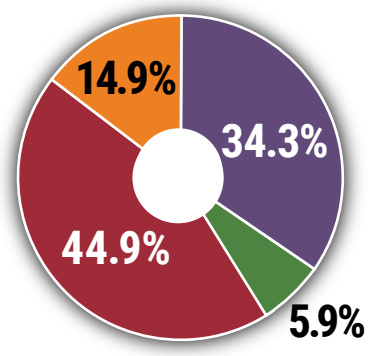
TRADITIONAL MEDICARE

CATEGORY 1: *FEE-FOR-SERVICE - NO LINK TO QUALITY & VALUE*

14.9%

CATEGORY 2: *FEE-FOR-SERVICE – LINK TO QUALITY & VALUE*

44.9%



Representativeness of Covered Lives: Traditional Medicare - 100%

CATEGORY 3: *APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE*

A	B
16.2%	18.1%

CATEGORY 4: *POPULATION-BASED PAYMENT*

A	B	C
4.4%	1.4%	0.0%

24.0% *Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs.*

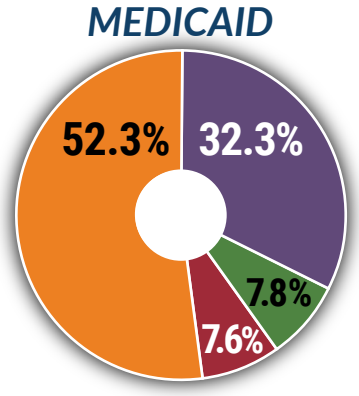
MEDICAID

CATEGORY 1: *FEE-FOR-SERVICE - NO LINK TO QUALITY & VALUE*

52.3%

CATEGORY 2: *FEE-FOR-SERVICE – LINK TO QUALITY & VALUE*

A	B	C
0.2%	0.0%	7.4%



Representativeness of Covered Lives: Medicaid (MCOs and state Medicaid Agencies) - 62%

CATEGORY 3: *APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE*

A	B
23.5%	8.8%

CATEGORY 4: *POPULATION-BASED PAYMENT*

A	B	C
1.6%	4.4%	1.8%

16.6% *Combination of Categories 3B, 4A, 4B, & 4C Represents Two-Sided Risk APMs.*

Due to rounding, the sum of categories may not add up to 100.0%.

PAYERS' PERSPECTIVE

What Do Payers Think about the Future of APM Adoption?

↑ 83% think APM activity will increase

→ 13% think APM activity will stay the same

↓ 0% think APM activity will decrease

? 1% not sure or didn't answer

Categories Payers Feel Will Increase the Most

3B 34% **3A 24%**

Will APM adoption result in...	Strongly Agree/ Agree	Strongly Disagree/ Disagree	Unsure
...better quality of care?	96%	4%	0%
...more affordable care?	82%	6%	10%
...improved care coordination?	96%	4%	0%
...more consolidation among health care providers?	41%	37%	21%
...higher unit prices for discrete services?	10%	56%	34%

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

What specific SDoH or delivery strategies are intended to improve?

- **37%** Screening for socioeconomic barriers known to impact health or health outcomes
- **34%** Care coordination for services that address socioeconomic barriers
- **31%** Multidisciplinary team models (e.g. social worker, community health worker, medical staff, doulas, etc.)
- **28%** Referrals to community-based organizations to address socioeconomic barriers
- **24%** Safe transportation (e.g., incentives or partnerships in ride sharing programs)
- **21%** Food insecurity (e.g., offering resources for access to nutritious food)
- **16%** Social isolation and loneliness (e.g., peer connection programs, group meetings, etc.)
- **15%** Housing insecurity (e.g., provider sponsored housing after a hospital discharge)
- **12%** Verifications of interventions provided
- **12%** Other basic needs (e.g., providing clothing, diapers, or gift cards; helping with utilities or childcare, etc.)
- **12%** Expanding access to virtual or digital care
- **10%** Economic insecurity (e.g., connections to job placement or training services)
- **6%** Blank/did not answer
- **4%** Other