



Physician Group Practice Transition Demonstration

August 2012

Overview

The Physician Group Practice (PGP) Transition Demonstration is a demonstration currently underway, which extends the PGP Demonstration, which concluded in March 2010. Through this initiative, CMS is continuing to test whether specific payment arrangements can help groups of physicians provide Medicare fee for service beneficiaries with high-quality, coordinated care.

The Physician Group Practice (PGP) Demonstration

The PGP Demonstration was the first pay-for-performance initiative for physicians under the Medicare program. Under the PGP Demonstration, physician group practices continued to be paid under regular Medicare fee schedules, but earned incentive payments for offering patients high-quality, coordinated healthcare that resulted in Medicare savings for the patient population they served.

CMS established benchmarks and quality improvement targets for each of the quality performance measures. In order to receive their full incentive payments, a group had to meet the quality performance benchmark.

The PGP demonstration ran for five years, from April 2005 through March 2010. More information about the demonstration, including evaluation results, is available at: <http://www.cms.gov/Medicare/Demonstration-Projects/DemoProjectsEvalRpts/Medicare-Demonstrations-Items/CMS1198992.html>

The PGP Transition Demonstration

Congress authorized the creation of a PGP Transition Demonstration to provide practices participating in the PGP demonstration with an opportunity to continue operating in similar arrangements in the Affordable Care Act. The PGP Transition demonstration began in January 2011 and will conclude at the end of December 2012.

The PGP Transition Demonstration maintains many of the key features of the original PGP Demonstration, but includes changes to policy that are also part of the Medicare Shared Savings Program or the testing of the Pioneer ACO Model by the Center for Medicare and Medicaid Innovation (Innovation Center).

Comparison of PGP Transition Demonstration and PGP Demonstration

Some of the major changes made by the PGP Transition Demonstration to the original PGP Demonstration include:

Beneficiary Assignment

The PGP Transition Demonstration continues to use retrospective beneficiary assignment, meaning beneficiaries are assigned to participating physician group practices at the conclusion of the performance year, based on where they received care during the year.. However, unlike the original PGP Demonstration, under the Transition Demonstration, participating practices have the option to choose one of two assignment methodologies:

- (1) A two-step process that first assigns patients based on certain primary care services (E&M codes) from primary care physicians, and then utilizes visits to specialists for those beneficiaries who did not receive services from primary care physicians, or
- (2) A plurality of office and other outpatient service E & M codes regardless of specialty.

National Benchmark

Under the PGP Demonstration, CMS compared the participating practice's performance against a local comparison "control" group with respect to total per beneficiary expenditures for Medicare Parts A&B. Under the PGP Transition Demonstration, participating practices are compared against a national expenditure growth trend.

Percentage of Shared Savings

Under the PGP Demonstration, practices could share a maximum of 80 percent of savings they earned beyond the minimum savings requirement that was fixed at 2 percent. In the PGP Transition Demonstration, participating practices are permitted to share up to 50 percent of the savings after exceeding the minimum savings requirement which varies by the size of their patient population. Additionally, the participating practice's performance on quality measures weighs more heavily on the total incentive payments than under the original PGP Demonstration.

Risk Adjustment

Under the PGP Demonstration, CMS used a concurrent risk adjustment method to update benchmarks and expenditures. Under the PGP Transition Demonstration, CMS uses the CMS-Hierarchical Conditions Category (CMS-HCC) prospective risk adjustment model to calculate beneficiary risk scores.

Participating PGP Transition Demonstration Practices

The following organizations are participating in the Physician Group Practice Transition Demonstration:

- Billings Clinic (Billings, MT)
- Forsyth Medical Group (Winston-Salem, North Carolina)
- Geisinger Health System (Danville, PA)
- Marshfield Clinic (Marshfield, WI)
- Middlesex Health System (Middletown, CT)
- Mercy (formerly St. John's Health System - Springfield, MO)

Pioneer ACO Model

Three of the original PGP Demonstration participating practices are participating in the testing of the Pioneer ACO model after participating in the Transition Demonstration in 2011:

- Dartmouth-Hitchcock (Lebanon, NH);
- Park Nicollet Health Services (St. Louis Park, MN); and
- University of Michigan (Ann Arbor, MI).

The testing of the Pioneer ACO model begin in January 2012.

Additional information about the Pioneer ACO Model is available at:

<http://innovations.cms.gov/initiatives/ACO/Pioneer/>.

Additional Resources

Additional information about the Physician Group Practice Demonstration and the Physician Group Practice Transition Demonstration is available at:

<http://www.cms.gov/Medicare/Demonstration-Projects/DemoProjectsEvalRpts/Medicare-Demonstrations-Items/CMS1198992.html>