

Supplemental Service Payments for Alternative Payment Models Guide

Background

As explained in the CY 2017 Quality Payment Program final rule, the Alternative Payment Model (APM) Incentive Payment is a lump sum payment equal to 5 percent of the Qualifying APM Participant's (QP's) estimated aggregate payments for Medicare Part B covered professional services for the base year. Eligible clinicians who are QPs for a year are excluded from the Merit-based Incentive Payment System (MIPS) for that year and are eligible to receive an APM Incentive Payment.

In December 2022, Congress enacted the [Consolidated Appropriations Act, 2023](#), which extended the availability of the APM Incentive Payment, allowing eligible clinicians who are QPs for the 2023 QP performance period to receive a 3.5 percent APM Incentive Payment in the 2025 payment year. Without this, there would have been a one-year gap with no statutory incentives for Advanced APM participation.

In March 2024, Congress announced another update, and established a 1.88% APM Incentive Payment for QPs for performance period 2024/payment year 2026, as well as a 0.75 percent adjustment to the QP conversion factor that will be applied to Medicare payments for covered professional services beginning in 2026.

After the 2026 payment year, the APM Incentive Payment will end. Instead, beginning with the 2027 payment year, QPs will receive a higher Medicare PFS update of 0.75 percent compared to non-QPs, who will receive an update of 0.25 percent. QPs will continue to be excluded from MIPS reporting and payment adjustments for each applicable year.

Supplemental Service Payments

The CY 2017 Quality Payment Program final rule acknowledges that many APMs use incentives and financial arrangements that differ from usual fee schedule payments.¹ For the purposes of the final rule, we defined three categories: Financial risk payments, supplemental service payments, and cash flow mechanisms. We finalized that we will not include financial risk payments or cash flow mechanism payments in the assessment of QP status or in the APM Incentive Payment.

We finalized that we will include supplemental service payments in both the assessment of QP status and calculation of APM Incentive Payment amount. The final rule defines “supplemental service payments” as Medicare Part B payments for longitudinal management of a beneficiary's health or for services that are within the scope of medical and other health services under Medicare Part B that are not separately reimbursed through the PFS. Often these are per-beneficiary per-month (PBPM) payments that are made for care management services or separately billable services that share the goal of improving overall quality of care, enabling investments in care improvement, and reducing Medicare expenditures for services that could be avoided through care coordination. For example, the Oncology Care Model (OCM) makes a per beneficiary Monthly Enhanced Oncology Services (MEOS) payment to practices for care management and coordination during episodes of care initiated by chemotherapy treatment.¹

¹ 81 FR 77483

CMS will determine whether supplemental service payments are in lieu of covered professional services paid under the PFS. CMS will add a supplemental service payment to the numerator and the denominator of the QP payment amount Threshold Score calculation if the payment satisfies four criteria:

1. Payment is for services that constitute physicians' services authorized under section 1832(a) of the Act and defined under section 1861(s) of the Act;
2. Payment is made for only Part B services under the first criterion above, that is, payment is not for a mix of Part A and Part B services;
3. Payment is directly attributable to services furnished to an individual beneficiary; and
4. Payment is directly attributable to an eligible clinician.

We also finalized that we will establish a process by which we notify the public of the supplemental service payments in all APMs and identify the supplemental service payments that will be included in the APM Incentive Payment calculations.² This process includes posting an initial list of supplemental service payments that would be included in our APM Incentive Payment calculations on the CMS website. Not all supplemental payments are used when calculating the APM Incentive Payment and QP status — the chart below pertains to only the models that have supplemental payments attributed to their calculations.

Thus, this document serves to notify the public that each of the payments listed in the table below meets the supplemental service payment criteria, and therefore will be accounted for when calculating APM Incentive Payment amounts for the 2023 payment year, as well as used for determining QP status for the 2021 performance year.

APM	Payment Type(s)	Model Payment Description
Comprehensive Primary Care Plus (CPC+)	Care Management Fees (CMF)	Paid based on a practice's PBPM revenue during a historical period while covering risk adjustments to reflect the increased resources required to target care management patients with more complex needs.
	Comprehensive Primary Care Payments (CPCP)	
MDTCOC Primary Care Program (MD PCP)	Care Management Fees	PBPM payment to fund investments in care management staff and activities not directly payable under the existing Fee-for-Service (FFS) payment system to meet care transformation requirements.
	Comprehensive Primary Care Payments	
Primary Care First – General Practice (PCF: GP)	Professional Population-Based Payments	Accepts greater financial risk in exchange for reduced care delivery requirements and the possibility of higher performance-based payments.

² 81 FR 77484.

APM	Payment Type(s)	Model Payment Description
Oncology Care Model (OCM)	Monthly Enhanced Oncology Service Payments (MEOS)	Monthly payment for physician services (enhanced care management services required as part of OCM participation)
Enhancing Oncology Model (EOM)	Monthly Enhanced Oncology Service Payments (MEOS)	Monthly payment for physician services (enhanced care management services required as part of OCM participation)

Version History Table

If we need to update this document, changes will be identified here.

Date	Change Description
06/05/2024	Updated page 1 to reflect changes to the APM Incentive Payment and conversion factor in performance period 2024.