

A light red world map is centered on a dark red background. The map shows the outlines of continents in a slightly lighter shade of red.

# COMPLIANCE WORLD

*GRC Trainings. Re-Imagined.*

A Redstone Learning Inc. Venture  
USA

Topic & Speaker:

MACRA: Preparing for the First Reporting Period  
Presented by: Harriett Wall, [hwall@lw-consult.com](mailto:hwall@lw-consult.com)



# What is MACRA?

**The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) is a bipartisan legislation signed into law on April 16, 2015.**

It replaces the sustainable growth rate (SGR) formula with a new payment system that includes incentives for risk-bearing physician organizations.

**Source:** Medicare Program; Merit-Based Incentive Payment System (MIPS) and Alternative Payment Model (APM) Incentive Under the Physician Fee Schedule, and Criteria for Physician-Focused Payment Models, Proposed Rule, 81 Fed. Reg. 28,162, 28,165 (May9, 2016).





# What is MACRA?

Many stakeholders wanted to break from the relentless cycle of the sustainable growth rate (SGR) and free traditional Medicare from its reliance on a flawed fee for service payment methodology.

**The result, MACRA, offers physicians two new options for payment**

- the merit-based incentive payment system (MIPS)
- or advanced alternative payment models (APMs).

**Future target date to implement MACRA as proposed,  
on January 1, 2017.**





# Physician Response

**Physicians and physician groups have responded to MACRA in various ways including:**

- Assessing quality measures and implementing systems to report for MIPS;
- Applying for and participating in advanced APM models;
- Hiring additional staff to ensure the validity of quality data submissions.
- Doing nothing





## Delays Translates to Dollars

Unfairly penalizes those that have diligently prepared for MACRA implementation by making investments with the expectation of a 2019 payment year for either MIPS bonuses, which by CMS's own estimates would **total \$833 million, plus an addition \$500 million in exceptional performance payments** to MIPS eligible clinicians, or APM bonuses in the amount of an **estimated \$146 million to \$429 million.**

**Source:** Medicare Program; Merit-Based Incentive Payment System (MIPS) and Alternative Payment Model (APM) Incentive Under the Physician Fee Schedule, and Criteria for Physician-Focused Payment Models, Proposed Rule, 81 Fed. Reg. 28,162, 28,165 (May9, 2016).





# Where Are We Now?

The old cycle will be replaced with updates for a period of time; then move to 2 options:

Jan. 2015- June 2015	July 2015- December 2015	2016-2019	2020-2025	2026 and beyond
0.0%	0.5%	0.5%	0%	0.75% APM  0.25% non-APM

Track One:

MIPS  
Bonuses/Penalties

Track Two:

APM  
Bonuses  
2019-2024





# Looking Back...

## Broken Approach to Measuring Value

	Physician Quality Reporting System (PQRS)	Value Based Payment Modifier (VBPM)	Meaningful Use/Electronic Health Record (EHR)
<b>Definition</b>	2007 -Quality reporting program in Medicare Part B began. 12 Reporting Options; 280 Quality measures and 20+groups	Budget neutral quality and resource measurement program in Medicare Part B. Encompasses all physician and groups in 2017	Incentives and penalties for physicians who use meaningful use and EHRs
<b>Penalty</b>	1.5% for 2015 2.0% for 2016-2018	1.0% for 2015 2.0% for 2016 4.0% for 2017-2018	1.0% for 2015 2.0% for 2016 3.0% for 2017 4.0% for 2018





# MACRA Implementation Represents CHANGE

**The predecessor programs that predominantly comprise the MIPS track have been in existence for many years,**

**including:**

- the Physician Quality Reporting System (PQRS) since its enactment in 2006;
- the value modifier program since its enactment in 2010; and
- meaningful use since its enactment in 2009.

