

State of California

Health Care Affordability Board

Resolution – Alternative Payment Model Standards and Adoption Goals

Whereas:

- The Health Care Affordability Board (Board) has received and considered the proposal of the Department of Health Care Access and Information (HCAI) Office of Health Care Affordability (OHCA) for the Alternative Payment Model (APM) Standards and Adoption Goals;
- The Board has received and considered the recommendations of the Health Care Affordability Advisory Committee concerning the proposal;
- The Board has received and considered public comment concerning the proposal;
- The Board has considered and discussed the proposal at numerous public meetings; and
- The Board is required, pursuant to Health and Safety Code section 127501.11, subdivision (b)(4), to approve statewide Goals for the adoption of Alternative Payment Models and Standards that may be used between payers and providers during contracting.

Therefore, Be it Hereby Resolved that the Board Approves the Following

Alternative Payment Model Standards for Payer-Provider Contracting:

1. **Use prospective, budget-based, and quality-linked payment models** that improve health, affordability, and equity.
2. **Implement payment models that improve affordability** for consumers and purchasers.
3. **Allocate spending upstream to primary care and other preventive services** to create lasting improvements in health, access, equity, and affordability.
4. **Be transparent** with providers in all aspects of payment model design and terms including attribution and performance measurement.
5. **Engage a wide range of providers** by offering payment models that appeal to entities with varying capabilities and appetites for risk, including small independent practices and historically under-resourced providers.
6. **Collect demographic data**, including race, ethnicity, language, disability status, sex, sexual orientation, and gender identity (RELD-SOGI) data, to enable stratifying performance.

7. **Measure and stratify performance** to improve population health and address inequities.
8. **Invest in strategies to address inequities** in access, patient experience, and outcomes.
9. **Equip providers with accurate, actionable data** to inform population health management and enable their success in the model.
10. **Provide technical assistance** to support new entrants and other providers in successful APM adoption.

Alternative Payment Model Adoption Goals for Percent of Members Attributed to Health Care Payment Learning and Action Network (HCP-LAN) Categories 3 and 4 by Payer and Product Type:

	Commercial HMO	Commercial PPO	Medi-Cal	Medicare Advantage
2026	65%	25%	55%	55%
2028	75%	35%	60%	65%
2030	85%	45%	65%	75%
2032	90%	55%	70%	85%
2034	95%	60%	75%	95%

APM Adoption Goals are based on the percent of members attributed to HCP-LAN Categories 3A, 3B, 4A, 4B, and 4C arrangements by payer and product type. Only members enrolled in one of the following types of payment arrangements count toward the goal:

- 3A: APMs with Shared Savings
- 3B: APMs with Shared Savings and Downside Risk
- 4A: Condition-Specific Population-Based Payment
- 4B: Comprehensive Population-Based Payment
- 4C: Integrated Finance and Delivery System

Approved at the May 22, 2024 Meeting

Dr. Mark Ghaly
Chair, Health Care Affordability Board

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