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First of its Kind Scorecard on Medicare Payments Shows Widespread Payment Reform *Scorecard establishes benchmark, shows 42 percent of payments tied to value in 2013*

SAN FRANCISCO/WASHINGTON, D.C. (May 5, 2015) – An independent review of Medicare payments reveals that 42 percent of the health care dollars Medicare paid to providers in its fee-for-service (FFS) program in 2013 were designed to boost the quality of care patients receive. Catalyst for Payment Reform (CPR), a nonprofit coalition of employers and other health care purchasers pushing for better value in health care, released the findings today in its [Scorecard on Medicare Payment Reform](#), the first such analysis of the billions of dollars Medicare pays to health care providers.

CPR's Scorecard comes on the heels of an announcement by the U.S. Department of Health and Human Services (HHS) that it has set [ambitious goals](#) for increasing the proportion of Medicare payments designed to improve the value of care patients receive.

HHS goals include tying 50 percent of traditional, or fee-for-service, Medicare payments to quality or value by the end of 2018 through alternative payment models. CPR's groundbreaking review of Medicare payments will provide a baseline against which to track value-oriented Medicare payments going forward.

"This Scorecard establishes a reference point for measuring Medicare's implementation of payment reforms and how it pays health care providers," says CPR Executive Director Suzanne Delbanco. "Our collective challenge going forward will be to gauge not just how fast payment reform is progressing, but also how effective it is in improving the quality and value of care for the over 50 million Americans insured by the Medicare program."

Of the \$360 billion in Medicare FFS payments to providers in 2013, the Scorecard shows that 42 percent were value-oriented – tied to how well providers deliver care or creating incentives for both improving quality and reducing waste.

Fifty-eight percent of Medicare payments in traditional fee-for-service did not include such incentives. These dollars were paid to providers for every test and procedure they perform regardless of quality or outcome. CPR's study did not examine the approach taken by Medicare Advantage (MA) plans; information about how MA plans pay providers is not readily available.

The 42 percent of Medicare payments that are value-oriented includes:

- Payments Medicare made through pay-for-performance programs (32.8%); and

- Payments Medicare made through shared risk and shared savings programs (13.7%)

(The sum of the two categories does not equal 42 percent. The 42 percent figure adjusts for double counting that may occur between the various program dollars. See accompanying [methodology document](#) for more information).

“As Medicare nears its 50th anniversary, the program is evolving to better meet the needs of beneficiaries, by rewarding providers for delivering high-value care as opposed to quantity of services. This report provides an important benchmark to assess the progress of these efforts and how well they are working to improve quality,” says David Blumenthal, M.D., President of The Commonwealth Fund.

The Scorecard on Medicare Payment Reform uses 2013 payment data collected from publicly available sources and verified by the Center for Medicare and Medicaid Services (CMS) and the Center for Medicare and Medicaid Innovation (CMMI), as well as data contributed to CPR directly by CMS and CMMI. CPR has made all findings available [online](#), including a breakdown of payment methods, a glossary of terms, and the Scorecard methodology.

“We applaud CMS for its transparency and willingness to assist us on this effort,” says Delbanco. “It has been wonderful to have access to data and subject matter experts to help inform the American public about how Medicare pays for health care.”

In 2013 and 2014, Catalyst for Payment Reform produced [National Scorecards on Payment Reform](#), measuring value-oriented payment in the commercial sector. CPR’s 2014 National Scorecard (based on 2013 data) found similarly that 40 percent of payments from commercial health plans were value-oriented.

However, the similar proportions of value-oriented payments made by both commercial health plans and Medicare cannot be viewed in the same light, even though they appear on par with one another and the methodology for both projects was as consistent as possible.

“We can’t do an apples-to-apples comparison of Medicare to commercial health plan data,” explains Andréa Caballero, CPR’s Program Director, who led this research. “There are a number of critical differences in the survey methods and populations for the two projects (for example, there is significantly more post-acute care in the Medicare population). However, we can safely conclude that there is significant momentum behind changing how we pay for health care in the U.S. across sectors. HHS’ Health Care Payment Learning and Action Network is preparing to strengthen the dialogue across the public and private sectors as both work to make progress around the country.”

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About Catalyst for Payment Reform

[Catalyst for Payment Reform](#) is an independent, nonprofit organization working on behalf of large employers and other healthcare purchasers to catalyze improvements in the way health care services are paid for and to promote better and higher value care in the United States.