Stretched to the Limit by COVID-19, Will Providers Get Relief from Medicare Value-Based Programs?

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COVID-19 continues its inexorable, exponential spread here in the US. Hospitals in New York City, now accounting for more than 7% of confirmed cases worldwide, have less than a quarter of the critical equipment and supplies needed to serve an overwhelming surge of patients. Our healthcare providers are facing impossible choices, even considering universal Do Not Resuscitate orders for patients with COVID-19.

Less than one month ago, CMS was closing applications from providers willing to be part of a major movement to adopt financial risk as a new type of payment model. Under Direct Contracting, providers would face per-patient spending limits under a capitated payment scheme. Now that movement could be in question, along with other provider risk programs, as total and per-case spending soar under COVID-19.

With the public health crisis upending life everywhere and provider capacity already stretched to the limit, will Medicare continue its full court press for providers to adopt financial risk? Conversely, how will CMS loosen efforts to control healthcare costs when its own expenses for the highest-risk group of coronavirus patients will overrun the federal budget?

- Already, those costs are estimated to increase exponentially.
- The National Association of Accountable Care Organizations estimates that Medicare could be hit by COVID-19 claim costs of between $38.5 billion and $115.4 billion in the next year, depending on pandemic expansion and hospitalization rates.
- In addition, the $2 trillion stimulus plan – not likely to be the last – will expand the already mushrooming federal deficit.

(continued on page 2)

Washington DC Watch

ACOs, Others Seek, Get Relief from Risk, Reporting Requirements

Accountable Care Organizations and other Alternative Payment Models got part of what they asked for. Two letters from organizations representing doctors, hospitals, colleges and ACOs outlined to Washington DC how they want the feds to help them weather the financial blows of COVID-19. It’s a long-term challenge, and the Centers for Medicare & Medicaid Services has responded with, so far, sort-term fixes.

Doctor Group Seeks Reduced Reporting, Longer Deadlines

America’s Physician Groups and Premier Inc. sent a letter to the Department of Health & Human Services and CMS asking for “guidance on financial and quality mitigation policies for all quality programs and value-based arrangements.” Noting their “strong support” for such programs, they state that “the unprecedented surge in demand and shortfall of products we are expecting requires a major shift in focus.” Providers “are also concerned,” they add, “that they will face serious financial consequences as a result of factors not under their direct control.”

(continued on page 4)