Medicare Access and CHIP Reauthorization Act (MACRA)

MACRA-in-Brief

- Legislation passed in April 2016 that repealed the Sustainable Growth Rate (SGR)
- Drastically changes the way CMS pays clinicians[1] for Medicare Part B services
- Locks provider reimbursement rates at near zero growth
  - 2016 – 2019: 0.5% increase
  - 2020 – 2025: 0% increase
  - 2026 and on: 0.25% increase, or 0.75% increase, depending on payment track
- Stipulates development of the Quality Payment Program (QPP)
- QPP comprised of two new payment tracks: Merit-Based Incentive Payment System (MIPS) and Alternative Payment Models (APMs)

Key Dates to Know

Oct 14, 2016

CMS released final rule on MACRA implementation

Jan 1, 2017

Beginning of the **first performance period** under MACRA

Jan 1, 2019

MACRA **implementation date** (when Medicare clinician payment will be impacted by MACRA)

Two New Medicare Part B Payment Tracks Created Under MACRA

1 Merit-Based Incentive Payment System (MIPS)

Overview:

Rolls existing quality programs (Physician Quality Reporting System, Value-Based Payment Modifier, and Meaningful Use) into one budget-neutral program where providers are scored on quality, cost, improvement activities, and EHR[2] use, and assigned payment adjustment accordingly

Who Qualifies?

✔ Nearly all clinicians[3] that do not meet the criteria to qualify for the APM track

83% - 90% of eligible clinicians will likely be subject to the MIPS track for payment in 2019

2 Advanced Alternative Payment Models (APM)

Overview:

Rewards providers with a 5% annual bonus from 2019-2024 if they have a significant share of their Medicare revenue and/or patients in contracts that include two-sided payment risk (e.g. Next Generation ACO program)

Who Qualifies?

Clinicians who meet two criteria:

✔ Participate in an advanced APM as defined by CMS (Eligible Advanced APMs listed on next page)

AND

✔ Meet specific revenue at risk or patient count targets under an advanced APM model

1) Eligible clinicians include physicians, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and groups that include such clinicians.
2) Electronic Health Record.
3) Except clinicians with few Medicare patients, low Medicare revenue, or those in their first year accepting Medicare patients.

Source: CMS, Advisory Board interviews and analysis.

Advanced Alternative Payment Models (APMs)

Two Criteria to Qualify:

1 Participate in an advanced APM as defined by CMS

Qualifying Payment Models for 2017

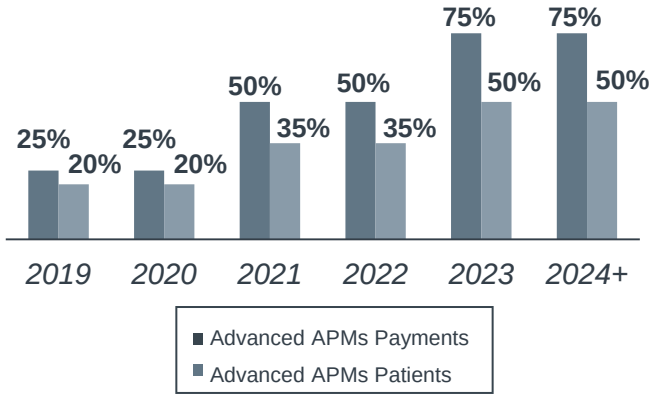
- Medicare Shared Savings Program (MSSP) Tracks 2 and 3
- Next Generation ACO Model
- The Oncology Care Model Two-Sided Risk Arrangement
- Comprehensive End Stage Renal Disease (ESRD) Care Model
- Comprehensive Primary Care Plus (CPC+)
- Comprehensive Care for Joint Replacement (CJR) Model

Non-Qualifying Payment Models for 2017

- Episode-Based Payment Models (eligible in 2018)
- MSSP Track 1+ (eligible in 2018)
- Certain commercial contracts with sufficient risk, including Medicare Advantage (eligible in 2019)
- Bundled Payments for Care Improvement Initiative (BPCI)
- MSSP Track 1

2 Meet specific revenue at risk or patient count targets under Advanced APM

APM Entities must meet threshold of percent of payments or percent of patients tied to Advanced APM model. CMS will use threshold that is more favorable for the APM Entity.



Financial Implications

Annual Updates for APM Track

5% Bonus awarded each year from 2019-2024 to clinicians that qualify for the APM payment track

0.75% Annual update to physician fee schedule from 2026 onwards

Merit-Based Incentive Payment System (MIPS)

Reporting Requirements Under Four Performance Categories

Quality

- Adopted from PQRS
- Requires clinicians to report six quality measures to CMS
- Nearly 300 measures to choose from, 80% tailored to specialists

Resource Use

- Adopted from VBPM
- No reporting requirement
- Assesses clinician cost performance based on Medicare claims data

Clinical Practice Improvement Activities

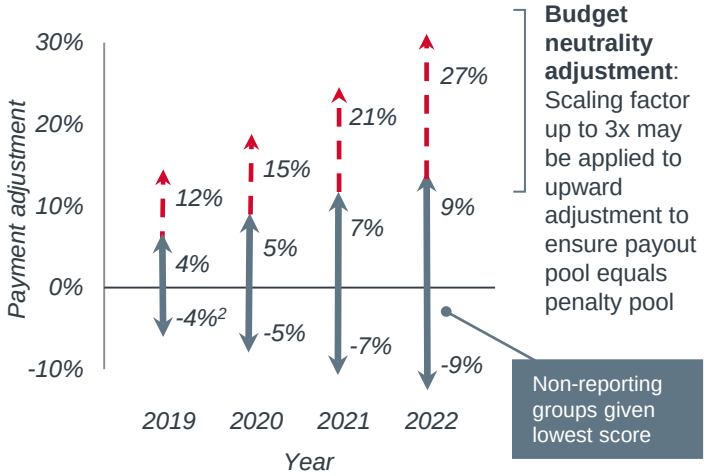
- New performance category for clinicians
- Measures performance by assessing improvement activities focused on care coordination, beneficiary engagement, and patient safety, among others

Advancing Care Information

- Adopted from the Medicare EHR Incentive Program (Meaningful Use)
- Measures clinicians' certified EHR use
- Applies to all eligible clinicians[1] and no longer requires all-or-nothing measure reporting

Financial Implications

Maximum Provider Penalties and Bonuses



Annual Update for MIPS Track

0.25% Annual update to physician fee schedule from 2026 onwards

1) Eligible clinicians include physicians, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and groups that include such clinicians.
2) Only non-reporters penalized for payment in 2019.

Source: CMS, Advisory Board interviews and analysis.