

Supporting Health Care Providers During and After the Pandemic: COVID-19 Health Care Response and Resilience Program

Problem: New Payment Approaches Needed for Health Care Providers During & After COVID-19

Clinicians and other health care providers are reorienting their workforces, modifying facilities, developing telehealth and community-based care, and reimagining the best way to deliver care for COVID-19 patients and other patients – all while facing significant continuing revenue shortfalls. Physician practices have seen declines of up to 50% in service volume and hospitals are projected to lose at least \$323 billion in 2020. The way providers are paid has led to these financial crises. Fee-for-service (FFS) payment has been criticized for encouraging volume over value; now organizations are also finding that FFS offers no backstop when utilization drops in a public health emergency, and requires special waivers to provide innovative care. Despite substantial Congressional relief spending, providers will likely need additional funding assistance that helps them deliver care and contain the virus – and they don't have a financial path to continue the care reforms that have worked better for many patients.

Solution: The COVID-19 Health Care Relief, Response, and Resiliency (RRR) Payment Program

Congress would direct \$50 billion of total provider short-term relief funding toward supporting COVID-19 response and resilience, with primary care and rural health providers and those caring for vulnerable populations being prioritized. The funds would help support investments and care reforms that providers are making now to prevent complications, provide better care in the community, and sustain needed reforms for the future, with a transition to non-FFS Alternative Payment Models (APMs).

- **Relief Payments:** Further COVID-19 relief payments, building on previous legislation. Providers could use the payments toward costs of COVID-19 patient care and financial shortfalls.
- **Response Payments:** \$15 billion of total relief payments to providers who take needed steps in 2020 and 2021 to reduce the impact of the pandemic. Measures of COVID-19 response include: (1) rapid electronic data sharing; (2) meaningful collaboration with public health initiatives; and (3) commitment to participate in the resilience program, to support reforms in care now that do not have financial support in FFS payment.
- **Resilience Payments:** \$35 billion to assist providers who increase APMs by 2021, so that they can continue reforms in care that improve patient outcomes and reduce costs as they emerge from the pandemic. By the end of 2023, providers receiving resilience payments must increase the share of payments they receive from public and private payers through advanced APMs by at least 20 percentage points (e.g. from 10% to 30%) with larger increases for bigger shifts.

Primary care providers, specialists, and hospitals who bill Medicare would all be eligible to participate in the RRR program. The program also includes state grants to implement Medicaid model waivers to give similar payments to providers who care for a large number of Medicaid patients. Providers would have flexibility to participate in a variety of advanced APMs, and CMS would establish additional APM options for rural hospitals and an alternative mechanism for specialist providers who may not have an existing APM option available. Expanded telehealth coverage, site-neutral payments, and enhanced data transparency could also be enacted to support the implementation of the RRR Program.

Next Steps: Congressional, CMS, and Private Sector Action

Providers need financial support, but also support to strengthen needed reforms in care during the pandemic and beyond. Response and resilience payments could be incorporated in any further support legislation for health care providers, through immediate provider-level payments, subsidized loans, or advance payments. The RRR program would also encourage effective payment reforms by private payers, employers, and states, which leverage the impact of the program. The COVID-19 Health Care RRR program enables relief payments to be an investment that will improve access and care, and reduce health care costs in the future.