

GAO Highlights

Highlights of [GAO-17-55](#), a report to congressional committees

Why GAO Did This Study

In recent years, the Centers for Medicare & Medicaid Services (CMS) has used its authority to develop and implement value-based payment models. Providers may receive additional payments for providing high-value care based on quality and cost metrics designed for each model or be financially penalized for care that does not meet certain standards.

The Medicare Access and CHIP Reauthorization Act of 2015 included a provision that GAO examine organizations that can assist small physician practices with participation in these models. This report describes (1) stakeholders' perspectives on the challenges faced by small and rural physician practices when trying to participate in Medicare value-based payment models; and (2) the types of organizations that help these practices participate, and the activities they conduct. GAO defined small and rural practices as those with 15 or fewer physicians and those located outside of an urban area, respectively.

To address the objectives, GAO reviewed literature and CMS documents on value-based payment models and interviewed 38 stakeholders, including CMS, providers, and organizations that assist with value-based payment models. GAO identified stakeholders through research and referrals from the stakeholders interviewed. GAO's findings are not generalizable beyond the stakeholders interviewed.

CMS provided technical comments on a draft of this report, which GAO incorporated as appropriate.

View [GAO-17-55](#). For more information, contact James Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

December 2016

MEDICARE VALUE-BASED PAYMENT MODELS

Participation Challenges and Available Assistance for Small and Rural Practices

What GAO Found

Based on a review of literature and interviews with 38 stakeholders, GAO identified challenges faced by small and rural physician practices when participating in Medicare's new payment models. These models, known as value-based payment models, are intended to reward health care providers for resource use and quality, rather than volume, of services. The challenges identified are in five key topic areas.

Examples of Challenges Faced by Small and Rural Physician Practices, by Key Topic Area

Key topic area	Examples of challenges
Financial resources and risk management	Practices may lack financial resources needed to make initial investments, such as those to make electronic health record (EHR) systems interoperable, and recouping investments may take years.
Health IT and data	Practices need to hire and train staff, as well as develop experience using EHR systems and analyzing data needed for participation.
Population health management care delivery	Patient populations in diverse geographic locations can affect practices' ability to manage their care, especially rural physician practices whose patients may have to travel long distances.
Quality and efficiency performance measurement and reporting	Small and rural practices with small patient populations may have quality and efficiency measurement more susceptible to being skewed by patients that require more or more expensive care.
Effects of model participation and managing compliance with requirements	Practices with fewer staff have difficulty balancing and finding the time needed for direct patient care, care management activities, and additional administrative duties needed for model participation.

Source: GAO analysis of literature and stakeholder interviews. | GAO-17-55

According to the stakeholders GAO interviewed, organizations offer a variety of services that can help small and rural physician practices with challenges to participating in Medicare's value-based payment models, but not all small and rural practices can access these services. Organizations include group practices, private companies, nonprofit groups, and universities. GAO grouped the organizations that can assist into two categories: partner and non-partner organizations. Partner organizations share financial risk associated with model participation and provide comprehensive services that can mitigate challenges. These services may include sharing resources, such as data systems and care management staff, and conducting analysis to manage patient care. Non-partner organizations do not share financial risk but provide specific services that can help with certain challenges, such as health IT and data challenges. However, not all small and rural practices have access to organizations and the services they provide. For example, some partner organization stakeholders told GAO that they are selective about the practices they will form partnerships with. Further, some stakeholders said that small and rural practices may have limited financial resources that prevent them from hiring the organizations that could best assist them with participation.