Medicare provider payment

Medicare Payment Advisory Commission
December 1, 2017

Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)

- Repeals SGR and establishes two paths of statutory payment updates for clinicians
- Incentive payments and higher updates for clinicians who participate in eligible Alternative Payment Models (APMs) than for others
- Merit-Based Incentive Payment System (MIPS) for clinicians not meeting APM criteria
Two payment update paths

- APM clinicians
- Non-APM clinicians

Note: 2014 = 1.0

MedPAC A-APM principles

- Incentive payment for participants only if entity is successful controlling cost, improving quality, or both
- Entity must have sufficient number of beneficiaries to detect changes in spending or quality
- Entity is at risk for total Part A and Part B spending
- Entity can share savings with beneficiaries
- Entity is given regulatory relief
- Each entity must assume risk and enroll clinicians
MedPAC approach to A-APMs

- 5% on first dollar
  - Current law applies 5% incentive to all PFS revenue, but clinician must pass threshold; creates uncertainty and payment "cliff"
  - Apply the 5% incentive payment to clinician’s revenue coming through an A-APM
  - Only award incentive if successful performance
- Revenue-based risk
  - Make is possible for small practices to take on risk
- Concerns about episode based APMs

MIPS: burden and complexity

- Significant burden on clinicians: CMS estimates over $1 billion in reporting burden in 2017
- MIPS is complex (and CMS emphasis on flexibility and options has increased complexity)
  - Exemptions (~800,000 clinicians exempt)
  - Special scoring and rules (e.g., for facility-based clinicians, clinicians in certain models)
  - Multiple reporting options (e.g., EHR, web interface, registry)
  - Score dependent on actual reporting method (e.g., whether clinician reported through EHR or registry)
MIPS measures and scoring concerns

- Measures not associated with high-value care
  - Process measures
  - Attestation/check the box
  - Minimal information on Physician Compare
- Statistical limitations
  - MIPS is structured to maximize clinician scores, leads to score compression, limited ability to detect performance
    - 2019-2020: High scores combined with low performance standard result in minimal reward
    - Later years: Minimal differences result in big payment swings
  - Clinicians can choose their own measures, thus resulting MIPS score is inequitable across clinicians

Goals of new approach

- Align quality and value signals across the health care delivery system
- Equitably measure aggregate clinician performance in FFS
- Limit bonuses available in traditional FFS
- Reduce clinician burden
Policy option

- Eliminate the current MIPS and establish a new voluntary value program (VVP) in FFS Medicare in which:
  - All clinicians would have a portion of fee schedule payments withheld (e.g., 2%)
  - Clinicians in voluntary groups can qualify for a value payment based on their group’s performance on a set of population-based measures
  - Clinicians can elect to join an A-APM (and receive withhold back); or
  - Make no election (and lose withhold)

- A new voluntary value program does not:
  - Revert to the Medicare Sustainable Growth Rate (SGR)
  - Eliminate FFS Medicare
  - Prevent clinicians from using other measures to guide care (process measures, registries, etc.)

Illustrative population-based measures

<table>
<thead>
<tr>
<th>Clinical quality</th>
<th>Patient experience</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Avoidable admissions/emergency</td>
<td>• Ability to obtain needed care</td>
<td>• Spending per beneficiary after a</td>
</tr>
<tr>
<td>department visits</td>
<td>• Able to communicate concerns to clinician</td>
<td>hospitalization</td>
</tr>
<tr>
<td>• Mortality</td>
<td>• Clinicians coordinated with other providers</td>
<td>• Relative resource use</td>
</tr>
<tr>
<td>• Readmissions</td>
<td></td>
<td>• Rates of low-value care</td>
</tr>
</tbody>
</table>

- Calculated from claims (or surveys)
- Aligned with A-APM measures
- Combination of measures to balance incentives