

# Developing and Implementing Performance Measures for Population-Based Total Cost of Care (PB-TCOC) Models

## HIGHLIGHTS

- A balanced performance measure portfolio that includes different types of performance measures is needed.
- Performance measures should reflect key aspects of the Physician-Focused Payment Model Technical Advisory Committee's (PTAC's) vision for total cost of care (TCOC) models. It is important to focus on broad, system-level, and long-term measures.
- Performance measurement is currently complex and should be simplified by reducing the number of measures, standardizing measures, aligning measurements across programs and payers, and streamlining the development of new measures.
- It is important to include patient-reported outcome measures (PROMs) and patient-reported experience measures (PREMs) in population-based total cost of care (PB-TCOC) models. PROMs and PREMs provide key insights into the outcomes of care and important information on the benefits and risks of a particular treatment. These measures can also identify unmet needs or gaps in patients' health.
- Performance measures should be tied to payment. Further, the entity or organization should be responsible for bearing financial risk; providers within the entity or organization should not be at financial risk but should be incentivized to meet the performance measures set at the entity or organization level.

## INTRODUCTION

Performance measures support value-based payment models that incentivize higher quality care over volume and are used to monitor, evaluate, and improve the quality, safety, and efficiency of patient care. Performance measures can also allow providers to compare their performance against their peers, local benchmarks, and/or national standards.

The Physician-Focused Payment Model Technical Advisory Committee (PTAC) uses the following working definition of performance measures:

*"Performance measures assess and monitor all aspects of participants' performance in models, including quality (e.g., process and structure), outcomes, cost, and utilization."*

PTAC has developed the following working definitions for the different types of performance measures as they are used in population-based total cost of care (PB-TCOC) models:

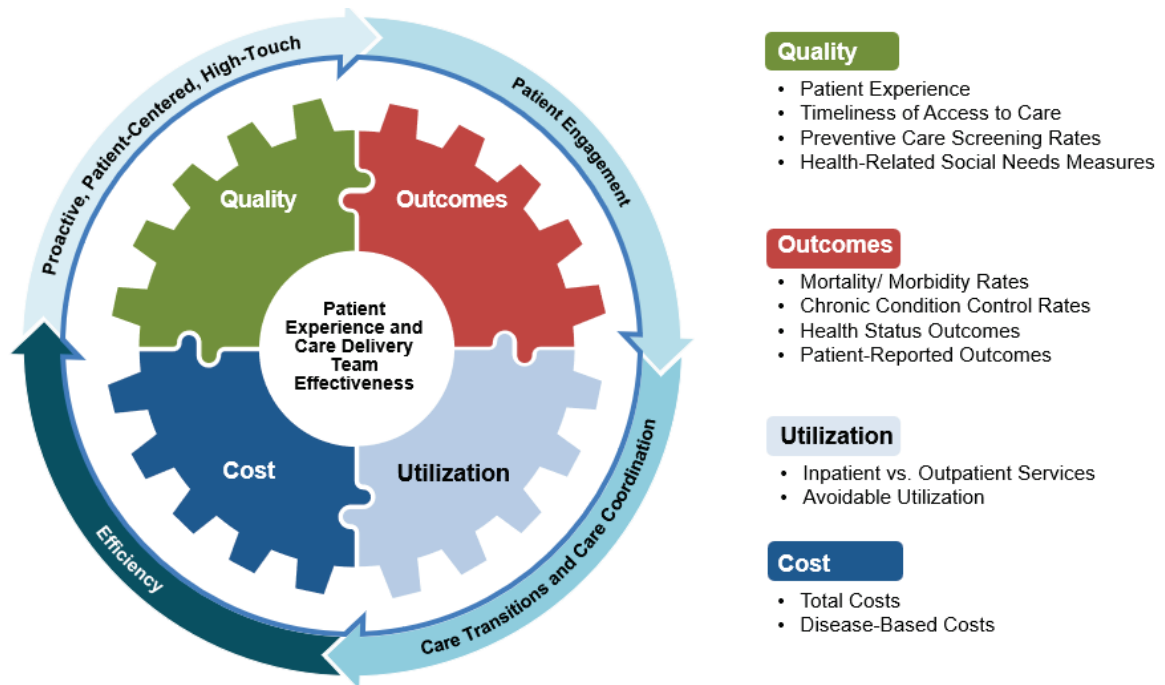
- **Quality Measures** assess the safety, timeliness, effectiveness, efficiency, and patient-centeredness of models. Quality measures may capture structures, processes, and patient experiences with health care.
- **Outcome Measures** focus on the change in health status of a patient resulting from health care.
- **Cost Measures** quantify the cost of health care services provided, such as total cost of care or specific costs.
- **Utilization Measures** address the volume of health care services provided.