**MACRA consolidates and streamline these programs**







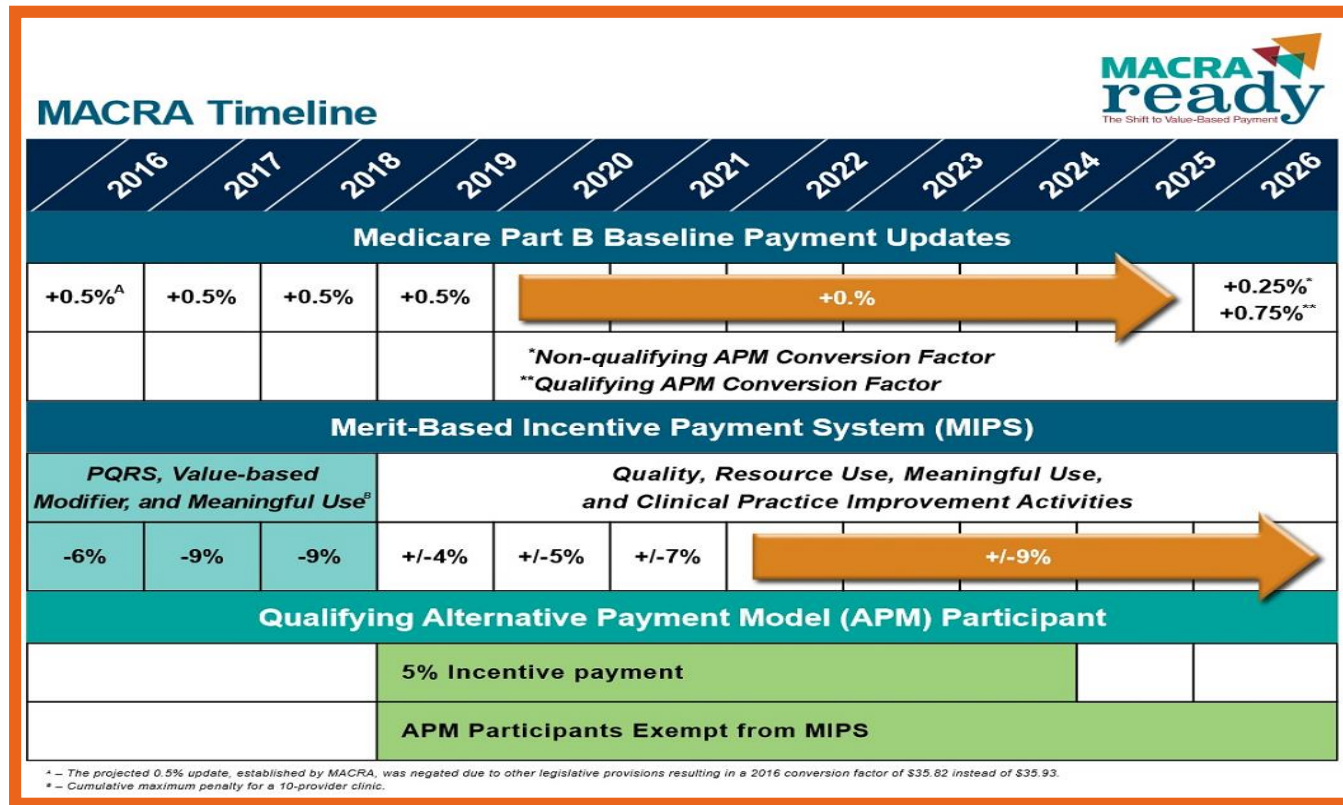
# Current Landscape Looks Like This...

PQRS	VBPM	MU
<b>470,000 Physicians face 1.5% penalty</b>	<b>1,010 practices participate in 1 year</b>	<b>CMS - 256,000 providers are subject to penalties</b>
<b>48,000 practices qualify for bonuses</b>	<b>14 groups receive bonuses</b>	<b>Eligible practices can receive up to \$44,000 over 5 years</b>





# MACRA Timeline





# Who is Impacted?

## Years 1 & 2

- Physicians
- Physician Assistants
- Clinical Nurse Specialists
- Nurse Anesthetists

## Year 3 and Beyond

- PTs and OTs
- Speech Language Pathologists
- Audiologists
- Nurse Midwives
- Clinical Social Workers
- Clinical Psychologists
- Dietitians/Nutritional Professionals





# MACRA Represents Reduction in Penalties

MACRA represents a reduction in the potential penalties for physicians and physician groups as compared to current law and regulation.

**Example, in calendar year 2015 (2017 payment year), CMS began to apply the value-based payment modifier to solo practitioners and groups with two or more eligible practitioners (it already applied to larger physician groups).**

- For solo practitioners, the amount of penalty associated with the value modifier is two percent for the 2017 payment year;
- The amount of penalty associated with PQRS is also two percent for 2017;
- And a potential three percent penalty for failure to meet meaningful use requirements.





## MACRA Represents Reduction in Penalties *(Cont.)*

For the following year, calendar 2016 performance year/2018 payment year, the potential penalties increase. On the first day of MACRA implementation, the penalties are reduced to a maximum of four percent.

