

b. Definition of PFPM

(1) Proposed definition of PFPM

CMS is proposing to add the following definition of PFPM: An Alternative Payment Model wherein Medicare is a payer, which includes physician group practices (PGPs) or individual physicians as APM Entities and targets the quality and costs of physician services. CMS proposes to require a PFPM to target physician services. Therefore a PFPM must focus on physician services and contain either individual physicians or PGPs as APM Entities, although it may also include facilities or other practitioner types.

CMS proposes to require that PFPMs be designed to be tested as APMs with Medicare as a payer. PFPMs limited to Other Payer APMs would therefore not be PFPMs. CMS does not propose to define PFPM as a payment model that exclusively addresses Medicare FFS payments. A proposed PFPM may also include other payers in addition to Medicare, including Medicaid, Medicare Advantage, CHIP, and private payers. If tested as an APM, a PFPM that includes payers in addition to Medicare would include an Other Payer APM as part of its design in addition to an APM.

AAFP Response

We agree with the proposed definition of a PFPM. As noted in our response to the MACRA RFI last fall, we believe a physician-focused payment model is a mode of compensation in which payment is aimed primarily, if not exclusively, at physicians or physician organizations, rather than other types of health care entities, such as hospitals, post-acute care facilities, etc. Other types of health care entities may be part of physician-focused payment models, but only secondarily or on the periphery. In much the same way that accountable care organizations are often categorized as physician-led or hospital-led, so too with payment models. A physician-focused payment model is physician-led, even if payments made under the model subsequently find their way to hospitals and other health care entities. We believe the proposed CMS definition is consistent with our understanding of the term “physician-focused payment model.”

(2) Relationship between PFPMs and Advanced APMs

CMS does not propose to define PFPMs solely as Advanced APMs. CMS recommends that stakeholders provide information in their proposal about whether their proposed PFPM might be an Advanced APM.

AAFP Response

We agree with CMS’s approach in this regard.

c. Proposed PFPM Criteria

CMS proposes PFPM criteria organized into three categories that are consistent with the Administration’s strategic goals for achieving better care, smarter spending and healthier people: payment incentives; care delivery; and information availability.

Specifically, CMS proposes the following criteria:

- Incentives: Pay for higher-value care.
 - Value over volume: provide incentives to practitioners to deliver high-quality health care.
 - Flexibility: provide the flexibility needed for practitioners to deliver high-quality health care.