MACRA Overview

April 2016
CMS is Focused on Progression from Volume-Based to Value-Based Payments

- Hospitals have some value-based payment via Hospital VBP, readmissions, and HAC programs
- Other provider groups (e.g. physicians, post-acute care) are moving to pay-for-performance, value-based purchasing

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:**
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:**
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
Accelerating Movement via MACRA

- MACRA is formally known as the H.R.2 Medicare Access and CHIP Reauthorization Act of 2015
  - Signed into law by Obama in April 2015

- MACRA Highlights
  - Repeals use of the Sustainable Growth Rate (SGR) Formula
    - Cut Medicare physician fees for all services if total physician spending exceeded a target, penalizing individuals who did control their costs
    - Was volume-based- did not reward improvements in quality
  - Replaces SGR with new quality-driven payment systems for providers

- ***Still many unknowns- Regs coming out this summer***
MACRA: Provider Reimbursement Changes

- **2019-2025:** Move to value-based payments via involvement in either of two tracks:
  
  1) **MIPS: Merit-Based Incentive Payment System**
  - Continues traditional FFS track
  - BUT a portion of Medicare provider payment at risk will gradually increase up to **-9% to +9%** based on their performance on quality and outcomes measures

  2) **APMs: Alternative Payment Models**
  - Medicare providers can opt out of MIPS and **receive +5% bonus** in rates if a substantial portion of their revenue is through APMs
  - Qualifying APMs definition TBD based on rulemaking.

- **2026+:** All Medicare providers receive **0.25% update**
  - APM providers will receive an additional **0.5% update**, thereby receiving a **0.75% update overall for Medicare services**

Source: Summarized from Premier Medicare Payment Reform: Implications and Options for Physicians and Hospitals, 2015
Track 1: MIPS

- **Performance Areas**
  - Quality (e.g. preventive care, safety, etc.)
  - Resource use (e.g. Medicare spending per beneficiary)
  - Meaningful use of EHRs
  - Clinical practice improvement activities
    - Care coordination
    - Expanded access (e.g. same day appointments)
    - Patient safety and practice assessment (e.g. surgical checklists)
    - Beneficiary engagement (e.g. use of shared decision-making)
    - Population management
    - APM participation

- Each category will have an underlying set of activities or measures
  - Measures used for the evaluation of provider performance can be based on all payer data (not only Medicare)

Source: Summarized from Premier Medicare Payment Reform: Implications and Options for Physicians and Hospitals, 2015
Track 2: Alternative Payment Models (APMs)

- Providers will receive $5\%$ bonus, in addition to payments otherwise made under the APM, if they have a minimum amount of revenue at risk through an APM
  - To qualify for the bonus in 2019, providers may need to be in an APM in 2017
  - See Appendix

- To qualify as an eligible APM, providers must:
  - Use certified EHR technology
  - Meet quality measures (comparable to MIPS measures)
  - Assume more than “nominal” financial risk
    - Not yet sure what this means—definition TBD based on rulemaking
Strategic Implications for Maryland

- MACRA demonstrates the federal movement to two-sided risk and alternative payment models (e.g. ACO, PCMH, bundled payment, etc.) and focus on efficiency, outcomes, and financial responsibility

- Maryland’s next steps may include:
  - Assess current state, identify gaps, analyze opportunities and develop roadmap
  - Develop and implement physician partnership strategy

Source: Summarized from Premier Medicare Payment Reform: Implications and Options for Physicians and Hospitals, 2015
Appendix
MACRA: MIPS & APM Timeline Overview

Source: CMS.gov Merit-Based Incentive Payment System (MIPS) & Alternative Payment Models (APMs) website, 2015
## MIPS & MACRA Eligibility

<table>
<thead>
<tr>
<th>TYPES OF ELIGIBLE PROFESSIONALS</th>
<th>TRACK 1 Value-Modifier</th>
<th>TRACK 1 MIPS</th>
<th>TRACK 1 APM</th>
<th>TRACK 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medicare Physicians:</strong></td>
<td>2017</td>
<td>2019</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Doctor of Medicine, Doctor of Osteopathy, Doctor of Podiatric Medicine, Doctor of Optometry, Doctor of Oral Surgery, Doctor of Dental Medicine, Doctor of Chiropractic</td>
<td>(2015 performance)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Practitioners:</strong></td>
<td>2018</td>
<td>2019</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Physician Assistant, Nurse Practitioner, Clinical Nurse Specialist, Certified Registered Nurse Anesthetist</td>
<td>(2016 performance)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Practitioners:</strong></td>
<td>N/A</td>
<td>2021</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Certified Nurse Midwife, Clinical Social Worker, Clinical Psychologist, Registered Dietician, Nutrition Professional, Audiologists</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Therapists:</strong></td>
<td>N/A</td>
<td>2021</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>Physical Therapist, Occupational Therapist, Qualified Speech-Language Therapist</td>
<td></td>
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</tbody>
</table>

Source: Premier Medicare Payment Reform: Implications and Options for Physicians and Hospitals, 2015
MIPS Performance Measures

<table>
<thead>
<tr>
<th>Year</th>
<th>Quality</th>
<th>Resource Use</th>
<th>Meaningful Use of EHR</th>
<th>Clinical Practice Improvement Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>50%</td>
<td>50%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>45%</td>
<td>15%</td>
<td>15%</td>
<td>Expanded access, population management, care coordination, beneficiary engagement, patient safety, and alternative payment models</td>
</tr>
<tr>
<td>2021</td>
<td>30%</td>
<td>15%</td>
<td>15%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Premier Medicare Payment Reform: Implications and Options for Physicians and Hospitals, 2015
## MIPS Payment Adjustment Factors

Figure 6 – MIPS payment adjustment factors

<table>
<thead>
<tr>
<th></th>
<th>Maximum positive adjustment before budget neutrality scaling factor</th>
<th>Maximum negative adjustment factor</th>
<th>Maximum positive adjustment after budget neutrality scaling factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2019</td>
<td>4%</td>
<td>-4%</td>
<td>12%</td>
</tr>
<tr>
<td>CY 2020</td>
<td>5%</td>
<td>-5%</td>
<td>15%</td>
</tr>
<tr>
<td>CY 2021</td>
<td>7%</td>
<td>-7%</td>
<td>21%</td>
</tr>
<tr>
<td>CY 2022</td>
<td>9%</td>
<td>-9%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Premier Medicare Payment Reform: Implications and Options for Physicians and Hospitals, 2015
MIPS Payment Adjustment Factors

**Positive Adjustment Factors**
- Determined based on a linear sliding scale from the mean or median performance score to 100.

**Negative Adjustment Factors**
- Determined based on a linear sliding scale from a performance score of 0 to the mean or median.

Source: Premier Medicare Payment Reform: Implications and Options for Physicians and Hospitals, 2015
APM: Provider Eligibility

Required Percentage of Provider’s Revenue Under Risk-Based Payment Models

<table>
<thead>
<tr>
<th>Year</th>
<th>Medicare</th>
<th>All-Payer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 – 2020</td>
<td>25%</td>
<td>N/A</td>
</tr>
<tr>
<td>2021 – 2022</td>
<td>50%</td>
<td>N/A</td>
</tr>
<tr>
<td>2023 and on</td>
<td>75%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Source: The Medicare Access and CHIP Reauthorization Act of 2015; Advisory Board analysis.