**Furthermore, MACRA creates additional flexibility and reduces reporting burdens as compared to these current programs**





# 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)





# MACRA Goals

## 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





# 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%   
 alternative payment models  
 (categories 3-4)

**GOAL 2:** 85%   
 tied to quality  
 or value (categories 2-4)

**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

Fee-for-Service



Quality & Value

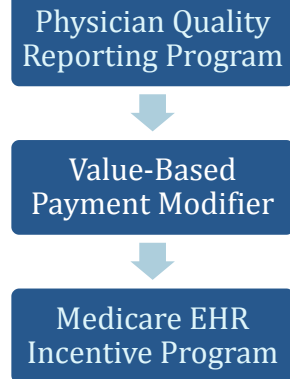




# MIPS Changes How Medicare Links Performance to Payment

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)**





# How will Physicians and Practitioners be Scored Under MIPS?

**A single MIPS composite performance score will factor in performance in 4 weighted performance categories:**

- Quality
- Resource use
- Clinical practice improvement activities
- Meaningful use of certified EHR technology

## **MIPS Composite Performance Score**





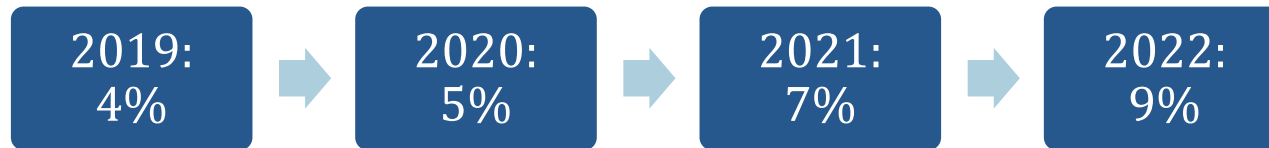
# How Much Can MIPS Adjust Payments?

**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.

## MAXIMUM Adjustments

- Adjustment to provider's base rate of Medicare Part B payment
- Merit-Based Incentive Payment System (MIPS)





# Are There Any Exceptions to MIPS Adjustments?

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

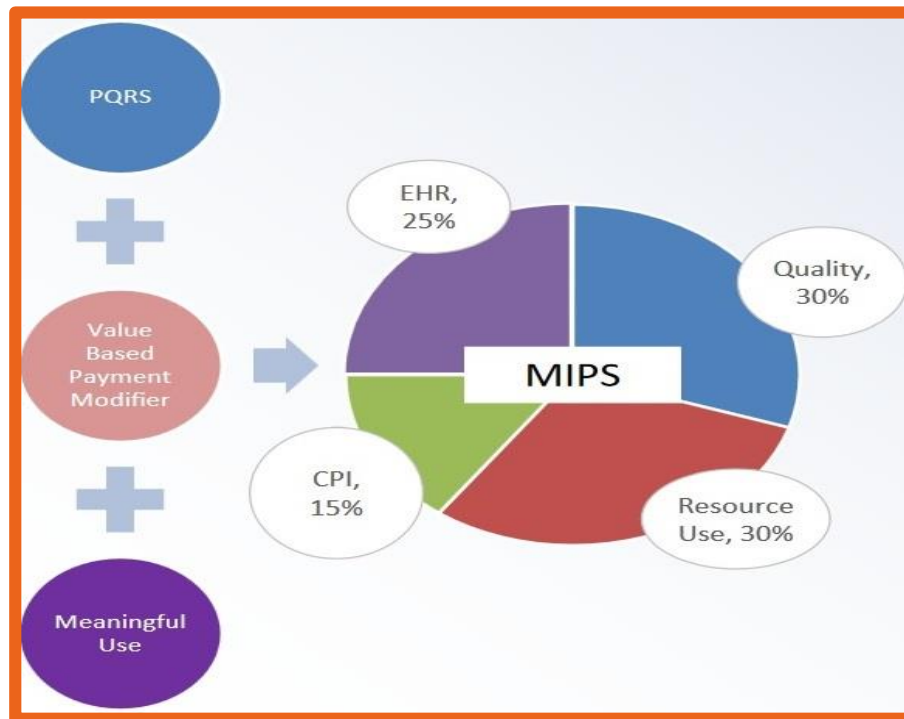
- First year of Medicare participation
- Participants in eligible Alternative Payment Models who qualify for the bonus payment
- Below low volume threshold

