MACRA is part of a broader push towards value and quality

In January 2015, the Department of Health and Human Services announced new goals for value-based payments and APMs in Medicare.

**Medicare Fee-for-Service**

**GOAL 1:** 30%
Medicare payments are tied to quality or value through alternative payment models (categories 3-4) by the end of 2016, and 50% by the end of 2018.

**GOAL 2:** 85%
Medicare fee-for-service payments are tied to quality or value (categories 2-4) by the end of 2016, and 90% by the end of 2018.

**STAKEHOLDERS:**
Consumers | Businesses
Payers | Providers
State Partners

Set internal goals for HHS

Invite private sector payers to match or exceed HHS goals
MACRA moves us closer to meeting these goals…

The new Merit-based Incentive Payment System helps to link fee-for-service payments to quality and value.

The law also provides incentives for participation in Alternative Payment Models in general and bonus payments to those in the most highly advanced APMs.

New HHS Goals:

- **2016**
  - 30% Medicare fee-for-service (FFS) payments (Categories 1-4)
  - 85% Medicare FFS payments linked to quality and value (Categories 2-4)
  - 90% Medicare payments linked to quality and value via APMs (Categories 3-4)

- **2018**
  - 50% Medicare Payments to those in the most highly advanced APMs under MACRA

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All Medicare fee-for-service (FFS) payments (Categories 1-4)

Medicare FFS payments linked to quality and value (Categories 2-4)

Medicare payments linked to quality and value via APMs (Categories 3-4)
...and toward transforming our health care system.

3 goals for our health care system:

BETTER care
SMARTER spending
HEALTHIER people

Via a focus on **3 areas**

- Incentives
- Care Delivery
- Information Sharing
What is “MACRA”? The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) is a bipartisan legislation signed into law on April 16, 2015.

What does Title I of MACRA do?

- **Repeals** the Sustainable Growth Rate (SGR) Formula
- **Changes the way that Medicare** rewards clinicians for **value** over volume
- **Streamlines** multiple quality programs under the new **Merit-Based Incentive Payments System (MIPS)**
- Provides **bonus payments** for participation in **eligible alternative payment models (APMs)**
Through MACRA, HHS aims to:

- **Offer multiple pathways** with varying levels of risk and reward for providers to tie more of their payments to value.
- **Over time, expand the opportunities** for a broad range of providers to participate in APMs.
- **Minimize additional reporting burdens** for APM participants.
- **Promote understanding** of each physician’s or practitioner’s status with respect to MIPS and/or APMs.
- **Support multi-payer initiatives** and the development of APMs in Medicaid, Medicare Advantage, and other payer arrangements.
MIPS changes how Medicare links performance to payment

There are currently multiple individual quality and value programs for Medicare physicians and practitioners:

- Physician Quality Reporting Program (PQRS)
- Value-Based Payment Modifier
- Medicare EHR Incentive Program

MACRA streamlines those programs into MIPS:

Merit-Based Incentive Payment System (MIPS)
How will physicians and practitioners be scored under MIPS?

A single MIPS **composite performance score** will factor in performance in 4 weighted performance categories:
How much can MIPS adjust payments?

- Based on the MIPS composite performance score, physicians and practitioners will receive positive, negative, or neutral adjustments up to the percentages below.
- MIPS adjustments are budget neutral. A scaling factor may be applied to upward adjustments to make total upward and downward adjustments equal.

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum Adjustment to Provider’s Base Rate of Medicare Part B Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>-4%</td>
</tr>
<tr>
<td>2020</td>
<td>5%</td>
</tr>
<tr>
<td>2021</td>
<td>7%</td>
</tr>
<tr>
<td>2022</td>
<td>9%</td>
</tr>
<tr>
<td>2023 onward</td>
<td>9%</td>
</tr>
</tbody>
</table>
Are there any exceptions to MIPS adjustments?

There are 3 groups of physicians and practitioners who will NOT be subject to MIPS:

- **FIRST year of Medicare participation**
- **Participants in eligible Alternative Payment Models who qualify for the bonus payment**
- **Below low volume threshold**

Note: MIPS does not apply to hospitals or facilities
APMs are **new approaches to paying** for medical care through Medicare that incentivize quality and value.

