



# Physician Payment After SGR Reform: An Overview November 2015



# *Why Does This Matter?*

- Physicians: Impact on payment, performance measurement requirements
- Hospitals: Cost of implementation and compliance by employed physicians
- Continued shift in hospital-physician relationships
- Increased pressure to participate in risk-bearing arrangements

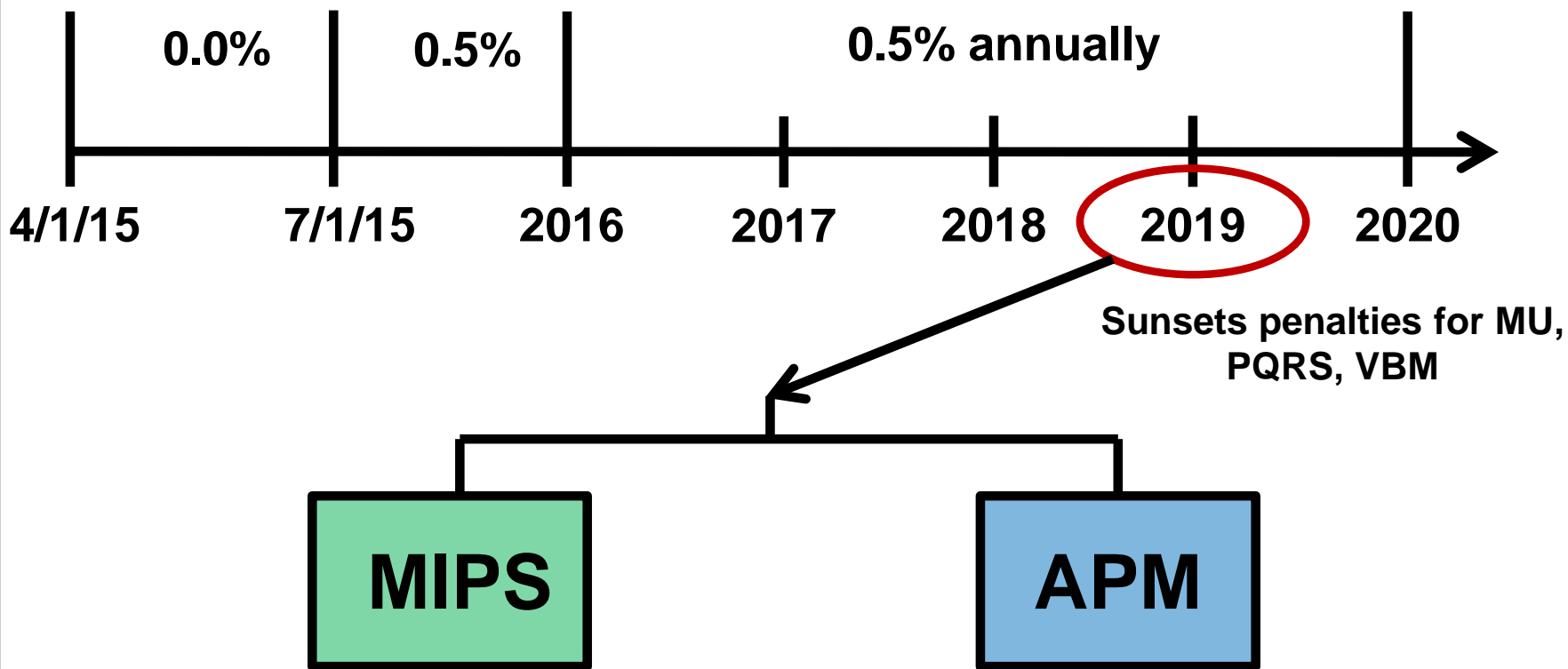


# MACRA Payment Changes

- Replaces flawed SGR formula with specified payment updates
- Creates new payment system for professionals paid under the physician fee schedule (PFS)
- Rewards participation in alternative payment models (APM) and ties a greater percentage of payment to value



# Annual Payment Updates



# *Merit-based Incentive Payment System*

- Merit-based Incentive Payment System (MIPS): default payment system
- Applicable to physicians, PAs, NPs, CNSs and CRNAs beginning in 2019
- Exemptions for:
  - Participants in alternative payment models
  - Low volume threshold



# *Alternative Payment Models*

- Participation in APMs is measured by the percentage of **Medicare PFS payments or total payments** made through an eligible APM entity
- An eligible APM entity must bear financial risk for monetary loss (more than nominal amount) or be a medical home, and:
  - Require use of certified EHR technology
  - Provide payment based on quality measures comparable to those in the MIPS quality category