**Note:** MIPS does not apply to hospitals or facilities





# Path 1 – Reporting into MIPS





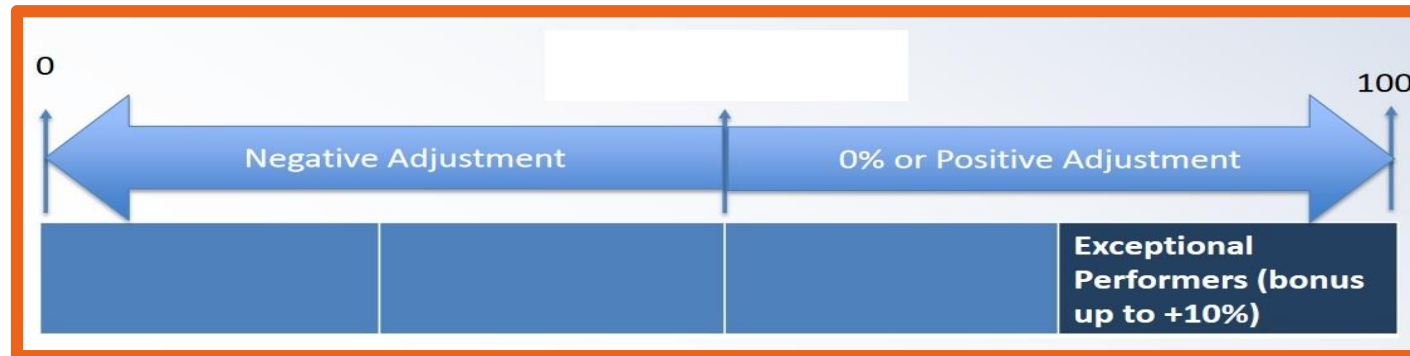
# MIPs Performance Threshold

## Negative Adjustment

- 2019 capped -4%
- 2020 capped -5%
- 2021 capped -7%
- 2022 + capped -9%

## Positive Adjustment

- 2019 capped +4%
- 2020 capped +5%
- 2021 capped +7%
- 2022 + capped +9%





# Alternative Payment Models (APMs)

**APMs are new approaches to paying for medical care through Medicare that incentivize quality and value.**

- 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







## Alternative Payment Models (APMs) *(Cont.)*

- 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:**

- Are not subject to MIPS
- Receive 5% lump sum bonus payments for years 2019-2024
- 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





# Recall: How MACRA Gets us Closer to Meeting HHS Payment Reform Goals in 2016

**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.





# What Does the Future Bring?

## Two Tracks: MIPS or APMS

Year	Merit-Based Incentive Payment System (MIPS)*	Eligible Alternative Payment Models (APMs)
2019	+/- 4%	+5%
2020	+/- 5%	+5%
2021	+/- 7%	+5%
2022	+/- 9% (and beyond)	+5% (to 2024)

**\*The potential for additional bonus for performers who are exceptional**





# Modern HC Study Survey Results

## September 2016

Survey and follow-up interviews found wide variation in attitudes about how to proceed with MACRA amid varying levels of preparedness among physicians

**Respondents were split regarding whether the CMS should delay that initial reporting period by a year**

- 56% of respondents said yes
- Remaining disagreed
- 70% of responding CEOs said the reporting requirements under MACRA are more burdensome than other incentive programs in the past

**Source:**

[http://www.modernhealthcare.com/article/20160903/MAGAZINE/309039989?utm\\_source=modernhealthcare&utm\\_medium=email&utm\\_content=20160903-MAGAZINE-309039989&utm\\_campaign=am](http://www.modernhealthcare.com/article/20160903/MAGAZINE/309039989?utm_source=modernhealthcare&utm_medium=email&utm_content=20160903-MAGAZINE-309039989&utm_campaign=am)





# MACRA Results on the Physician

**Because of the requirements and incentives under MIPS and advanced APMs, over the next few years we're likely to see (choose all that apply):**

**Continued growth in employment with large practices and hospital systems**

**91%**

**Greater stress among physicians in all settings**

**73%**

**More practices take on risk-based contracts**

**52%**

**More physicians leave Medicare**

**42%**

**Little change in physicians' relationship with the CMS**

**3%**

**Little impact on where or how physicians choose to practice**

**1%**

*Source: Modern Healthcare research*

## Source:

[http://www.modernhealthcare.com/article/20160903/MAGAZINE/309039989?utm\\_source=modernhealthcare&utm\\_medium=email&utm\\_content=20160903-MAGAZINE-309039989&utm\\_campaign=am](http://www.modernhealthcare.com/article/20160903/MAGAZINE/309039989?utm_source=modernhealthcare&utm_medium=email&utm_content=20160903-MAGAZINE-309039989&utm_campaign=am)