According to MACRA law, APMs include:

- CMS Innovation Center model
  (under section 1115A, other than a Health Care Innovation Award)
- MSSP (Medicare Shared Savings Program)
- Demonstration under the Health Care Quality Demonstration Program
- Demonstration required by Federal Law

- MACRA **does not change how any particular APM rewards value**.
- APM participants who are not “QPs” will receive **favorable scoring under MIPS**.
- Only **some** of these APMs will be **eligible** APMs.
How does MACRA provide additional rewards for participation in APMs?

Most physicians and practitioners who participate in APMs will be subject to MIPS and will receive *favorable scoring* under the MIPS clinical practice improvement activities performance category.

Those who participate in the most advanced APMs may be determined to be *qualifying APM participants* (“QPs”). As a result, QPs:

1. Are **not subject** to MIPS
2. Receive 5% lump sum **bonus payments** for years 2019-2024
3. Receive a **higher fee schedule update** for 2026 and onward
What is an eligible APM?

Eligible APMs are the **most advanced** APMs that meet the following criteria according to the MACRA law:

- **Base payment on quality** measures comparable to those in MIPS
- Require use of certified **EHR** technology
- Either (1) bear more than nominal **financial risk** for monetary losses OR (2) be a **medical home model expanded** under CMMI authority
How do I become a qualifying APM participant (QP)?

QPs are physicians and practitioners who have a certain % of their patients or payments through an eligible APM.

Beginning in 2021, this threshold % may be reached through a combination of Medicare and other non-Medicare payer arrangements, such as private payers and Medicaid.

QPs:
1. Are not subject to MIPS
2. Receive 5% lump sum bonus payments for years 2019-2024
3. Receive a higher fee schedule update for 2026 and onward
Potential value-based financial rewards

- APMs—and eligible APMs in particular—offer greater **potential risks and rewards** than MIPS.
- **In addition** to those potential rewards, MACRA provides a bonus payment to providers committed to operating under the most advanced APMs.
Recall: How MACRA get us closer to meeting HHS payment reform goals

The Merit-based Incentive Payment System helps to link fee-for-service payments to quality and value.

The law also provides incentives for participation in Alternative Payment Models via the bonus payment for Qualifying APM Participants (QPs) and favorable scoring in MIPS for APM participants who are not QPs.

**New HHS Goals:**

- **2016**
  - 30% of Medicare fee-for-service (FFS) payments (Categories 1-4)
  - 85% of Medicare FFS payments linked to quality and value (Categories 2-4)
  - Medicare payments linked to quality and value via APMs (Categories 3-4)
  - Medicare payments to QPs in eligible APMs under MACRA

- **2018**
  - 50% of Medicare fee-for-service (FFS) payments (Categories 1-4)
  - 90% of Medicare FFS payments linked to quality and value (Categories 2-4)
  - Medicare payments linked to quality and value via APMs (Categories 3-4)
  - Medicare payments to QPs in eligible APMs under MACRA
How will MACRA affect me?

Am I in an APM?

Yes

• Qualifying APM Participant
  • 5% lump sum bonus payment 2019-2024
  • Higher fee schedule updates 2026+
  • APM-specific rewards
  • Excluded from MIPS

No

Is this my first year in Medicare OR am I below the low-volume threshold?

Yes

Not subject to MIPS

No

Subject to MIPS

Am I in an eligible APM?

Yes

Do I have enough payments or patients through my eligible APM?

Yes

No

No

Subject to MIPS

Bottom line: There are opportunities for financial incentives for participating in an APM, even if you don’t become a QP.
Independent PFPM Technical Advisory Committee

PFPM = Physician-Focused Payment Model

Encourage new APM options for Medicare physicians and practitioners.

Submission of model proposals

Technical Advisory Committee
(11 appointed care delivery experts)

Review proposals, submit recommendations to HHS Secretary

Secretary comments on CMS website, CMS considers testing proposed model
What should I do to prepare for MACRA?


- Look for a proposed rule in spring 2016 and provide comments on the proposals.

- Final rule targeted for early fall 2016.
Questions? Comments?

For further information about MACRA MIPS/APMs and the Request for Information go to:
http://go.cms.gov/1LHY4Fg