



**NEW REIMBURSEMENT  
MODELS LEAD TO NEW RISK**

*HCCA Regional  
Compliance Conference  
Atlanta  
January 26, 2018*

KING & SPALDING 1

**Agenda**

- Overview of Alternative Payment Models/Value Based Contracting
- Examples of potential compliance risk – successful strategies and potential pitfalls
- Government enforcement and audit strategies

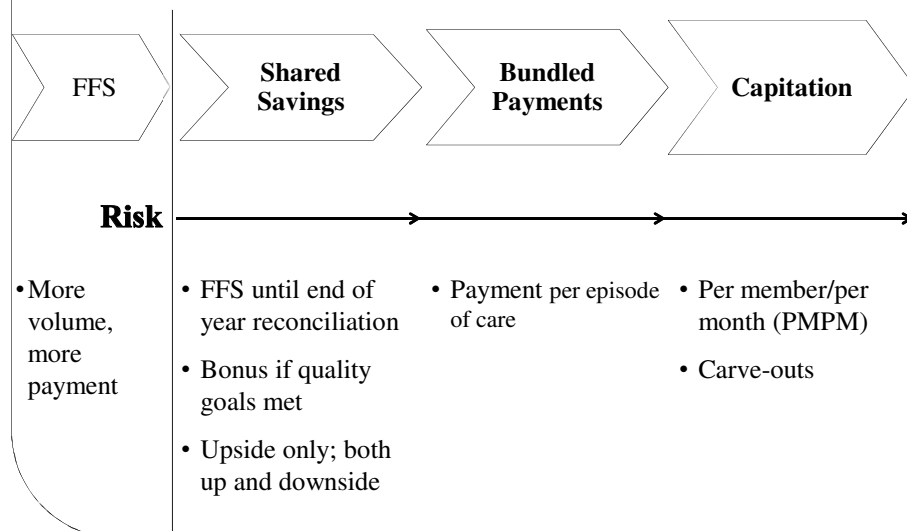
KING & SPALDING 2

## Alternative Payment Models

### Value Based Contracting

- Focus on quality over quantity
- Risk tolerance/data evaluated by contracting providers
- Goal: Greater quality, cost savings

## Risk Based Contracting - Risk Continuum



## **Alternative Payment Models - Current**

### Medicare

- Under Obama administration, goal was to have 50% of Medicare dollars paid to hospitals & physicians through APM by end of 2018

## **Alternative Payment Models - Current**

### Medicare Part A/Hospital

- MS-DRGs, APCs
- Comprehensive Care for Joint Replacement; Cardiac Rehabilitation Incentive Payment Model; Episode Payment Models

## **Alternative Payment Models - Current**

### Medicare Part B/Physicians

- Medicare Access & CHIP Reauthorization Act (MACRA)
  - Merit-Based Incentive Payment Systems (MIPS)
  - Alternative Payment Models

## **Alternative Payment Models - Current**

### Medicare Part C/Medicare Advantage

- Not required to use Original Medicare methodologies

## Alternative Payment Models - Current

### Compliance Risks - Medicare

- Medicare Advantage – Certifications/Attestations
- Quality Metrics
  - Coding and reporting accuracy
  - Tracking reimbursement trends
  - Quality Issues/Peer Review
- FCA

## Alternative Payment Models

### Commercial Payors:

- Anthem cut **emergency room costs** by 3.5% and realized a gross savings of \$9.51 per attributed member per month in the program's first year.
- Humana saw an estimated 20% cost savings for members affiliated with providers in a value-based reimbursement model setting, and reported a 10% increase in **medication review** for **patients with special needs**.

## Alternative Payment Models

### Commercial Payors (continued)

- Aetna & UnitedHealth: **More than 45%** spending through some type of APM
- Anthem: **More than 58%** of spending through some type of APM across all lines of business

## Alternative Payment Models – Compliance

Currently, the government focuses its fraud and abuse efforts on overutilization. As payment is tied to new factors, how do we reprioritize our compliance program?

## Alternative Payment Models – Compliance

### (1) Quality Focus

With the high volume of data that will be produced to the government for payment, expect increased scrutiny of that data for accuracy.

- Providers can expect contractors to monitor and test quality data.
  - All metrics should be clear and benchmarked against actual performance.
  - Beware overlapping payments.
  - Will each physician have real impact on quality?
- False certification claims can be based upon attestations to accuracy of data.
- Example: Medicare Advantage FCA cases

## Alternative Payment Models – Compliance

### (2) Health Status/Risk Adjustment Focus

If providers are at financial risk with capitated payments, compliance programs should focus on the accuracy of diagnosis coding and documentation which is used to risk adjust capitated payments.

- Beware cherry picking
- Will physician have individual impact on quality that is quantifiable?

## **APM Compliance - Follow the Money**

### **Who are the parties that are setting the parameters of the APM payment?**

- Increased risk for individuals in current enforcement environment.
- Are you at the table?
  - Compliance Officer?
  - Legal?
  - Education opportunity for executives

## **APM Compliance - Follow the Money**

### **What do Compliance Officers need to know to participate in APM payment parameters and/or negotiations?**

- What are the current processes for tracking quality measures and score reporting?
- Who is selecting the reported measures?
- What are the determinants for eligibility?



## **FCA Risk With APM**

### **FCA Risk:**

- *Escobar* and implied certification
- Quality of care, worthless/inadequate services
- Individual liability

## **FCA Risk With APM**

### **What are the responsibilities of the individual parties?**

- Who are the parties that are setting the parameters of the APM payment?
- Do they understand the increased risk for individuals in the current enforcement environment?

**Anticipate FCA exposure based upon allegations related to failure to meet quality goals.**

## **Practical Tip: Be at the Table for Payor Contract Development**

- What role does Compliance have in negotiating payor contracts?
  - Physician? Hospital? Both?
- Does the contracting team understand the compliance implications of these new APM contracts?
- Monitoring and auditing functions should incorporate the promises in these contracts.

## **Practical Tip: Is your EHR system ready?**

The EHR is pivotal to APM participation.

- Compliance Officers should prioritize EHR accuracy in future auditing and monitoring plans.
  - Accuracy of data capture
  - Timeliness and accuracy of entries
  - Completeness of record
  - Audit logs

## **Practical Tip: Prioritize Quality of Care Investigations**

- Does the Compliance Department receive hotline calls regarding quality of care? If so, what happens to them?
- What is the interaction between compliance and risk management? Need to review results of RM efforts.
- What role do you have in peer review? Do you receive results of those investigations?

## **Practical Tip: Prioritize Quality of Care Investigations**

- Educate all stakeholders on the impact of payment based upon quality, including the risks to the individual provider.
  - Educate doctors and management.
  - Reverse the “not my monkey, not my circus” paradigm.

## **Keys to Successful Provider Contracting & Compliance**

- Infrastructure
- Data Collection and Data Analysis
- Case management/care coordination

## **Alternative Payment Models Going Forward**

- Value Based Contracting is the future – all lines of business
- Uncertainty in the market – ACA, payment reform and payment cuts
- New health care delivery methods for new payment models; new compliance risks

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