# Split Decision

**Is the CMS' push toward value-based pay making relationships among physicians, hospitals, systems and insurers better or worse?**



*Source: Modern Healthcare research*

## Source:

[http://www.modernhealthcare.com/article/20160903/MAGAZINE/309039989?utm\\_source=modernhealthcare&utm\\_medium=email&utm\\_content=20160903-MAGAZINE-309039989&utm\\_campaign=am](http://www.modernhealthcare.com/article/20160903/MAGAZINE/309039989?utm_source=modernhealthcare&utm_medium=email&utm_content=20160903-MAGAZINE-309039989&utm_campaign=am)







# Parallels

- ICD-10 – Estimated arrival date October 1, 2014
- How did you prepare and were you ready?
- How did your organization react?
- MACRA – Estimated arrival date January 1, 2017
- Are they ready?
- Are they even aware?





## Independent PFPM Technical Advisory Committee

PFPM = **Physician-Focused Payment Model**

Encourage new **APM options** for Medicare physicians and practitioners.





# Instead of Delay...Options Proposed

- 4 options for eligible physicians and clinicians
- By offering options it allows physicians to pick their pace of participation for the first performance period
  - **Result:** to ensure providers do not receive a negative payment adjustment in 2019
- 90% of physicians expected to take the MIPS option due to the large amount of risk related to APM qualification

## Source:

[http://www.modernhealthcare.com/article/20160908/NEWS/160909900?utm\\_source=modernhealthcare&utm\\_medium=email&utm\\_content=20160908-NEWS-160909900&utm\\_campaign=dose](http://www.modernhealthcare.com/article/20160908/NEWS/160909900?utm_source=modernhealthcare&utm_medium=email&utm_content=20160908-NEWS-160909900&utm_campaign=dose)





# Addressing Concerns

- Complexity of the value based payment programs
- Short implementation time frames
- Effects on small and rural providers
- Start date will NOT be delayed, but new options will ensure providers do not receive negative payment adjustment in 2019

**Source:** <https://www.advisory.com/daily-briefing/2016/09/09/cms-flexibility-macra>





## Four Options

- **Option 1:** Any data reported will allow providers to avoid a negative payment adjustment. GOAL is to gradually introduce providers into broader participation in the over two years.
- **Option 2:** Providers to submit data for a reduced number of days.
  - First performance period could begin later than Jan. 1 and
  - Practice could still qualify for a small payment if it submits data on how the practice is using technology and how it's improving.
- **Option 3:** Practices go live in 2017
- **Option 4:** Participate in an advanced alternative payment model such as a Medicare Shared Savings ACO

**Source:**

[http://www.modernhealthcare.com/article/20160908/NEWS/160909900?utm\\_source=modernhealthcare&utm\\_medium=email&utm\\_content=20160908-NEWS-160909900&utm\\_campaign=dose](http://www.modernhealthcare.com/article/20160908/NEWS/160909900?utm_source=modernhealthcare&utm_medium=email&utm_content=20160908-NEWS-160909900&utm_campaign=dose)





# Political Landscape





# MACRA Resources and Tools

- <http://go.cms.gov/1LHY4Fg>
- "New Medicare payment rules must be implemented without delay to benefit both patients and physicians," Don Crane, The Hill 6-28-16
- "MACRA'S Fundamental Flaw: Overlooking Medicare Advantage," Mara McDermott, Bloomberg BNA (Reproduced with permission from BNA's Medicare Report, 27 MCR 565, 6/17/16. (Copyright 2016) by The Bureau of National Affairs, Inc. (800-372-1033) <<http://www.bna.com>>)
- Comments on CMS Draft Measures Development Plan 2-25-16
- <Http://capg.org/index.aspx?page=336>
- <https://www.advisory.com/daily-briefing/2016/09/09/cms-flexibility-macra>
- [http://www.modernhealthcare.com/article/20160908/NEWS/160909900?utm\\_source=modernhealthcare&utm\\_medium=email&utm\\_content=20160908-NEWS-160909900&utm\\_campaign=dose](http://www.modernhealthcare.com/article/20160908/NEWS/160909900?utm_source=modernhealthcare&utm_medium=email&utm_content=20160908-NEWS-160909900&utm_campaign=dose)





**Q & A**

You have

**Questions**

We have

**Answers**





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