2024 MEASUREMENT EFFORT

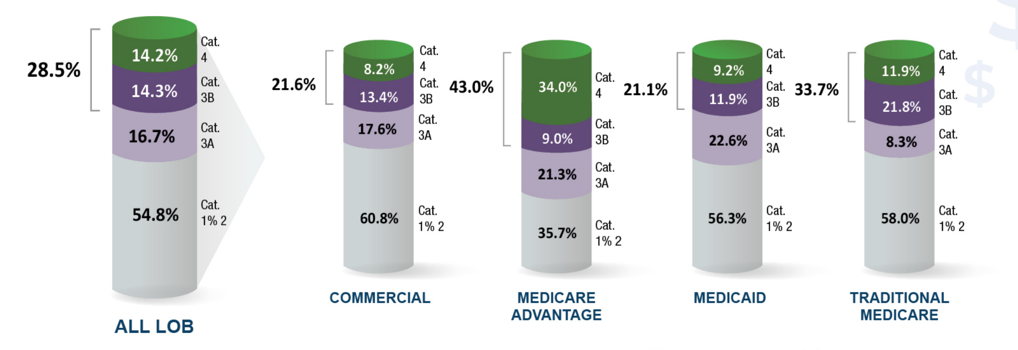
HCPLAN
Health Care Payment Learning & Action Network

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 toward the HCPLAN's 2030 APM goals by line of business. For the full 2024 Measurement Effort results, review the 2024 Methodology and Results Report.

In 2023, 28.5% of U.S. health care payments flowed through downside risk contracts (Categories 3B-4) across all lines of business (LOBs).

Percentage of U.S. Health Care Payments in Categories 3B-4 by LOB

CY 2023 Data Year

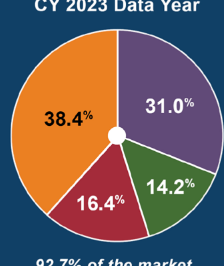


Payment in All Lines of Business

CY 2023 Data Year

CATEGORY 1
FEE FOR SERVICE
NO LINK TO QUALITY & VALUE
38.4%

CATEGORY 2
FEE FOR SERVICE
LINK TO QUALITY & VALUE
16.4%



92.7% of the market represented in the survey

Based on 73 health plans, 4 states, and Traditional Medicare

CATEGORY 3
APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE

3A Upside Rewards	3B Upside Rewards & Downside Risk
16.7%	14.3%

CATEGORY 4
POPULATION-BASED PAYMENT

4A Condition-Specific Population-Based Payment	4B Comprehensive Population-Based Payment	4C Integrated Finance & Delivery Systems
3.7%	6.4%	4.2%

28.5% APMs with Downside Risk (Categories 3B, 4A, 4B, & 4C)

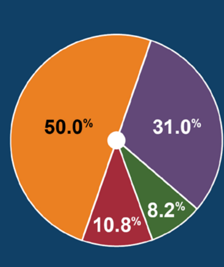
Commercial Payment

CY 2023 Data Year

CATEGORY 1
FEE FOR SERVICE
NO LINK TO QUALITY & VALUE
50.0%

CATEGORY 2
FEE FOR SERVICE
LINK TO QUALITY & VALUE

2A Foundational Payments for Infrastructure & Operations	2B Pay for Reporting	2C Pay for Performance
0.0%	0.0%	10.8%



71.5% of the market represented in the survey

CATEGORY 3
APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE

3A Upside Rewards	3B Upside Rewards & Downside Risk
17.6%	13.4%

CATEGORY 4
POPULATION-BASED PAYMENT

4A Condition-Specific Population-Based Payment	4B Comprehensive Population-Based Payment	4C Integrated Finance & Delivery Systems
0.8%	1.7%	5.7%

21.6% APMs with Downside Risk (Categories 3B, 4A, 4B, & 4C)

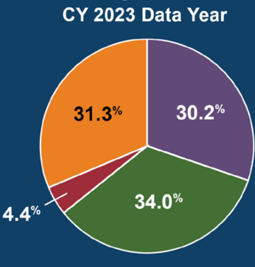
Medicare Advantage Payment

CY 2023 Data Year

CATEGORY 1
FEE FOR SERVICE
NO LINK TO QUALITY & VALUE
31.3%

CATEGORY 2
FEE FOR SERVICE
LINK TO QUALITY & VALUE

2A Foundational Payments for Infrastructure & Operations	2B Pay for Reporting	2C Pay for Performance
0.0%	0.0%	4.4%



69.8% of the market represented in the survey

CATEGORY 3
APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE

3A Upside Rewards	3B Upside Rewards & Downside Risk
21.3%	9.0%

CATEGORY 4
POPULATION-BASED PAYMENT

4A Condition-Specific Population-Based Payment	4B Comprehensive Population-Based Payment	4C Integrated Finance & Delivery Systems
2.9%	24.2%	6.9%

