CENTER FOR HEALTHCARE QUALITY & PAYMENT REFORM

# How the Ambulatory Specialty Model Will Harm Medicare Beneficiaries and Rural Communities

Thousands of Medicare beneficiaries with heart failure and low back pain could lose access to needed specialty care services if the "Ambulatory Specialty Model" (ASM) is implemented by the Centers for Medicare and Medicaid Services (CMS). Dozens of small rural communities could lose access to specialty care if ASM goes into effect. CMS claims that ASM will encourage cardiologists to deliver higher-quality care for heart failure and that it will encourage orthopedic surgeons, neurosurgeons, pain medicine physicians, anesthesiologists, and physiatrists to deliver higher-quality care for low back pain. What ASM will actually do is discourage these specialists from treating Medicare beneficiaries who have heart failure and low back pain, particularly low-income beneficiaries and patients who have the most serious and complex conditions. It will also discourage these specialists from providing services in the rural communities where ASM will be implemented.

**ASM will reduce access to care for tens of thousands of Medicare beneficiaries with heart failure and low back pain.** More than 5,500 specialists will be forced to participate in ASM. CMS intentionally designed ASM so that it cuts payments to the majority of these physicians even if they are delivering high quality care. The payment cuts could be as high as 9%. The only way these specialists can avoid the payment cuts is to stop providing services to Medicare beneficiaries with heart failure or low back pain. This could reduce access to care for tens of thousands of Medicare beneficiaries.

**Beneficiaries with heart failure and low back pain will have greater difficulty obtaining consultations, second opinions, and pain treatments.** Although CMS claims that ASM focuses on specialists who *manage* care for heart failure and low back pain, specialists can be forced to participate in ASM even if the only services they provide to Medicare beneficiaries are consultations, second opinions, and/or one-time treatments such as an injection for pain. As a result, Medicare beneficiaries will likely have greater difficulty finding specialists who are willing to provide these services. Seeing fewer heart failure and low back pain patients would prevent the physicians from receiving cuts in payments for services to all of their other patients.

**ASM will reduce access to care for low-income patients and patients with multiple health problems.** Specialists who care for patients who have low incomes and more complex health problems will be more likely to receive larger payment cuts under ASM. As a result, specialists will be penalized if they continue to treat these patients.

**ASM will reduce access to care for residents of many rural communities.** Most of the largest cities in the country are excluded from ASM, while dozens of small rural communities are included. Many of these rural communities have few, if any, cardiologists, pain medicine physicians, or surgeons. The payment cuts under ASM will penalize specialists for providing services to heart failure and low back pain patients in these communities, and it could discourage specialists from practicing in these communities. As a result, the residents of these communities will be less likely to receive the services they need, and mortality and hospitalization rates will increase as a result. Rural hospitals could close if specialists are no longer willing to work in the community.

**ASM will harm beneficiaries with many types of health problems.** The payment cuts under ASM will apply to *all* services the specialists deliver to *all* Medicare beneficiaries, not just patients with heart failure or low back pain and not just services used to diagnose or treat those specific conditions. As a result, specialists who participate in ASM will have fewer resources to treat Medicare beneficiaries with other types of heart conditions, orthopedic problems, or pain. Negative impacts on these patients will be hidden because specialists in ASM will be measured only on care for heart failure and low back pain, not on the quality of care provided to patients with other conditions. CMS may expand ASM in the future to include other types of health problems, other types of specialists, and additional communities, and this would expand the negative impacts to even more patients.

**ASM is likely to increase Medicare spending rather than produce savings.** CMS designed ASM to "ensure" savings for Medicare by cutting payments to the majority of the specialists who are required to participate. However, the reductions in access to specialty care caused by ASM will likely result in more hospitalizations and unnecessary services for patients with heart failure and low back pain. The net result will be an increase in Medicare spending rather than savings.

**CMS should terminate ASM and work with specialists to create patient-centered payments for care of chronic conditions.** ASM fails to address the problems with current Medicare payments that prevent physicians from delivering services to patients who have chronic conditions in better ways. Instead of implementing a problematic pay-for-performance program like ASM, CMS should work with specialists to design and implement *patient-centered payments* that support effective diagnosis, treatment, and management of chronic conditions.

**For More Information:** Details on these and other problems with ASM, and a description of the payment changes that CMS should implement instead of ASM, are available in CHQPR's full report: *How the Ambulatory Specialty Model Will Harm Medicare Beneficiaries and Rural Communities*.