

CMS proposes that this financial risk criterion for Advanced APMs will apply to the design of the financial risk arrangement between CMS and the APM Entity.

To account for differences in Advanced APMs, CMS proposes two sets of financial risk standards: standards for a Medical Home Model and a set of generally applicable standards.

As proposed by CMS, the Medical Home Model standards will include limitations on size and composition. Beginning in the second QP Performance Period, the Medical Home Model standards for financial risk and nominal risk would apply only to Medical Home Models with APM Entities that have 50 or fewer eligible clinicians in the organization that owns and operates the entity. CMS feels it is necessary to impose this limitation to ensure focus on small organizations that are not able to assume the same amount of risk as larger organizations. CMS believes that an organization with more than 50 eligible clinicians can take on more risk. CMS's goal is to encourage larger organizations to move into Medical Home Models with higher risk levels. If an organization meets the generally applicable standards, the size limitation would be moot. CMS seeks comment on this proposal.

AAFP Response

The AAFP adamantly opposes this CMS-proposed financial standard for the Medical Home Model. The AAFP views this as an egregious misinterpretation of the law, which was designed to protect and foster medical homes. The financial standard for the Medical Home Model arbitrarily imposes financial risk upon clinicians in these models and violates the intent of the law.

The medical home is the cornerstone of a value-based health care system. In *The Patient-Centered Medical Home's Impact on Cost and Quality: Annual Review of the Evidence, 2014-2015*, the Patient-Centered Primary Care Collaborative identified several PCMH programs that have reduced costs and improved quality. The review found that 21 of 23 PCMH programs reporting on cost measures had reductions in one measure or more, and 23 of 25 PCMH programs reporting on utilization measures had reductions in one measure or more.

Medical homes are a foundational element of health system transformation, and, because of their importance to the success of the value-based payment model, they are protected under the law from assuming risk. CMS's proposal removes provisions of the law that create a safety net for medical homes. In addition, spending and utilization are reduced in a PCMH, so imposing risk sharing on the Medical Home Model may be counterproductive and discourage adoption of this model. To foster an environment in which medical homes can succeed, the AAFP strongly believes that medical homes should not be subject to any financial risk and that CMS should remove the Medical Home Model financial standard in its entirety from the proposed rule.

(b) Bearing Financial Risk for Monetary Losses

(i) Generally Applicable Advanced APM Standard

CMS proposes a generally applicable financial risk standard for Advanced APMs that do not meet the size-limitation criterion for the Medical Home Model. Under this financial standard, if actual expenditures for which the APM Entity is responsible under the APM exceed expected expenditures during a specified performance period, CMS can do the following:

- Withhold payment for services to the APM Entity and the APM Entity's eligible clinicians