



NEWS RELEASE

Premier Inc. Survey: Clinically Integrated Networks in Alternative Payment Models Expanded Value-Based Care Capabilities to Manage COVID-19 Surge

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- Alternative payment model (APM) participants invested heavily in value-based care services such as care management, call centers and remote/home monitoring to safely manage COVID-19 and other patients.
- Surge in emergency utilization by those acutely ill with COVID-19 may compromise APM performance and could lead to losses in certain Medicare and commercial models.

CHARLOTTE, N.C.--(BUSINESS WIRE)-- **Premier Inc.** (NASDAQ: PINC), a leading healthcare improvement company, today released survey results finding that participants in alternative payment models (APMs) have drawn heavily on their population health capabilities to manage the COVID-19 pandemic and prevent the spread of the disease.

According to the survey, 82 percent of APM participants leverage care management support to manage COVID-19 and other patients, as opposed to 51 percent of those not in APMs. In addition, 55 percent of APM participants use triage call centers (versus 31 percent of all others), 49 percent use remote monitoring (versus 30 percent of others), 43 percent use population health data to manage and predict cases (versus 20 percent of others), and 29 percent use claims data to understand care delivered outside the acute setting (versus 13 percent of others).

“Respondents participating in APMs had a significant head start over other healthcare providers in being able to provide quality and preventive care for their covered lives, all while managing an influx of emergency COVID-19 cases,” said Joe Damore, Premier Vice President of Population Health. “The sad paradox is that all these commendable efforts may come with a heavy cost. Added investments and increased utilization of hospital emergency services, as well as increases planned to clear the backlog of elective procedures that were delayed during the COVID-19 peak period, could drive the total cost of care up. This could lead to penalties in some



Medicare and many commercial APMs – even though the pandemic was beyond the participants’ control.”

According to the survey, 54 percent of respondents in two-sided risk APM models across all payers anticipate incurring losses that must be paid back to some payers due to the surge in COVID-19 patients and the added cost associated with higher acuity patients who will now be seeking care. At the same time, 85 percent of these same entities report fee-for-service revenue reductions of 30 percent or more due to canceled ambulatory care visits and elective or diagnostic procedures.

“While the exact losses and penalties incurred are still open questions, there’s no doubt that some relief must be provided to APM participants,” continued Damore. “The absolute last thing we want is for a pandemic to result in financial penalties that exacerbate an already dire financial situation for many of America’s healthcare providers as a result of months of lost revenue from planned admissions. Action is needed to keep a focus on the movement to value-based care, preserving the progress and investments made to date.”

Specifically, Premier has called on the Centers for Medicare & Medicaid Services (CMS) to provide specific help to APM participants, including:

- Allow organizations in APMs to move to no downside financial risk with modified upside risk, recognizing that losing the opportunity to achieve full shared savings would only compound financial hardships experienced due to COVID-19;
- Implement CMS “extreme and uncontrollable circumstances” models across all CMS Innovation Center programs, allowing model participants to maintain their current status;
- Accelerate pending shared savings and MACRA bonus payments to healthcare providers to help meet cash flow challenges;
- Convert all quality measures to pay for reporting; and
- Allow all accountable care organizations 90 days to determine if they want to drop out of the program without penalty in 2020.

In addition, survey respondents indicated a desire to make several temporary waivers granted by CMS during the COVID-19 outbreak permanent parts of payment policy. These include telehealth waivers (cited by 93 percent of respondents) that allow any provider to earn full reimbursement for virtual patient care visits provided to Medicare beneficiaries. Another 59 percent cited workforce flexibility waivers that enable health systems to use nurse practitioners and physician assistants for routine tasks so that all staff can practice to the “top of their license” and physicians are freed up to care for the most acute patients. Lastly, 59 percent said the skilled nursing facility (SNF) three-day rule that waives the requirement for a three-day inpatient hospital stay prior to admission into a Medicare-covered SNF should be made permanent.

Survey Methodology

Premier's survey was conducted from April 23-May 1, 2020, and sent to a representative portion of health systems and other providers. Approximately 245 organizations accounting for nearly 5.9 million covered lives responded. Not every respondent answered every question. Premier has not independently verified the data submitted in response to the survey.

About Premier Inc.

Premier Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,000 U.S. hospitals and health systems and approximately 175,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare. Please visit Premier's news and investor sites on www.premierinc.com; as well as [Twitter](#), [Facebook](#), [LinkedIn](#), [YouTube](#), [Instagram](#) and [Premier's blog](#) for more information about the company.

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