



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

SEP 07 2017

I express my gratitude to the Illinois Gastroenterology Group and SonarMD, LLC for submitting the *Project Sonar* proposal to the Physician-Focused Payment Model Technical Advisory Committee (PTAC) for review and consideration as a proposed physician-focused payment model (PFPM). The Illinois Gastroenterology Group and SonarMD, LLC's commitment to improving care for patients with Crohn's disease is very evident in this proposal. I also thank the members of PTAC for the time and effort they invested in rigorous review of this proposal and providing their detailed comments and recommendation to me.

The proposal describes the positive results that *Project Sonar* has achieved through its deployment as a specialty medical home model in commercially insured populations. The Department of Health and Human Services (HHS) agrees with PTAC that the proposed model has promise. HHS would like to offer additional opportunities for specialists to participate in APMs, and sees promise in specialty medical home models that emphasize enhanced patient monitoring and early interventions, and that reduce the need for emergency room visits and hospitalizations.

However, HHS acknowledges and shares PTAC's concerns regarding *Project Sonar*'s payment methodology and care coordination approaches. In particular, while HHS is interested in broad models that address quality and payment, it does not plan to pursue models that mainly involve testing a particular form of proprietary technology or proposed models that are focused on implementation only by the submitter. Supplemental information provided by the Centers for Medicare & Medicaid Services (CMS) about these issues is included in the attached appendix. In light of these considerations and in lieu of testing the model as proposed, I have requested that CMS reach out to the Illinois Gastroenterology Group and SonarMD, LLC to involve them in HHS' development of specialty models. As HHS develops potential models in this area, we will consider the input and insights from this proposal.

We all share a common goal of improving health care for all Americans. To do this, we must think creatively and leverage experience from across the nation. We must learn from health care providers in the field who have changed care delivery to encourage better outcomes and patient experience of care. We recognize the contributions of practicing physicians in driving this transformation.

I look forward to the continued engagement of all stakeholders in developing payment models and to future recommendations of PTAC regarding PFPMs that would reduce expenditures while preserving or enhancing the quality of care.

Thomas E. Price, M.D.
Secretary

Appendix: Supplemental Information

The following is additional information related to the Secretary's response to PTAC comments and recommendation on *Project Sonar* submitted by Illinois Gastroenterology Group and SonarMD, LLC.

HHS agrees with PTAC that this proposed PFPM has potential; however, there were gaps in the proposal regarding both the payment methodology and integration and care coordination. *Project Sonar* could offer an avenue for a subset of gastroenterologists managing care for patients with Inflammatory Bowel Disease (IBD) to participate in an APM and would also provide an opportunity to engage specialists in the management of beneficiaries with complex and chronic conditions, which is a high priority area for HHS. However, HHS is concerned that this proposal is too dependent on a proprietary software platform (a concern also voiced by PTAC) and that its underdeveloped payment methodology and approach to integration make the proposed model a poor candidate for testing at this time. Further exploration of model feasibility could resolve some of the proposal's current limitations. Additional detail regarding the key weaknesses of this proposal is outlined below.

- Payment Methodology

It is not clear how key parameters, such as the payment amounts and the spending targets, should be set for Medicare patients who are more likely to have multiple health problems and for whom additional time and resources may be needed to support both proactive outreach and coordination with other physicians. Similarly, the risk adjustment method is novel and would need validation; it is currently based upon clinical characteristics (e.g. age, sex, disease phenotype as determined by ICD-10 code, PHQ-2 rating, the 26 individual metrics from the American Gastroenterological Association CD Care Pathway, and the Sonar Ping response rate). For each item, the proposed model adjusts the target pricing to account for variation in related cost of care. PTAC also raised concerns that the care delivery changes outlined in the proposal could be appropriately incentivized and accomplished through providing a care management fee alone rather than the infrastructure required to develop and implement a new payment model that includes a performance-based payment.

- How Performance Ties to Payment

The proposal does not offer enough information to establish a sufficient link between performance in the proposed model and payment, which is central to the value over volume PFPM criterion. The proposal notes that quality reporting would be based upon Merit-based Incentive Payment System (MIPS) and *Project Sonar* derived measures; however, the proposed measures in the written proposal for IBD are limited, and specific performance targets for these measures were not identified. In addition the quality metrics that were proposed to adjust payment are process measures rather than the preferable outcomes-based measures. In addition, the proposal emphasizes increased patient satisfaction levels but does not attempt to account for this in their pay for performance methodology.

- Care Coordination

Despite being described as a specialty-based intensive medical home, the proposal includes little information on integration with other clinicians, particularly primary care physicians. In addition, the use of proprietary software may limit the interoperability with existing systems, especially for other non-participating providers.

- Proprietary Components

HHS is concerned that the proposed model's key intervention is based upon a proprietary software platform. Relying on a proprietary software solution for a public model poses obvious challenges to its broader application. The submitter did express some willingness to share the platform with other participants. However, it is unclear if this would be shared at a cost, which could be prohibitory for smaller practices. HHS will not pursue models that only involve testing a particular device, app, or form of equipment; HHS is interested in models that involve a new payment structure. HHS also has concerns related to the applicability of this innovative technology to the Medicare population, who may be less inclined to use mobile applications as a primary source of contact with their practitioners.

- Applicability of the Proposed Model to the Medicare FFS population

HHS has concerns regarding the applicability of this proposed model to the Medicare FFS beneficiary population. Although *Project Sonar* has been successful in a limited population of commercially insured patients, application to the Medicare population would be significantly different. As previously mentioned the estimated number of Medicare FFS beneficiaries with IBD in 2015 was 145,000 (only 0.48% of the Medicare FFS population). In addition, the prevalence of acute IBD events is much lower in older patient populations. Consequently, Medicare beneficiaries with IBD accounted for only 1.25 percent of Medicare FFS spending. Without further evidence showing the applicability to an older population and additional chronic conditions, the proposed model would have limited effects on both the Medicare population and FFS spending.