



August 2018

# Medicare Direct Contracting Survey

Illinois physicians show interest in new payment model,  
but say “the devil is in the details.”



Illinois State Medical Society



# Executive Summary

Following a request for information on potential new payment models from the Centers for Medicare and Medicaid Services (CMS), the Illinois State Medical Society initiated a physician survey to assess the level of interest among Illinois physicians in exploring or participating in these models. More than 550 physicians responded, and while nearly half were interested in exploring new payment structures, the overwhelming message was that specific implementation details – what quality metrics would be used, how payment rates would be determined, and how much flexibility physicians would have to provide high-quality patient care – will make or break physician participation. The crux of the issue is whether CMS is able to design a Medicare payment system that allows physicians to devote more time to patients than administrative hassles and values their services fairly; time will tell whether emerging models fit this description.

# Introduction

The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) created a new payment structure for physicians and other health care professionals participating in the Medicare program. Beginning in 2017, physicians were expected to participate in one of two “payment tracks” under the new Medicare Quality Payment Program (QPP). The default payment track was the Merit-based Incentive Payment System (MIPS), which maintained the familiar fee-for-service payment structure, coupled with incentives or penalties based on quality reporting and performance, cost-of-care assessments, and engagement with electronic health records.

The other payment track under the QPP requires participation in an “advanced alternative payment model.” APMs generally involve more formal care coordination arrangements among larger groups of practitioners, and require higher levels of risk-sharing for participating practices. Although only a small minority of physicians are currently participating in the advanced APM payment track, CMS’ stated goal is to have increasing numbers of physicians voluntarily move away from MIPS toward more “value-based” payment models over time.

To that end, CMS is actively exploring the creation of new types of APM models that would appeal to a broader range of physicians, particularly those who prefer to remain in smaller, independent practices while focusing on providing high-quality care to their patients. In April 2018, the Centers for Medicare and Medicaid Services released a [request for information](#) (RFI) to gather input on a concept it called “Direct Provider Contracting” (DPC). The RFI was vague regarding what a DPC model might look like, and encouraged comment on a range of possible options. CMS did indicate that the early version of a DPC model would likely involve CMS contracting directly with a participating practice to provide a range of services to beneficiaries who choose to seek care from the practice. CMS also noted that it would be open to considering other types of DPC arrangements in the future, such as allowing Medicare beneficiaries to contract directly with physicians. CMS indicated in its RFI that the general goals of a DPC model would be to enhance patient access to physician services, reduce the administrative burden on physicians and other providers, and establish a revenue stream that would give physicians more flexibility in how they care for patients.

## About the Survey

The Illinois State Medical Society initiated a physician survey to assess the level of interest among Illinois physicians in exploring or participating in new Medicare payment models in general, and a DPC-based model in particular. Since CMS does not yet have any specific details about how a DPC model would be implemented, the ISMS questionnaire focused on general concepts that could potentially be included in a DPC program.

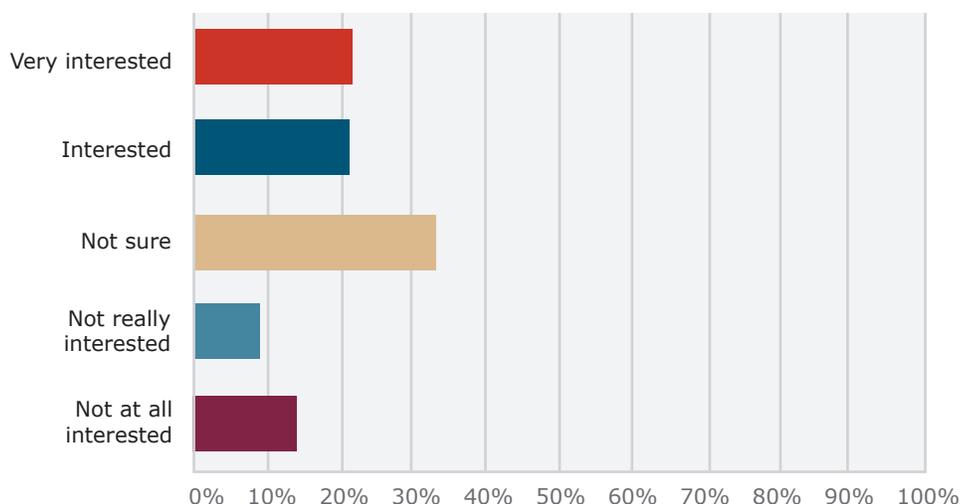
The ISMS survey was open from May 22 through June 18.