# *Alternative Payment Models*

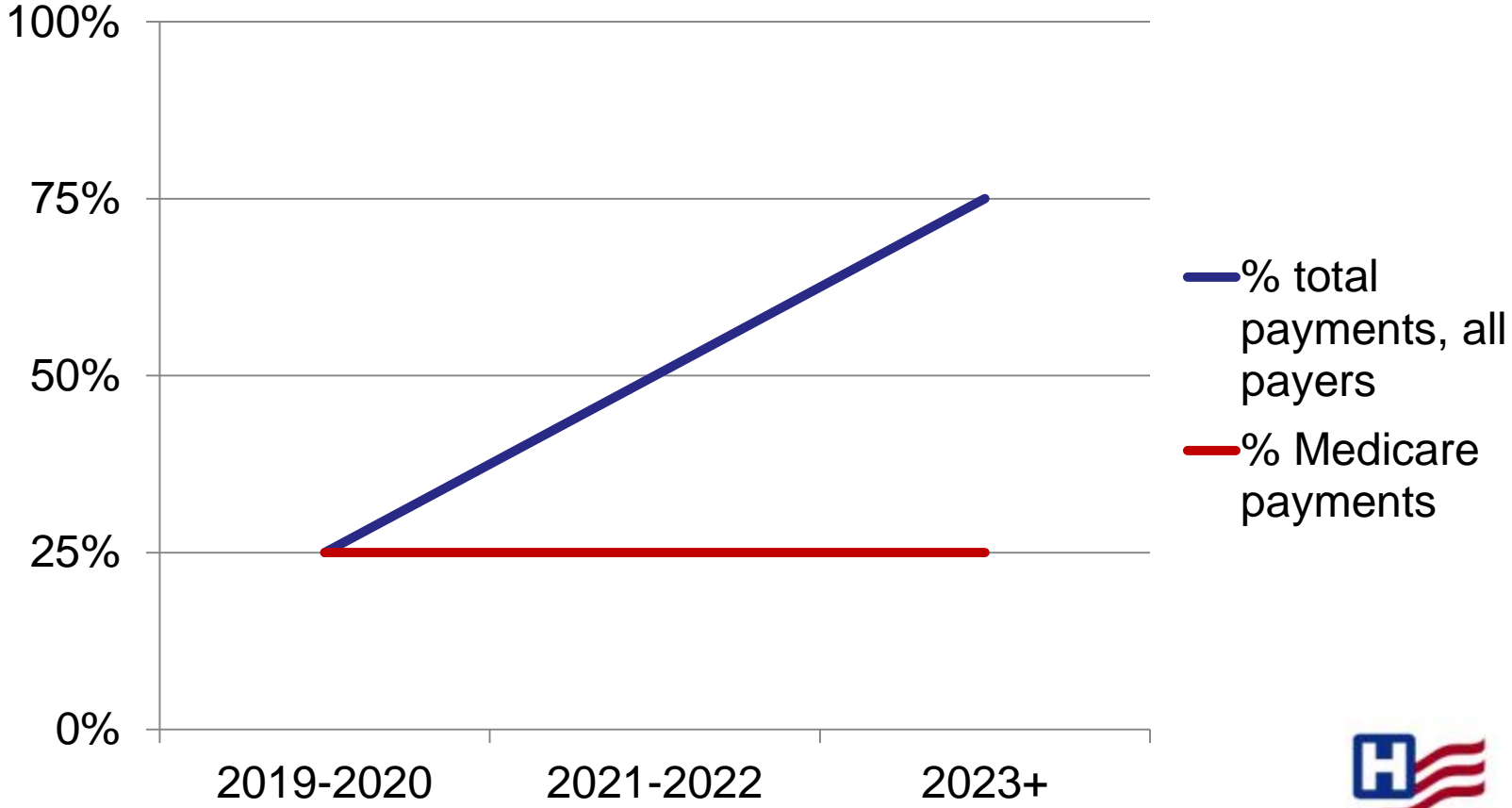
- Medicare APMs are defined as:
  - A model tested by the CMMI, other than a health care innovation award
  - An ACO under the Medicare Shared Savings Program
  - Certain other demonstrations under federal law



