Welcome to *Washington Update*, the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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Payment Model Evaluations Continue Consistent Themes

In an email to subscribers sent Dec. 29, the Center for Medicare and Medicaid Innovation (CMMI) flagged two independent evaluations released last fall that provided evidence of modest gains from two of the center's models. The evaluation results are consistent with other reviews of CMMI's voluntary experiments in demonstrating small positive results and some conflicting ones.

The first evaluation, originally released in October, examined the first three years of the so-called Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model. The experiment enables MA plans to offer innovative benefit options to encourage use of high-value care and promote healthy behavior — for example, imposing no beneficiary cost-sharing for generic drugs, and providing transportation to medical appointments.

The evaluation results were a mixed bag. Although there was evidence that interventions under the model improved health care quality — as seen in modestly increased Star Ratings — and adherence to recommended care, there was no evidence of overall improvements in health status or cost outcomes. In fact, implementation of the model was associated with increases in MA risk scores, which translated into higher medical spending based on beneficiaries' health conditions and greater

costs to the Centers for Medicare & Medicaid Services (CMS) in some years.

Direct Contracting: The second evaluation, released on Nov. 23, examined the financial and quality-related results from the first year of the Global and Professional Direct Contracting (GPDC) Model – the total cost-of-care risk model that preceded the ACO Realizing Equity, Access, and Community Health (ACO REACH) Model. Overall, the report found that the model yielded no significant reductions in total Medicare spending in gross or net terms but did produce some discernible quality improvements in terms of reduced acute care hospital utilization, emergency department visits, and spending in skilled nursing facilities.

The evaluation's conclusions differed somewhat from Medicare's own assessment released in November. (The reason: There are different requirements for independent evaluations in terms of adjusting for the statistical significance of changes due to the frequently small sample sizes in CMMI models.) As noted in a Wakely issue brief, under CMS's published results, the 53 so-called Direct Contracting Entity (DCE) participants generated an average gross savings rate of 3.3 percent and an average net savings rate of 1.3 percent relative to spending benchmarks based on traditional Medicare. So-called High Needs DCEs, which serve beneficiaries with complex needs, including dually eligible beneficiaries, did best, with an average 11.6 percent savings rate. However, in the final analysis, the conclusions of independent evaluations are the ones that matter with respect to estimating the overall effects of CMMI experiments on the Medicare program.

Bottom line? It is unclear what effect, if any, these results will have on broader views about the role of CMMI, consistent as they are with earlier model evaluations that showed similar small effects on quality and costs. The agency's existence has continued to spark some opposition in Congress, even as its defenders contend that its broader role in fostering health care transformation is frequently underemphasized in narrow and time-limited evaluations (see *Washington Update*, November 3, 2023).

Spending Negotiations Continue As Congress Prepares To Return

With most members of Congress still on holiday recess, House and Senate negotiators continued work this week toward reaching an overall goal for fiscal 2024 federal spending — as well as on determining which health care provisions could end up in a final spending package (see *Washington Update*, December 22, 2023). Congress has just nine days once it returns next week to replace the first of two expiring continuing resolutions and avoid a government shutdown.

APG will continue to monitor the ongoing negotiations and potential legislative changes and keep members informed on developments.

APG Announcements And Offerings

- APG submitted a comment letter in response to the Department of Health and Human Services' proposed rule to establish disincentives for health care providers that have committed information blocking.
- APG will host an Emerging Trends in Health Care Webinar with guest Adam Boehler on Tuesday, January 22, 12:30-1:00 pm ET. Register here.
- As APG discussed in a webinar on October 26, CMS has introduced a new Guiding an Improved Dementia Experience (GUIDE) Model and has opened the Request for Applications (RFA) portal.
    - Applications are due by January 30, 2024.
    - CMS will host an office hour for potential applicants on Thursday, January 11, 2:00-3:30 pm ET. Register here.

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Valinda Rutledge, EVP, Advocacy and Education .... vrutledge@apg.org
Jennifer Podulka, Vice President, Federal Policy .... jpodulka@apg.org
Garrett Eberhardt, Executive Director, Medicaid Policy .... geberhardt@apg.org
Greg Phillips, Director of Communications .... gphillips@apg.org