## Results

Forty-four percent of respondents indicated they were “interested” or “very interested” in participating in a new payment model. An additional 34 percent indicated that they weren’t sure if they would be interested in participating, with respondents indicating a need for more detailed information about the terms of the model. Doctors employed or working in groups were more likely to be uncertain about their interest in this scenario.

Less than a quarter of respondents indicated they aren’t interested in exploring a new payment model. Many of these respondents reported a lack of confidence in CMS to design a program that accurately values physician services.

### How interested are you in the general concept of participating in a new payment model that would be different from the current Medicare fee-for-service payment system?

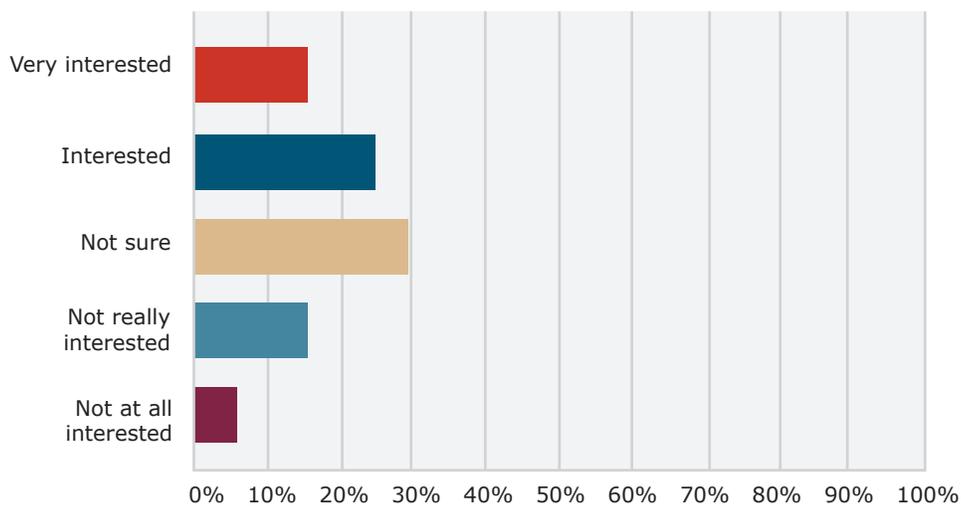


**“ I believe that a direct payment modeling will be better than fee-for-service, with faster reimbursement, and faster prior authorization approval, and possibly higher payment reimbursement. ”**  
– Comment from a “very interested” physician

**“ I do not have any confidence in CMS ability to accurately identify quality or accurately assign cost. I believe these efforts will lead to greater administrative burden for physicians without any corresponding benefit to patients. ”**  
– Comment from a “not interested” physician

Respondents who indicated some level of interest in a new payment model, or expressed uncertainty, were asked to evaluate some specific scenarios that might fall under a DPC payment model as envisioned by CMS. Again, just over 44 percent of respondents indicated some level of interest in contracting with CMS for a per-member-per-month payment to provide a bundle of services to patients. Thirty-two percent expressed uncertainty, again attributable to the vague nature of the proposal and a desire to better understand the exact terms and arrangements.

### How interested would you be in contracting directly with CMS to receive a per-member-per-month (PMPM) payment to care for Medicare patients for a certain bundle of services in lieu of fee-for-service?



#### **Bundled payments: doctors are interested, but skeptical...**

*"Would depend on the reimbursement and expectations. If it is an unpredictable volume (e.g. Emergency Department) and there is a contract and that volume is not met, does payment decrease? Or if the volume is exceeded (say a frequent user, chronic disease condition that may need 4 or 5 visits in a month) is there a structured reimbursement plan?"*