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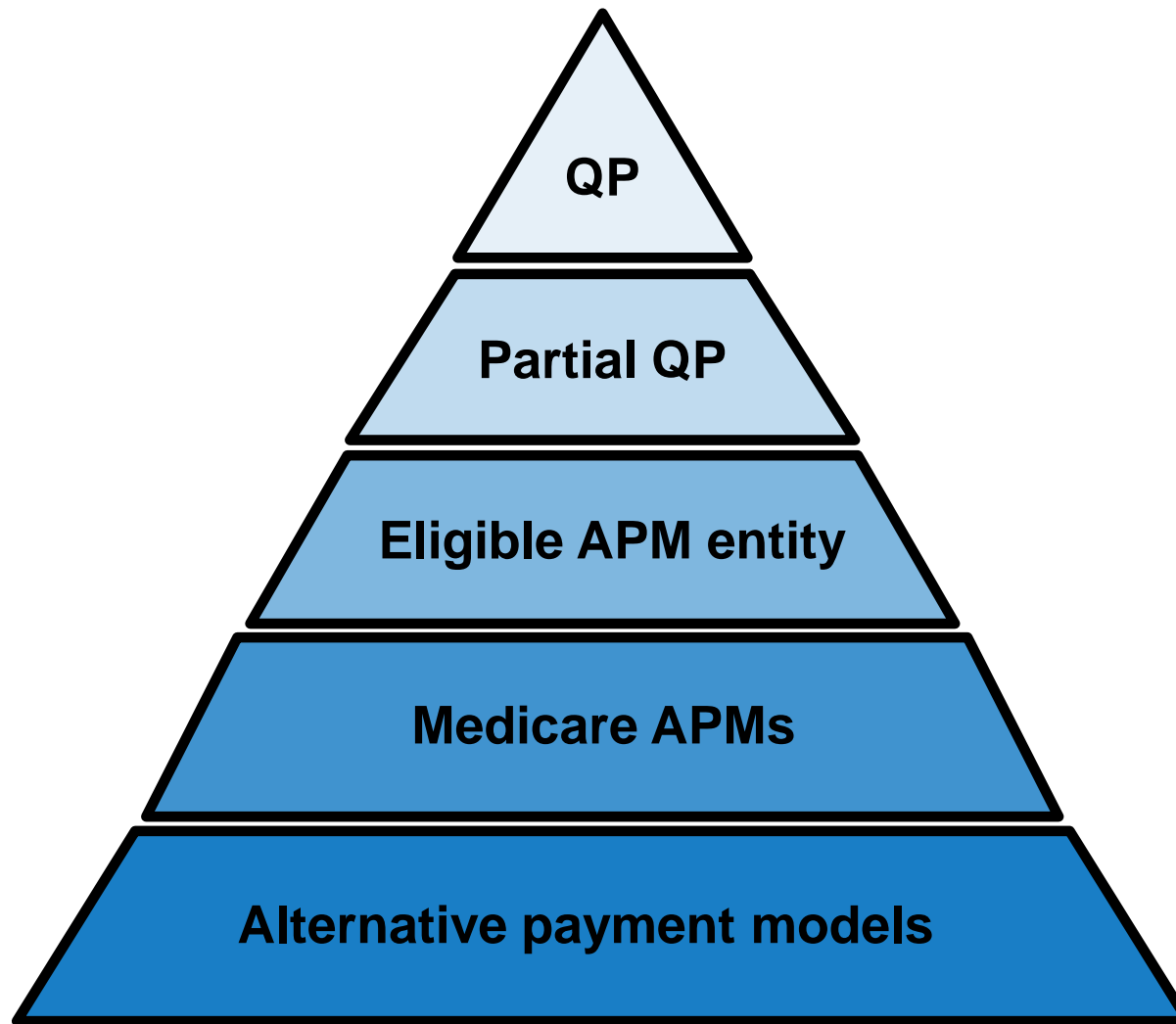
# Qualifying APM Professional