There are several guiding principles to consider when identifying appropriate performance measures for PB-TCOC models. These guiding principles include:

- Providing proactive, patient-centered, high-touch care;
- Encouraging and seeking patient engagement;
- Managing care transitions and care coordination; and
- Improving efficiency.

Figure 1 shows the relationship between the guiding principles and the types of quality, outcomes, utilization, and cost measures that can be used to evaluate performance related to the guiding principles.

**Figure 1. The Relationship Between Guiding Principles and the Types of Performance Measures for PB-TCOC Models**



Source: Adapted from the Physician-Focused Payment Model Technical Advisory Committee (PTAC). Preliminary Comments Development Team (PCDT), *Developing and Implementing Performance Measures for Population-Based Total Cost of Care (PB-TCOC) Models*. March 25, 2024.

There are several important considerations when developing and implementing performance measures for PB-TCOC models, including developing a balanced measure portfolio; developing and implementing patient-reported outcome measures (PROMs) and patient-reported experience measures (PREMs),

which collect care-related feedback directly from patients and caregivers; and linking performance measures to payment.

## **DEVELOPING A BALANCED MEASURE PORTFOLIO**

It is important that PB-TCOC models incorporate a balanced measure portfolio that includes different types of performance measures. Performance measures should reflect key aspects of PTAC's vision for TCOC models. Specific measures to include in PB-TCOC models are those focused on access, timeliness, and appropriateness of care; patient safety; coordination of care; team-based care, including collaboration and communication; care improvement; and addressing non-medical determinants of health. Macro-level measures, such as TCOC, may be particularly important as they focus on improving the performance of the broader health system and may help drive system transformation and achieve the goals of value-based payment.

Additionally, developing a balanced measure portfolio involves identifying appropriate specialty care measures given the substantial gap that currently exists in this area across the performance measure spectrum. Identification of specialty care measures may be useful to promote integration of primary and specialty care. Quality could be measured at the system level, rather than the individual provider level, to avoid issues regarding accurately assigning bundles of care to the responsible provider.

To optimize performance measurement and reduce provider burden, it is critical to simplify the current performance measurement system by eliminating unnecessary performance measures, standardizing remaining measures, aligning performance measures across programs and payers, and streamlining the development of new measures (e.g., making it less costly, less time-consuming, and more efficient). There are a large number of performance measures currently in use,<sup>1</sup> with many of these measures using different numerators, denominators, and denominator exclusions. This places the burden on the provider to measure and report on a substantial amount of varying performance measures. Several government agencies, such as the Centers for Medicare & Medicaid Services (CMS), are focusing their efforts on standardizing and aligning performance measures across programs to decrease provider burden.

## **DEVELOPING AND IMPLEMENTING PROMs AND PREMs**

PROMs and PREMs provide key insights into the outcomes of care from the patient's and caregiver's perspective. PROMs focus on patient-reported outcomes such as symptoms, functional status, and quality of life, whereas PREMs focus on patient-reported experiences while receiving care, such as satisfaction with care, wait times, and interactions with providers and staff. PROMs and PREMs are important measures to obtain as they directly reflect feedback of patients and caregivers in receiving care.

There are several challenges with developing and implementing patient-reported measures. PROMs and PREMs are expensive and resource-intensive to administer because they require coordinating with patients to complete them. Furthermore, survey tools need to be easy to complete and at a comprehension level that most patients can understand to increase the likelihood that patients and caregivers will report feedback. Surveys that are administered electronically also pose a challenge since not all patients know how to use or have access to the technology, especially patients in rural or lower socioeconomic areas.

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<sup>1</sup> NORC conducted an analysis of information in the CMS Measure Inventory Tool (CMIT) performance measure database in March 2024 and identified 455 distinct measures in use across 24 selected Medicare programs/models.

It is also important that patient feedback is obtained in a timely manner for it to be meaningful. The Agency for Healthcare Research and Quality's (AHRQ's) Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey captures patient-reported feedback; however, it is not timely. The patient-reported feedback is typically completed by the patient after the care has been received (e.g., at home rather than during the visit).

