



## Policy Brief

January 26, 2018



### BPCI Advanced Explained

Last week, [CMS announced](#) a new payment model, the Bundled Payments for Care Improvement Advanced ([BPCI Advanced](#)). BPCI Advanced qualifies as an Advanced Alternative Payment Model (APM) under MACRA, which allows eligible providers the opportunity to receive a 5% lump sum incentive payment. While this is a chance for specialists to play in the advanced APM space, some critics warn that meeting the volume thresholds under MACRA may be difficult for anyone other than ‘hyper specialists.’

#### How it Works

- Model runs October 1, 2018 – December 31, 2023
- 90-day Clinical Episodes
- 29 Inpatient Clinical Episodes and 3 Outpatient Clinical Episodes
- Total financial risk from the outset
- Target price based on historical data (provided *after* applications are due)
- Plans for Fraud and Abuse, Telehealth and Direct Supervision waivers

## Why Would Hospitals Want To Participate?

Advanced APMs are an important part in the transition to value-based care, which is a bipartisan priority. While there has recently been a move to make bundled payments voluntary, this may change in the future. The newly appointed Health and Human Services Secretary Alex Azar, has [indicated](#) that he is not opposed to making APMs mandatory. Participating now will give hospitals the ability to get real data about their performance. MACRA and the [increasing attention to health care costs](#) warrant consideration of participating.



## The Latest Assault on Medicaid—It Causes Opioid Addiction

The most recent in a series of attacks on Medicaid expansion is that it's causing America's opioid epidemic. In a [hearing](#) before the Senate Committee on Homeland Security and Governmental Affairs, testifiers argued a causal relationship between increased access to Medicaid and rising opioid related deaths. Providers need to brace themselves for a continued assault on Medicaid.

### The Claim:

Medicaid and the additional expansion funding has given patients greater access to care, which also allows for opioid prescription. In the last five years, we have seen both an increase in Medicaid funding and the opioid death rate. Thus, it was argued, we should reduce Medicaid funding in hopes that the rate of opioid death will follow.

### The Facts:

In fact, post-expansion data from the CDC show that [synthetic and illegal opioids](#) have surged past prescriptions as the leading cause of overdose-related death. Deaths from prescriptions have stayed nearly the same since 2012. Medicaid is an [important tool](#) in fighting the epidemic by increasing access to care.

## **CHIP Passed but Medicare Extenders Still on Hold**

Congress passed a bill to fund the federal government until February 8<sup>th</sup>. The bill extends the Children's Health Insurance Program (CHIP) for six years and delays the implementation of certain health industry taxes from the Affordable Care Act: the medical-device tax, the Cadillac tax and the health insurance tax. However, funding for other health care programs, including the Medicare Dependent Hospital and Low-Volume Hospital programs, is still pending. Legislators are hoping they can extend funding for these programs by the next budget deadline, February 8<sup>th</sup>.

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## **AHA and CMS' Administrator Discussion: Regulatory Reform**

Last year, the Trump Administration instructed all federal agencies to explore ways to reduce regulatory burden. In a webcast with the American Hospital Association (AHA), CMS' Administrator Seema Verma gave an overview of the issues the Agency would like to tackle as part of that effort. Although few details were provided, Verma [spoke](#) about her interest to reform the Medicare Conditions of Participation, align measures across Medicaid and Medicare, and work with policy makers to modernize the [Stark Law](#). Further regulatory action is expected in 2018 to address these issues.



### **Alex Azar Confirmed to Lead HHS**

Alex Azar has officially been confirmed as Secretary of the Department of Health and Human Services (HHS), despite Democrats' resistance. This will give Azar the opportunity to work toward his [stated goal](#) of lowering pharmaceutical costs, although he has no plans to allow Medicare to directly negotiate drug prices. No stranger to the HHS, Azar served under the Bush administration as Deputy Secretary of HHS before leaving to serve as President of Eli Lilly & Co. To learn more about Azar, click [here](#).