

Principles of Alternative Payment Models

Introduction

As healthcare continues its shift away from fee-for-service (FFS) reimbursement and towards alternative payment models (APMs) that focus on value-based care, there is an increasing need to ensure that models are designed to support outcomes of highest priority to patients, families, and caregivers. This document outlines key elements necessary to achieve such a goal. AAPM&R urges other stakeholders and policy makers to consider these principles when developing, recommending, implementing, and evaluating APMs.

A Physiatrist

A physiatrist is a licensed physician (M.D. or D.O.) who has completed a Physical Medicine & Rehabilitation (PM&R) residency accredited by the ACGME, the AOA, or the Royal College of Physicians and Surgeons of Canada and meets the training and experience requirements for examination by the American Board of PM&R or the American Osteopathic Board of PM&R. Physiatrists, also known as PM&R physicians, treat a wide variety of medical conditions affecting the brain, spinal cord, nerves, bones, joints, ligaments, muscles, and tendons. PM&R physicians evaluate and treat injuries, illnesses, and disabilities, and are experts in designing comprehensive, patient-centered treatment plans. Physiatrists utilize cutting-edge as well as time-tested treatments to maximize function and quality of life.

Principles of Alternative Payment Models

1. **Collaboration and Coordination** – An alternative payment model must prioritize and incentivize collaborative and coordinated care.
 - a. Collaborative and coordinated care should include medical specialties, nursing, behavioral health, and allied health professionals as necessary across the care continuum, including inpatient and outpatient settings.
 - b. Coordination of care must ensure continuity and attention as patients transition from one care setting to another or to the home.

2. **Patient-Centered Care** – An alternative payment model must emphasize patient-centered care and prioritize the needs of the patient to optimize health outcomes.
 - a. To optimize health outcomes, care must be accessible and affordable for patients including those with chronic injury, illness, and activity limitations.
 - b. Recognizing and accounting for social determinants of health must be a priority in all points of care.
 - c. Improvement in patient function and quality of life must be the foundation for a successful model.
 - d. Patient-centered care must take into account patient priorities, including circumstances related to availability of caregivers and other assistance.

3. **High-Value Care** – An alternative payment model must prioritize the delivery of high-quality, high-value care.
 - a. Physicians should coordinate care across the care continuum to best serve the patient.
 - b. Care provided must be based on the best available evidence.
 - c. Accountability for quality of care must include patient reported outcome measures focused on function and quality of life. Process and utilization metrics alone are not sufficient to assess patient outcomes.
 - d. Models should reward high-quality care through payment incentives.
 - e. Cost evaluation in models for demonstrating value must account for cost savings across the system, not just in certain silos of care.

4. **Accountability** – An alternative payment model must hold model participants accountable only for outcomes over which they have control.
 - a. Quality and cost metrics used to determine performance must reflect the scope of services furnished by model participants.
 - b. Alternative payment models must include accurate risk adjustment to ensure that model participants are not penalized for providing care to high-risk patients.

5. **Physician Engagement** – An alternative payment model must be driven through physician engagement.
 - a. Alternative payment models should incorporate physicians in leadership structures to ensure that patient care needs are addressed adequately and to enable engagement from the provider community.
 - b. Physician stakeholders and clinical champions must be given the opportunity to participate in development of alternative payment models.
 - c. Alternative payment models must support physician autonomy in developing care plans and provide physicians flexibility to make independent clinical decisions.

6. **Incorporation of Psychiatry** – An alternative payment model must consider the role of psychiatrists when the model incorporates or benefits from rehabilitation care.
 - a. Psychiatrists must play a leading role in addressing function and optimizing quality of life, which are prime metrics in alternative payment models and patient-centered care.
 - b. Psychiatrists must be involved in model development to provide expertise and analysis that is unique to the PM&R specialty.

7. **Reasonable Risk** – Mandatory alternative payment models must allow for meaningful participation by providers with varying capacity to take on downside risk.
 - a. To ensure flexibility, it must be recognized that some model participants may not have the population size to assume downside risk appropriately for the costs of care.
 - b. Considerations must be made for model participants with a large proportion of high-risk patients that may not have the capacity to assume downside risk for the costs of care.

8. **Availability of Resources** – An alternative payment model must ensure that participants are equipped with the resources they need to provide high-value care.
 - a. Payment must be sufficient to ensure the delivery of high-quality, high-value care.
 - b. Small practices must be supported to allow for model participation.
 - c. Participants must be offered training and support in meeting the requirements of alternative payment models.
 - d. Resources such as IT capability or provider network management should be made available to model participants as necessary.

9. **Data Driven** – An alternative payment model must be data driven.
 - a. Data must be made available and accessible to all participants on a regular and timely basis.
 - b. Data analysis and/or access to customized analytical assistance (e.g., clinical data registries) must be made available to model participants to support process improvement and optimization of care delivery.
 - c. Alternative payment models must promote interoperability to ensure appropriate communication, relationships, and quality measurements of care through day-to-day operations and to support transitions of care.

10. **Flexibility and Efficiency** – An alternative payment model must eliminate barriers and improve efficiency to advance delivery of high-value care.
 - a. Alternative payment models should encourage streamlined provider and care team communication and decision-making.
 - b. Alternative payment models must support providers to optimize workflow and limit administrative burden, for example by eliminating prior authorization and unnecessary reporting requirements.
 - c. Patient care must not be compromised when promoting efficiency.

Disclaimer

This AAPM&R Position Statement is intended to provide general information to psychiatrists and is designed to complement advocacy efforts with payers and policymakers at the federal, state and regional levels. The statement should never be relied on as a substitute for proper assessment with respect to the specific circumstances of each case a psychiatrist encounters and the needs of each patient. This AAPM&R statement has been prepared with regard to the information available at the time of its publication. Each psychiatrist must have access to timely relevant information, research or other material which may have been published or become available subsequently.

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