Lastly, to be useful, patient-reported measures need to be integrated into the electronic health record (EHR), but providers have been slow or do not have the necessary resources to incorporate measures into the EHR. EHR vendors may help facilitate provider motivation to collect and integrate patient-reported measures into the EHR by developing solutions such as the creation of data displays and advanced analytics.

## LINKING PERFORMANCE MEASURES TO PAYMENT

Performance measures should be tied to payment to ensure that providers and organizations are accountable for the quality of their care. There are two main approaches to incentivize performance measurement: pay-for-reporting—where payment is dependent only on whether providers report performance measure data—and pay-for-performance—where payment is dependent on whether providers meet agreed upon performance thresholds for certain performance measures compared with established benchmarks.

Medicare models and programs are increasingly transitioning from a pay-for-reporting to a pay-for-performance approach to ensure that models are achieving high-quality care and not simply reporting documentation that is not linked to improved outcomes. A 2024 analysis of information in the CMS Measure Inventory Tool (CMIT) performance measure database for 24 Medicare models and programs found that 15 of the 24 models and programs (63 percent) were pay-for-performance programs.<sup>2</sup>

Several elements to consider in linking performance measures to payment are:

- **Place financial risk at the entity or organization level.** The entity or organization should be responsible for bearing financial risk. Providers within the entity or organization should not be at financial risk but should be incentivized to meet the performance measures set at the entity or organization level.
- **Ensure appropriate risk adjustment.** Risk-adjustment methods used to help determine financial rewards in PB-TCOC models need careful consideration. Risk adjustment is inherently linked with performance measurement whereby providers' measured scores (e.g., on health outcomes measures) and/or the associated financial payment based on performance scores are adjusted to account for underlying risk characteristics (such as age or social risk factors) in the patient population served by the provider. Risk-adjustment methods need to be fair to promote provider improvements in care.
- **Avoid unintended consequences.** Linking performance measurement with financial risk in PB-TCOC models may lead to stinting on patient care (e.g., limiting the care delivered to a patient) or cherry-picking patients to reap larger financial rewards or savings. This may result in worsening of overall patient health outcomes.

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<sup>2</sup> Welch J, Weiss A, Ahmed A, Moiduddin A. [Overview of Current Performance Measures Included in Selected Medicare Payment Programs](#). NORC at the University of Chicago. March 2024.

## CONCLUSION

PB-TCOC models should include a balanced measure portfolio of different types of performance measures that reflect key aspects of PTAC’s vision for TCOC models. It is important that the portfolio include patient-reported measures, such as PROMs and PREMs, as these measures provide key insights into the outcomes of care and important information on the benefits and risks of a particular treatment. It is critical to simplify the current performance measurement system by eliminating unnecessary performance measures, standardizing remaining measures, aligning performance measures across programs and payers, and streamlining the development of new measures. Performance measures should be tied to payment to ensure that providers and organizations are accountable for the quality of their care.

## RESOURCES

The following resources are publicly available on the Assistant Secretary for Planning and Evaluation (ASPE) PTAC website:

- [Reports to the Secretary: Performance Measures, Chronic Conditions, & Maximizing Participation in PB-TCOC Models](#)
- [Environmental Scan: Developing & Implementing Performance Measures for PB-TCOC Models](#)
- [Preliminary Comments Development Team \(PCDT\), Developing and Implementing Performance Measures for PB-TCOC Models, March 25, 2024](#)
- [Overview of Current Performance Measures Included in Selected Medicare Payment Programs](#)

## ABOUT PTAC

The Physician-Focused Payment Model Technical Advisory Committee (PTAC) was created by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) to make comments and recommendations to the Secretary of Health and Human Services on proposals for physician-focused payment models (PFPMs) submitted to PTAC by individuals and stakeholder entities. Within this context, PTAC also reflects on proposed PFPMs that have been submitted to the Committee to provide further advisement on pertinent issues regarding effective payment model innovation in Alternative Payment Models (APMs) and PFPMs. Accordingly, PTAC has held an ongoing series of theme-based discussions on developing and implementing value-based care. The content in this PTAC Issue Brief is based on publicly available information from PTAC’s theme-based discussions, including PTAC presentations and recommendations, presentations by stakeholders and experts, environmental scans, original research, and PTAC reports to the Secretary.

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

### Office of the Assistant Secretary for Planning and Evaluation

200 Independence Avenue SW, Mailstop 447D  
Washington, D.C. 20201

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