43.0% APMs with Downside Risk (Categories 3B, 4A, 4B, & 4C)

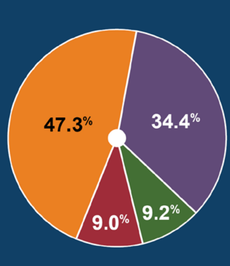
Medicaid Payment

CY 2023 Data Year

CATEGORY 1
FEE FOR SERVICE
NO LINK TO QUALITY & VALUE
47.3%

CATEGORY 2
FEE FOR SERVICE
LINK TO QUALITY & VALUE

2A Foundational Payments for Infrastructure & Operations	2B Pay for Reporting	2C Pay for Performance
0.2%	0.0%	8.8%



69.3% of the market represented in the survey

CATEGORY 3
APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE

3A Upside Rewards	3B Upside Rewards & Downside Risk
22.6%	11.9%

CATEGORY 4
POPULATION-BASED PAYMENT

4A Condition-Specific Population-Based Payment	4B Comprehensive Population-Based Payment	4C Integrated Finance & Delivery Systems
2.6%	4.6%	2.1%

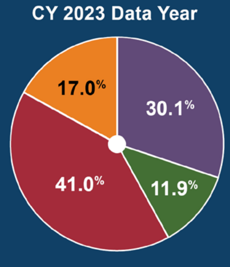
21.1% APMs with Downside Risk (Categories 3B, 4A, 4B, & 4C)

Traditional Medicare Payment

CY 2023 Data Year

CATEGORY 1
FEE FOR SERVICE
NO LINK TO QUALITY & VALUE
17.0%

CATEGORY 2
FEE FOR SERVICE
LINK TO QUALITY & VALUE
41.0%



100% of the market represented in the survey

CATEGORY 3
APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE

3A Upside Rewards	3B Upside Rewards & Downside Risk
8.3%	21.8%

CATEGORY 4
POPULATION-BASED PAYMENT

4A Condition-Specific Population-Based Payment	4B Comprehensive Population-Based Payment	4C Integrated Finance & Delivery Systems
10.5%	1.4%	0.0%

33.7% APMs with Downside Risk (Categories 3B, 4A, 4B, & 4C)

Detailed Breakdown of Health Care Payments

Review the full results of how CY 2023 health care payments in all LOBs combined break down into each of the categories and subcategories of the HCPLAN APM Framework.

Click to View

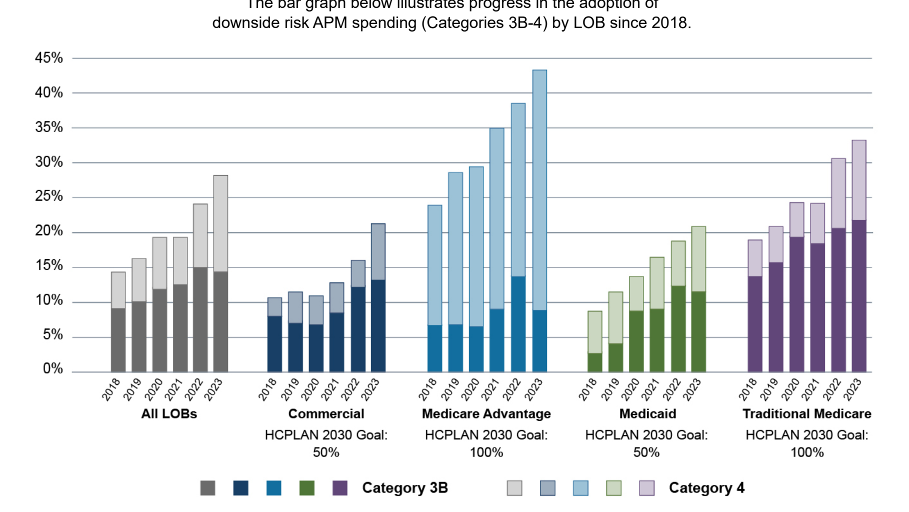
Trends Over Time

Since its inception in 2015, the HCPLAN measured the proportion of U.S. health care payments that flowed through APMs. Over time, the HCPLAN refined its measurement process to examine APM adoption by LOB and payments by subcategory within the four categories of the HCPLAN APM Framework.