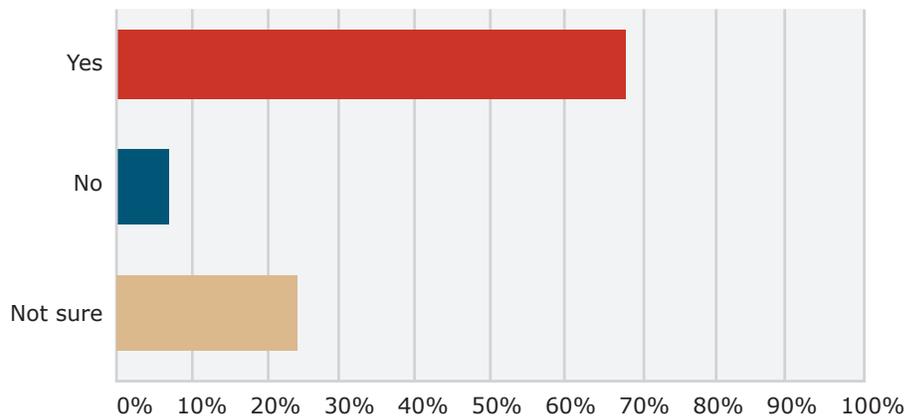
*"It really depends. I would want to make enough income to limit my practice to less than 800 patients. Otherwise, I think care could be compromised. We would also need medical assistants for administrative and charting/billing support. I'd like more of my talent to be dedicated to direct patient care and education."*



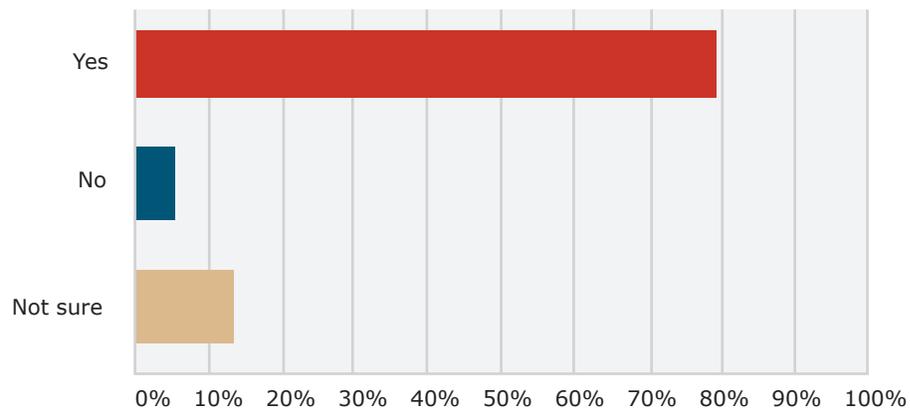
ISMS anticipates that any new payment model proposed by CMS will incorporate some requirements with respect to quality reporting/performance and the use of electronic health records (EHRs). These requirements are in place today as part of the MIPS program. ISMS was interested in learning whether physicians would be open to participating in new payment arrangements if these requirements were maintained.

Sixty-eight percent of doctors indicated a willingness to report quality measures under a bundled payment scenario. Only 8 percent of doctors said they wouldn't be willing to report quality measures. Four in five doctors indicated they'd be willing to use a certified EHR.

### Would you be willing to report relevant quality measures in order to participate in a per-member per-month payment model?



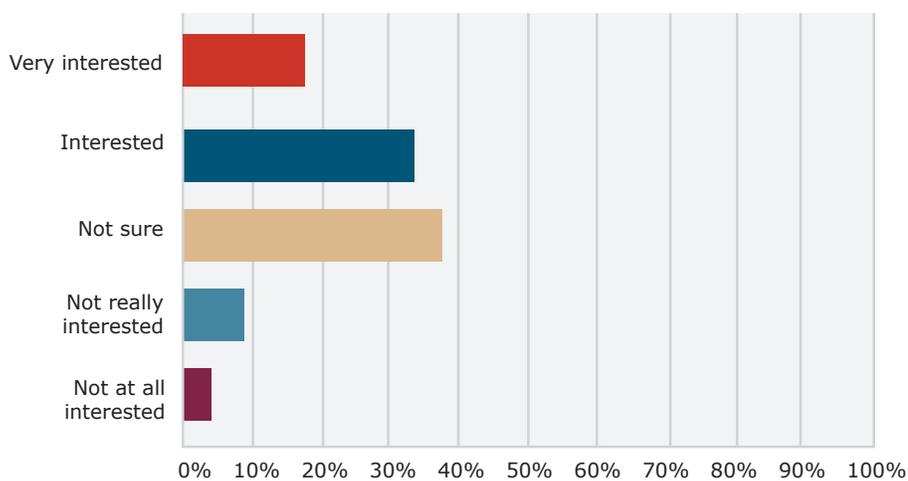
### Would you be willing to use a certified EHR?



