- require the APM Entity to lose the right to all or part of an otherwise guaranteed payment or payments.

AAFP Response
The AAFP strongly believes this provision should be removed from the proposed rule, as the law did not intend for Medical Homes to assume risk of any amount. Medical Homes were intended to be a protected group under the law and the assumption of any risk could pose a threat to their viability.

Similar to the Medical Home Model Standard in the Advanced APM section, the AAFP adamantly opposes this CMS proposed financial standard for the Medicaid 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 places an arbitrary imposition of financial risk upon clinicians in these models and violates the intent of the law. Therefore, the AAFP strongly believes CMS should remove the Medical Home Model financial standard in its entirety from the proposed rule and Medical Homes should not be subject to any financial risk.

CMS states that they view organizations with more than 50 eligible clinicians as the appropriate threshold because such organizations have demonstrated the capability and interest in taking on higher levels of two-sided risk. The AAFP remains unclear as to how CMS determined 50 ECs was the appropriate number for this threshold. An arbitrary threshold should not be used when determining the amount of financial risk an entity can assume. The assumption of risk should not be determined by a general threshold number of ECs within the organization, it should instead be based on each entity's demonstrated capabilities. Taking on financial risk of any amount is a decision that is not taken lightly by the entities. CMS should afford the entities the same courtesy and develop an appropriate way to determine if an entity is capable of taking on risk. CMS proposes to remove the provisions of the law that were placed there to provide a safety net for small and solo practices and were designed to help these practices succeed under value-based payment. CMS needs to remove this provision to foster an environment in which a small or solo physician can succeed.

We reiterate our steadfast opposition to the Medical Home Model financial risk and the Medical Home Model nominal amount standards. Both provisions need to be removed from the program.

(b) Nominal Amount of Risk
CMS proposes to measure three dimensions of risk to determine whether a model meets the nominal amount standard:

- Marginal risk, a common component of risk arrangements—particularly those that involve shared savings—referring to the percentage of the amount by which actual expenditures exceed expected expenditures that an APM Entity would be liable under an Other Payer APM.
- Minimum loss rate (MLR), a percentage by which actual expenditures may exceed expected expenditures without triggering financial risk.
- Total potential risk, the maximum potential payment for which an APM Entity could be liable under an Other Payer APM.

CMS also proposes a process through which CMS could determine that a risk arrangement with an MLR higher than 4 percent could meet the nominal amount standard, provided that the other