Spending in Categories 3B-4 by Year and by LOB

Data Years 2018-2023

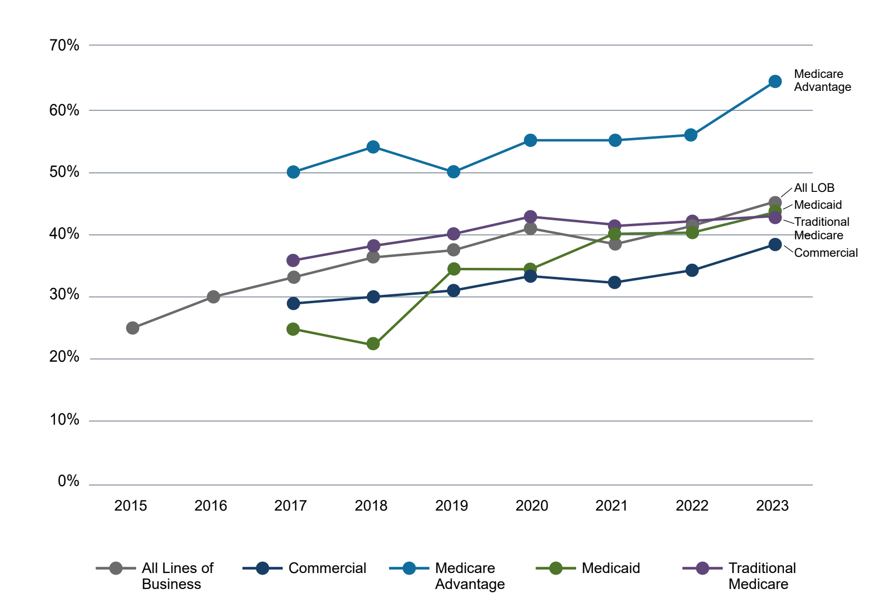
The bar graph below illustrates progress in the adoption of downside risk APM spending (Categories 3B-4) by LOB since 2018.



Spending in Categories 3-4 by Year and by LOB

Data Years 2015-2023

The line graph below shows how APM spending in Categories 3 and 4 changed year over year by LOB.



Lives in Accountable Care Arrangements

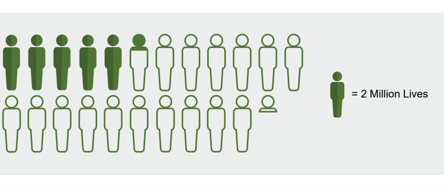
In 2023, the HCPLAN introduced metrics across all LOBs aimed at counting the lives in a care relationship with accountability for quality and total cost of care. APMs included in accountable care arrangements are Categories 3 and 4.

Percentage of Lives in Accountable Care Arrangements by LOB

CY 2023 Data Year

In CY 2023, **88.5 million lives** reported by survey participants across all lines of business were in accountable care arrangements*

Medicaid
16.5M lives
29.1%
(16.5M of 56.6M lives**)



Traditional Medicare
14.1M lives
49.5%
(14.1M of 28.4M lives***)

In 2021, the CMS Innovation Center (CMMI) set goals to have all Medicare beneficiaries and the vast majority of Medicaid beneficiaries in an accountable relationship by 2030.

* Represents partial industry data
** 56.6 million lives represented by survey respondents
*** 28.4 million lives represents 100% of eligible market; partial benefit members were excluded from this analysis

PAYERS' PERSPECTIVE

WHAT DO PAYERS THINK ABOUT THE FUTURE OF APM ADOPTION?

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76% think APM activity will increase

21% think APM activity will stay the same

0% think APM activity will decrease

3% are not sure or did not answer

APM ADOPTION PREDICTIONS

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TOP 3 FACILITATORS

1. Provider interest/readiness
2. Health plan interest/readiness
3. Government influence

TOP 3 BARRIERS

1. Provider ability to operationalize
2. Interoperability
3. Provider interest/readiness

Which APM subcategory do you think will increase the most in activity over the next 24 months?

Fee-for-service-based shared risk, procedure-based bundled/episode payments (3B)	59%
Traditional shared savings, utilization-based shared savings (3A)	22%
Condition-specific, population-based payments; condition-specific bundled/episode payments (4A)	14%
Not sure	3%
Integrated finance and delivery programs (4C)	1%
Population-based payments that are NOT condition-specific, full or percent of premium population-based payments (4B)	0%

APM Adoption Predictions

Will APM adoption result in...	Strongly Agree/Agree	Change from 2022	Disagree/ Strongly Disagree	Change from 2022	Unsure/ Did Not Answer	Change from 2022
...better quality of care?	96%	▲3 percentage points	4%	▲1 percentage points	0%	▼4 percentage points
...improved care coordination?	94%	▲1 percentage points	3%	0 percentage points	3%	▼1 percentage points
...more affordable care?	88%	▲9 percentage points	5%	▼1 percentage points	7%	▼8 percentage points
...more consolidation among health care providers?	31%	▼6 percentage points	24%	▼13 percentage points	45%	▲19 percentage points
...higher unit prices for discrete services?	7%	▲3 percentage points	57%	▼2 percentage points	36%	▼1 percentage points

HCPLAN
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