



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

FEB 21 2020

Jeffrey Bailet, MD
Chair
Physician-Focused Payment Model Technical Advisory Committee
200 Independence Avenue SW
Room 415 F
Washington, DC 20201

Dear Chairman Bailet:

I appreciate the role that the Physician-Focused Payment Model Technical Advisory Committee (PTAC) plays in supporting the Department of Health and Human Services' (HHS) commitment to improving health care delivery, lowering costs and improving the quality of care for Medicare beneficiaries. As HHS continues to strive for value-based health care transformation, I encourage new ideas for proposed physician-focused payment models (PFPMs) that address the health care needs of Americans. I am pleased to respond to the comments and recommendations of the PTAC for proposed models voted on during the March and June 2019 public meetings.¹ Building on proposed PFPMs, PTAC comments, previous Centers for Medicare & Medicaid Services (CMS) model experiences, and ideas of past administrations, we are designing and testing paying for health outcomes rather than procedures on a much larger scale than ever before. Recently, the CMS Center for Medicare and Medicaid Innovation (CMS Innovation Center) announced new innovative payment and health care delivery models: the Primary Care First Model Options² and the Kidney Care Choices Model.³

As we design new CMS Innovation Center payment and service delivery models, we are drawing from the recommendations and comments from the PTAC's review of proposed PFPMs. American patients and providers benefit from new ideas from health care providers, associations, coalitions, and other innovators who play a key role in achieving value-based health care. The PTAC offers a transparent and open mechanism to hearing these new ideas and serves as an important connection to stakeholder feedback. The PTAC's expert analyses, discussions, and recommendations of proposed PFPMs help the CMS Innovation Center distill innovative payment and service delivery concepts that can contribute to health care reform.

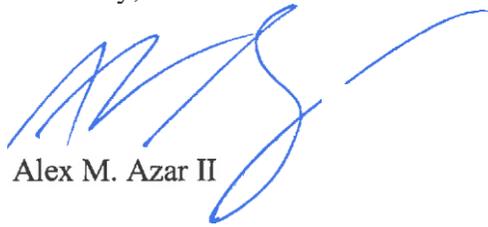
¹ This response and accompanying documents comprise the Secretary's detailed response to PTAC comments and recommendations, posted on the CMS website, in accordance with the statutory requirement at §1868(c)(2)(D) of the Social Security Act.

² <https://innovation.cms.gov/initiatives/primary-care-first-model-options/>

³ <https://innovation.cms.gov/initiatives/kidney-care-choices-kcc-model/>

I look forward to working further with the PTAC, those who submit proposed PFPs, and other stakeholders as we all move toward a value-driven delivery system. I hope that my responses to the most recent PTAC comments and recommendations (see Appendix) encourage and assist those who submit proposed PFPs in the future as they advance transformative innovation in American health care.

Sincerely,



Alex M. Azar II

Enclosure: Appendix

Appendix

This appendix contains responses from the Secretary of HHS to PTAC comments and recommendations on three PFPM proposals from the following submitters:

- **Upstream Rehabilitation**
 - *CMS Support of Wound Care in Private Outpatient Therapy Clinics: Measuring the Effectiveness of Physical or Occupational Therapy Intervention as the Primary Means of Managing Wounds in Medicare Recipients*

- **Seha Medical and Wound Care**
 - *Bundled Payment for All Inclusive Outpatient Wound Care Services in Non Hospital Based Setting*

- **The Johns Hopkins University School of Nursing and the Stanford Medicine Clinical Excellence Research Center**
 - *Community Aging in Place - Advancing Better Living for Elders*

Upstream Rehabilitation

I appreciate Upstream Rehabilitation's submission of the *CMS Support of Wound Care in Private Outpatient Therapy Clinics: Measuring the Effectiveness of Physical or Occupational Therapy Intervention as the Primary Means of Managing Wounds in Medicare Recipients* proposal to the Physician-Focused Payment Model Technical Advisory Committee (PTAC). The PTAC's detailed and rigorous review of the proposal from Upstream Rehabilitation will help us design models that are simple, transparent, and accountable for patient outcomes.

The proposed physician-focused payment model (PFPM) submitted by Upstream Rehabilitation would increase the role of physical therapists (PTs) and occupational therapists (OTs) consistent with State scope of practice laws, and/or who are practicing in a private outpatient therapy clinic setting to include advanced wound care services with the goal of improving the quality of care, increasing access to care, and reducing the cost of care. Under this proposed PFPM, PTs/OTs providing outpatient therapy service to improve a beneficiary's functional status would have the flexibility to provide advanced wound care services in addition to therapy services to Medicare beneficiaries.⁴ The proposed model does not address how the PT/OT would acquire the necessary knowledge to recognize and clinically manage life-threatening changes in wounds in a timely manner.

I agree with the PTAC's recommendation not to implement the proposed PFPM. I further agree with the PTAC on the importance of developing a PFPM that encompasses the multi-disciplinary nature of delivering health care services like advanced wound care that is focused on improving the quality of care, reducing the cost of care, and holding health care providers accountable for patients' outcomes. Therefore, I have asked the Centers for Medicare & Medicaid Services (CMS) Center for Medicare and Medicaid Innovation (CMS Innovation Center) to explore the ideas proposed by Upstream Rehabilitation when developing potential new innovative payment and service delivery models. As part of this exploration, I have asked the Center for Medicare and the CMS Innovation Center to reach out to Upstream Rehabilitation for additional discussion.

The CMS Innovation Center will continue to engage with passionate stakeholders like Upstream Rehabilitation to drive transformative innovation in the delivery of advanced wound care for beneficiaries.

