



Burning Billions: How CMMI's "Innovation" Became A Costly Healthcare Mistake

BACKGROUND

The Center for Medicare and Medicaid Innovation (CMMI) was established in the Affordable Care Act (ACA or Obamacare) in 2010. It was provided with \$10 billion per decade in mandatory spending to test and create new models to save money and improve healthcare quality in Medicare, Medicaid, and the Children's Health Insurance Program, but instead has cost taxpayers billions of dollars, failed to achieve either of its objectives, and become another example of why there should never be government-run healthcare.

THE PROBLEM

The Congressional Budget Office **projected that between 2011 and 2020, CMMI would save \$2.8 billion**, but instead it **cost taxpayers \$5.4 billion**. **CMMI is projected to lose another \$1.3 billion between 2021 and 2030.**

CMMI tested over 50 models in hopes of achieving its mission, and only six did not increase spending or reduce the quality of healthcare. The rest of the models increased spending, failed to meaningfully improve care outcomes, and did nothing to streamline care for patients.

The costly and failed **Comprehensive Primary Care Plus (CPC+)** and **Primary Care First (PCF)** models exemplify CMMI's shortcomings.

Comprehensive Primary Care Plus (CPC+)

CPC+ was launched in 2017 and became the largest primary care model ever tested in the United States. It represents one of the most ambitious, invasive, and ultimately wasteful efforts to transform primary care. CPC+ was ostensibly designed to improve the quality, access, and efficiency of primary care by eliminating unnecessary patient services, yet, in spite of massive taxpayer investment and substantial implementation throughout the nation, **the model produced no net savings.**

At its peak, CPC+ included 14.6 million Medicare beneficiaries, costing taxpayers \$2.8 billion to fund a model that produced few tangible benefits.

According to the Center for Medicare and Medicaid Services' (CMS) evaluation, the program incurred net losses across both Track 1 and Track 2 participants, even after accounting for enhanced payments and performance incentives. Cost increases per participant ranged from 1.9 percent to 3.3 percent, depending on which track of the model they were in.

These results exposed fundamental flaws in CMMI models, through which billions of tax dollars are spent trying to improve patient outcomes while producing no measurable results to justify the costs.

Primary Care First (PCF)

Despite the lessons that should have been learned from CPC+, which concluded in 2021, CMS launched **PCF** in that same year. The model was intended to strengthen clinician-patient relationships and incentivize higher-quality care, particularly for those with complex chronic needs, mirroring CPC+.

By December 2023, 2,175 practices were participating in PCF, covering more than two million Medicare beneficiaries. Each participating practice received \$235,523 annually in population-based payments just to oversee patient care, in addition to regular visit payments.

Despite the substantial taxpayer investment, PCF failed to improve care quality while simultaneously **wasting \$846.9 million in net and operational costs.**

The model increased visits to the emergency department (ED) for clinical events that were preventable and for which a primary care visit could have substituted for the ED visit and did nothing to meaningfully reduce hospitalizations. Additionally, per-beneficiary expenditures increased by \$14, driving an overall 1.3 percent increase in Medicare spending. Within three years, 27 percent of practices left the model due to concerns with the population-based payment adjustment, underscoring both PCF's flawed design and operational challenges.

This is yet another example of substantial taxpayer dollars being poured into CMMI models that fail to yield meaningful patient outcomes or save resources.

THE SOLUTION

CMMI's repeated failures are exemplified by both CPC+ and PCF and show how **billions of taxpayer dollars continue to be funneled to models that fail to deliver on the ACA's promise of cost savings and improved patient care.**

We urge Congress to support the immediate suspension of all pending and proposed CMMI models. The best outcome for taxpayers would be the elimination of CMMI. At a minimum, Congress should establish clear and meaningful guardrails that protect patients; provide accountability and transparency; and ensure that taxpayer dollars are no longer wasted.

American patients deserve quality care and the peace of mind that comes from knowing their hard-earned funds are being invested efficiently and effectively, rather than being overrun by more wasteful government spending and bureaucratic inefficiencies.

