

POLICY BRIEF

MACRA: NEW VALUE-BASED PHYSICIAN PAYMENT MODELS

In April 2015, the U.S. Senate averted a 21.2 percent reduction in Medicare payments to physicians and passed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). The legislation permanently repealed the Sustainable Growth Rate (SGR) payment adjustment mechanism to the Medicare physician fee schedule and replaced it with a system—to be implemented in 2019—in which physicians will elect to remain in fee-for-service subject to a new value-based regime (MIPS) or transition their practice toward risk-based models (APMs). Assuming no changes, fee-for-service as it currently exists will substantially transition to a “pay-for-performance” model and economic incentives will drive physicians toward alternative payment models.

Merit-Based Incentive Payment System (MIPS) Overview

In addition to relatively minimal annual updates, MIPS participants will receive positive or negative adjustments based on performance in four weighted categories – quality, EHR use, resource use, and clinical performance. Each clinician will be scored on a scale of 0-100 against peer clinicians. Key MIPS provisions are as follows:

- Performance in each of the four categories will determine a participant’s annual score, which will be compared against a pre-determined threshold to calculate budget neutral adjustments
- Performance-based risk and reward will be phased in for participants over several years, ultimately reaching (+/-) 9 percent, and MIPS participants will receive an annual update of .25 percent beginning in 2026
- Current performance-based incentive programs—EHR Meaningful Use, Physician Quality Reporting System, and Value-Based Modifier—will sunset by 2018, with certain measures incorporated into MIPS along with additional measures to be developed in rulemaking during 2016
- A two-year lag will exist between performance measurements and payment adjustments – 2019 adjustments will be based on 2017 performance measurements
- A small number of best performers will be eligible for additional bonus adjustments from 2019-2024

Alternative Payment Model (APM) Overview

The APM track offers physicians stronger financial incentives, with higher annual updates and a several-year guaranteed bonus for eligible participants. Key APM provisions are as follows:

- APM participants receive a 5 percent lump-sum bonus payment from 2019-2024, and receive a .75 percent annual update beginning in 2026
- To qualify for the APM track, physicians must meet a minimum threshold of payments through eligible Medicare APMs which increases over time from 25 to 75 percent; beginning in 2021, physicians can also qualify by meeting all-payer APM payment thresholds

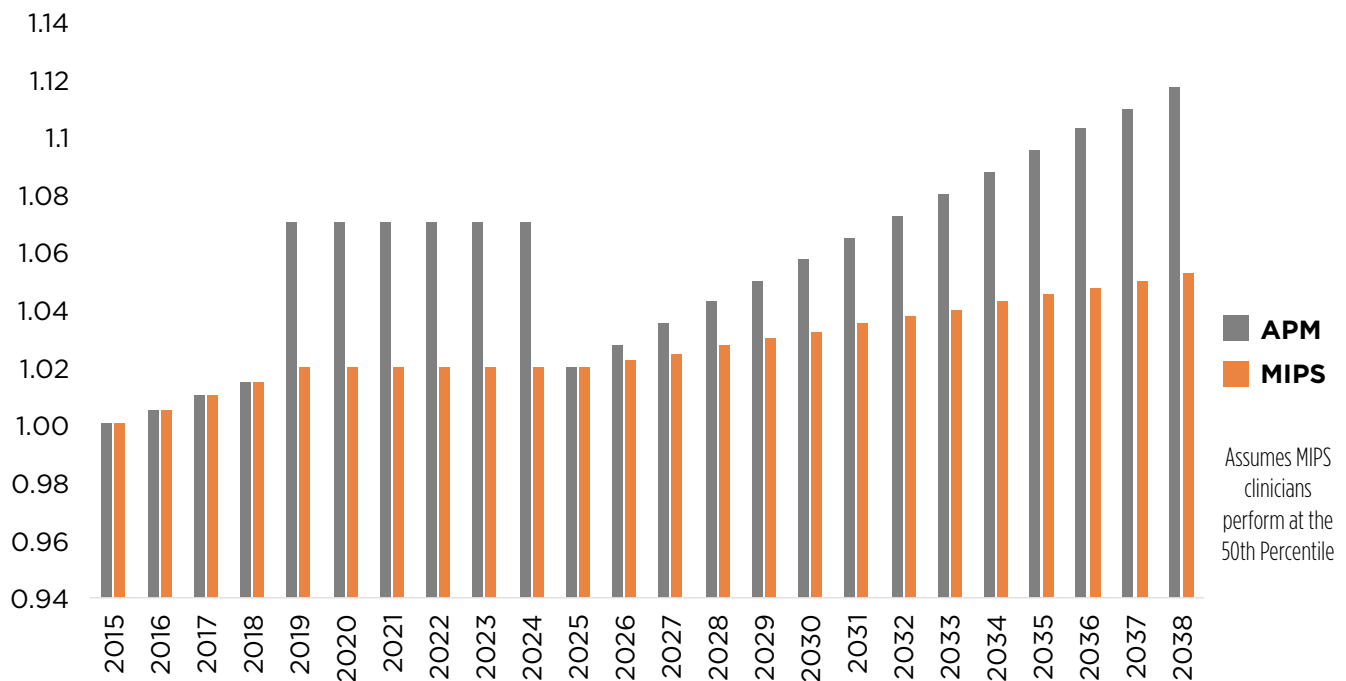
- APMs are largely required to meet several criteria to qualify, including EHR use, measurement of quality comparable to MIPS, and bearing of “more than nominal” financial risk; eligible APMs include ACOs with two-sided risk, bundled payment models, and patient-centered medical homes
- APM participants are excluded from MIPS payment adjustments

Implementation Timeline & Reimbursement At-Risk

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026+
ANNUAL UPDATES												
Jan-Jun 0%												MIPS: .25% Qualified APMs: .75%
Jul-Dec 0.5%	0.5%	0.5%	0.5%	0.5%	0%	0%	0%	0%	0%	0%		
MIPS Baseline Payment Adjustment												
					(+/-) 4%	(+/-) 5%	(+/-) 7%	(+/-) 9%	(+/-) 9%	(+/-) 9%	(+/-) 9%	(+/-) 9%
MIPS Exceptional Performance Adjustment												
\$500 million provided annually by HHS <i>Not to Exceed 10%</i>												
APM Bonus Payment												
					5%	5%	5%	5%	5%	5%		

The APM Track Provides Greater Financial Opportunity

The CMS Actuary asserted that the financial incentives associated with APMs under the new payment regime will shift participation from 60 percent in 2019 to 100 percent by 2038.



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