⁴ <https://www.cms.gov/medicare/billing/therapyservices/index.html>

Seha Medical and Wound Care

I want to thank Seha Medical and Wound Care for submitting the *Bundled Payment for All Inclusive Outpatient Wound Care Services in Non Hospital Based Setting* proposal to the Physician-Focused Payment Model Technical Advisory Committee (PTAC). As we design payment and service delivery models that are simple, transparent and accountable for patient outcomes, we are thinking about how to improve access to high quality care for Medicare beneficiaries.

The proposed model submitted by Seha Medical and Wound Care focuses on differences in Medicare payment for advanced wound care services provided in a physician office compared to payment for services provided in a hospital outpatient department (HOPD) setting. Currently, for wound care services provided in a physician office setting, the professional fee is paid under the Physician Fee Schedule (PFS), whereas for advanced wound care services provided in a HOPD setting, there is an additional facility payment made under the Medicare Outpatient Prospective Payment System.

Under this proposed physician-focused payment model (PFPM), a health care provider would be paid a flat per-visit fee for providing advanced wound care services in a physician office setting, instead of receiving payment under the PFS, which is designed to reduce the disparity in payment for wound care between hospital outpatient and physician office settings. The proposed PFPM focuses significantly on payment differentials, as well as efficacy and cost effectiveness of care in the physician office setting, with much less focus on wound severity or complexity, treatment modality, quality performance, or a multidisciplinary approach to care and care pathways.

I agree with the PTAC's recommendation not to implement this proposed PFPM. Overall, the proposed model payment concept is consistent with our commitment to test ways to modernize outdated payment rules that pay health care providers different amounts for the same service based solely on the location in which the service is delivered. The PTAC commented that changes to the PFS payment policy based on global periods of care could better support efficient and effective delivery of wound care and improve access to wound care in rural areas. The Centers for Medicare & Medicaid Services (CMS) is interested in ensuring that Medicare payment policy is consistent with advancing value-based care. I have asked CMS to reach out to Seha Medical and Wound Care for additional discussion on their proposed model.

As always, we appreciate the PTAC's valuable review and discussion of the proposal and hope to continue to engage with passionate stakeholders like Seha Medical and Wound Care to improve quality, lower spending, and drive transformative innovation in the delivery of wound care for beneficiaries.

**The Johns Hopkins University School of Nursing and
Stanford Medicine Clinical Excellence Research Center**

I appreciate the ideas presented in the "Community Aging in Place Advancing Better Living for Elders (CAPABLE)" proposed payment and service delivery model submitted by the Johns Hopkins University School of Nursing and the Stanford Medicine Clinical Excellence Research Center. I value the Physician-Focused Payment Model Technical Advisory Committee's (PTAC) review of the CAPABLE proposal and its robust discussion of the proposed model during the public meeting. The PTAC's respected comments and recommendations will help guide our efforts to develop innovative payment and service delivery models that better address the functional limitations of Medicare beneficiaries with chronic conditions.

The goal of the proposed CAPABLE model is to help improve the safety and functional capability for beneficiaries experiencing difficulty with an Activity of Daily Living, residing in a house or apartment, demonstrating minimal or no cognitive impairment, and considered high-risk (e.g., recent hospitalization or emergency department visit related to falls). In the proposed intervention, clinicians (i.e., primary care providers, hospitalists) may recommend participation in the preventive program and, together with the beneficiary, identify the beneficiary's specific functional goals for the CAPABLE care team. The CAPABLE care team includes an occupational therapist who provides an assessment, education, and recommendations for limited home repairs, adaptive modifications, and/or installation of assistive devices, which are provided as needed under the proposed payment and preventive care delivery model. The CAPABLE care team also includes a nurse who specifically addresses pain, depression, polypharmacy, and common geriatric concerns; and communicates with the primary care provider as part of home visits with the beneficiary.

The CAPABLE pilot was supported through the Centers for Medicare & Medicaid Services (CMS) Center for Medicare and Medicaid Innovation's (CMS Innovation Center) Health Care Innovation Awards (HCIA) from November 2012 thru June 2016. In the HCIA Third Annual Report Addendum, outcomes for the HCIA CAPABLE project were associated with small, non-significant increases in Medicare costs, hospitalizations, and hospitalizations for ambulatory sensitive conditions, but decreases in emergency room visits and readmissions, although these changes did not reach statistical significance.⁵ Medicaid outcomes for dual eligible beneficiaries in the CAPABLE pilot were also non-significant, with decreases in total cost of care and emergency department visits and increases in hospitalizations.

I agree with the PTAC that improved care coordination with primary care physicians, and communication across health care providers are key goals when designing innovative payment and service delivery model tests for vulnerable beneficiaries. I also agree that the proposed model needs to further consider risk adjustment and whether the proposed bundled payment methodology is consistent with covering expenditures for home repairs. The proposed model also needs to address how quality impacts payment.

I am interested in exploring how the concepts in the CAPABLE model could be incorporated into payment and service delivery models in development at the CMS Innovation Center. I have asked the CMS Innovation Center to reach out to the submitters for further discussion on how

⁵ <https://downloads.cms.gov/files/cmimi/hcia-chspt-thirdannualrptaddendum.pdf>

key mechanisms of action in this proposed preventive model could be reflected in innovative payment and service delivery models. In particular, I have asked them to explore how the CAPABLE model could be incorporated into new risk-sharing arrangements available through the CMS Innovation Center's new payment and service delivery models, which have been designed to produce value and high quality health care and to appeal to a broad range of physician practices and other organizations to support a focus on beneficiaries with complex chronic conditions.

I want to thank the Johns Hopkins University School of Nursing and the Stanford Medicine Clinical Excellence Research Center for your continued engagement with the CMS Innovation Center and helping to drive transformative innovation in American health care. I also want to thank the PTAC for their critical review of this proposed model.