In addition to a per-member-per-month scenario, survey participants were also asked their level of interest in a payment model that would allow direct contracting between physicians and Medicare patients. The survey included the caveat that physicians would likely be subject to balance billing limits under this scenario.

Slightly more than half of respondents (51%) indicated a willingness to contract directly with Medicare patients, even if balance billing limits are imposed. Only 13 percent of doctors surveyed indicated little or no interest in this type of option.

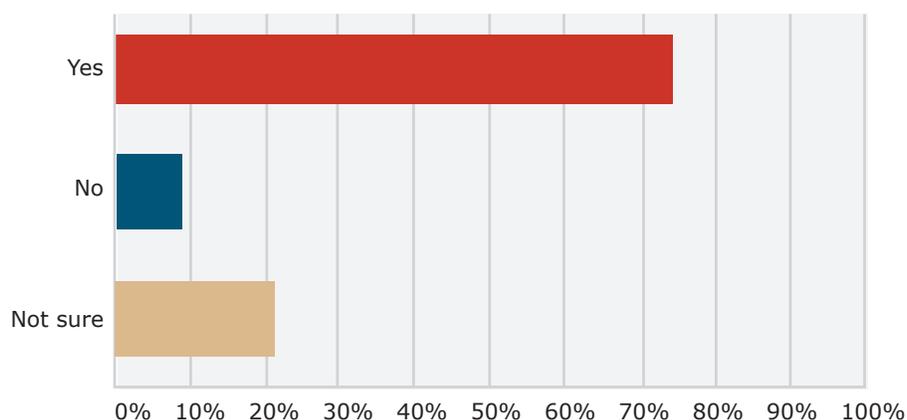
**How interested would you be in participating in a payment model that allowed you to contract directly with Medicare patients, assuming some limits on balance billing would be maintained?**



Physicians were asked about their willingness to report quality measures and use EHR technology under a payment model that allowed direct contracting with Medicare patients. The majority of respondents indicated they would be willing to report quality measures (65%) and use a certified EHR (81%) under this payment model.

The RFI from CMS specifically asked commenters to provide input on beneficiary protections that might be necessary to implement under a DPC payment model. ISMS was interested in gauging whether Illinois physicians supported the need for additional safeguards. Seventy-two percent of survey respondents indicated support for some types of safeguards that ensure patient access.

**If Medicare allowed physicians to directly contract with patients, it is almost certain that CMS would require practices to adhere to certain requirements and restrictions intended to ensure that all beneficiaries have equal opportunity to enroll with a practice. Do you think that some safeguards are needed to ensure patient access?**



## Observations/ Next Steps

The vast majority of Medicare participating physicians continue to participate in MIPS and receive payment according to the Medicare physician fee schedule. This will likely continue to be an option for physicians well into the future, even as CMS is actively pursuing strategies to encourage physicians to explore payment arrangements that move away from the traditional fee-for-service payment structure.

In conducting this survey, ISMS took the opportunity to learn more about what physicians might be looking for with respect to additional payment and delivery options that might be offered by CMS.

The strong message we received from Illinois physicians participating in our survey is that “the devil is in the details” with respect to what payment arrangements might be acceptable or potentially appealing to physicians. Even among the 44 percent of physicians who expressed some level of interest in an alternative payment model, the vast majority of comments expressed concern about specific implementation details, such as how payment rates would be determined, what quality metrics would be used, the level of administrative hassle, and the level of freedom and flexibility they would have to provide appropriate, high-quality care to patients. Concerns such as these kept more than a third of our survey respondents from making a commitment one way or another with respect to their level of interest.

When asked about specific payment models that might fall under the heading of “direct provider contracting,” respondents indicated a stronger interest (51%) in an arrangement that would allow them to contract directly with patients than one that would allow them to contract with CMS for a per-member-per-month payment (44%). Both of these scenarios have been mentioned by CMS as potential models for further exploration.

It is notable that almost a quarter of survey respondents are not interested in any new payment models that CMS might offer. Most of these respondents have already lost confidence in CMS’ ability to design and implement a Medicare payment system that values physician services fairly and accurately and allows physicians to devote more time to patients than to administrative hassles. These respondents too agree that the devil is in the details, but do not believe that the details will ever align to support physician practices.

If you didn’t get a chance to participate in the survey or have questions about alternate payment models, please reach out to us at [advocacy@isms.org](mailto:advocacy@isms.org) or 800-782-4767 ext. 1470.



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