



The Journey to Pay-for-Performance: Medical Group Leaders Cite Five Drivers of Successful Risk Adoption

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How goes the journey toward pay-for-performance? According to two recent surveys, there is considerable progress, but leading medical groups say it's time to step up the march toward a value-based payment health care system.

Interviews with 20 leaders of major medical groups in markets around the U.S. – all members of the *Council of Accountable Physician Practices (CAPP)* – plus insights from the most recent *American Medical Group Association (AMGA)* survey identify the milestones, incentives, and barriers in the roadmap toward pay-for-performance.

MEDICARE ADVANTAGE IS THE GREAT TEACHER

Experience with Medicare Advantage (MA) programs provided the foundation to incorporate risk into health care delivery and continues to be an ongoing “university” for innovation. In fact, Medicare Advantage is the market leader in the uptake of risk-bearing contracts today.

In Medicare Advantage, capitated payments from health plans to medical groups provide a cash flow model that enables groups to build robust care coordination and chronic disease management programs, and to use multi-disciplinary teams supported with data and digital tools. These programs and tools are now migrating across the continuum of risk-based contracts beyond MA, serving as the foundation for more sophisticated population health and care management initiatives.

Medicare Advantage programs are broadly viewed as successful and one-third of Medicare beneficiaries – 22 million seniors – were enrolled in MA plans in 2019. According to AMGA's “Taking Risk 4.0” survey, medical groups reported an increase in MA revenue from 22 percent in 2015 to 39 percent in 2018, and they project that this growth will continue. They are increasingly taking full capitation and other two-sided risk arrangements in their MA contracts; this is particularly true for groups with 500 or more clinicians.

ACROSS-MOVE PAY-FOR-PERFORMANCE BEYOND MEDICARE ADVANTAGE

These medical groups are participants in Medicare's Accountable Care Organizations, bundled payments, and other models for better coordinated care to the traditional Medicare population. Several groups are leading Medicare ACOs that organize and coordinate independent practices and hospitals. Almost all of the physician leaders interviewed noted that care management teams