## Percentage of Payments Through an APM



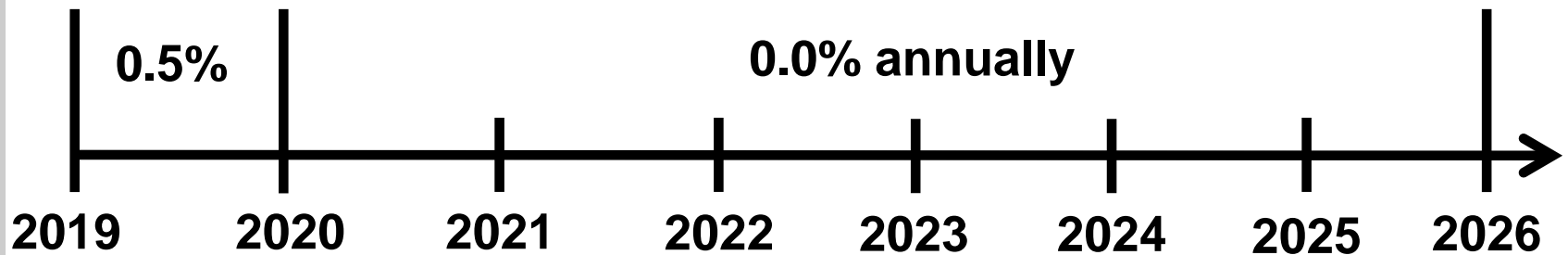


# *Alternative Payment Models*



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# Payment Under APMs

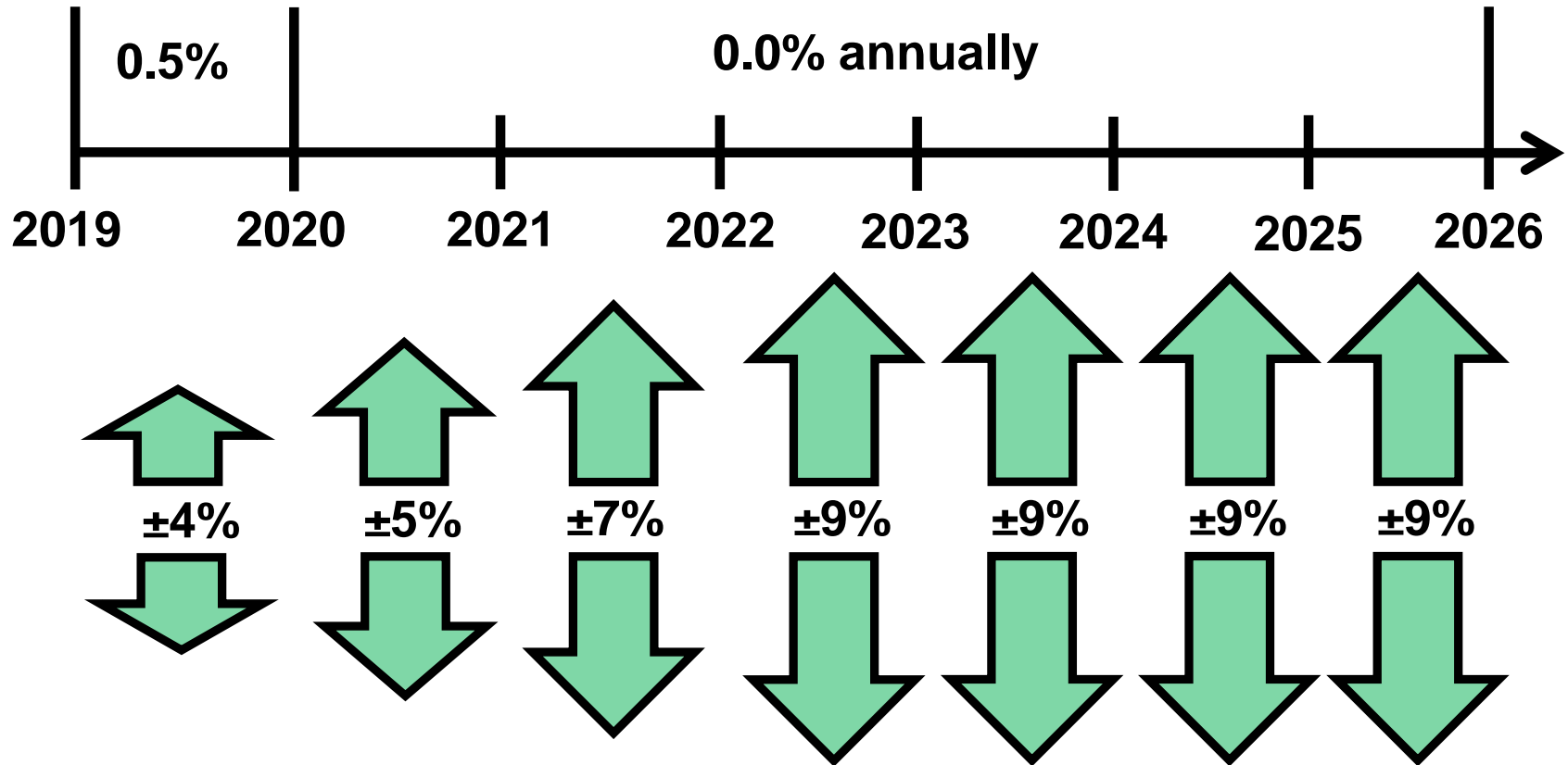


**APM: Bonus of 5% of PFS payments annually**



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# Payment Under MIPS

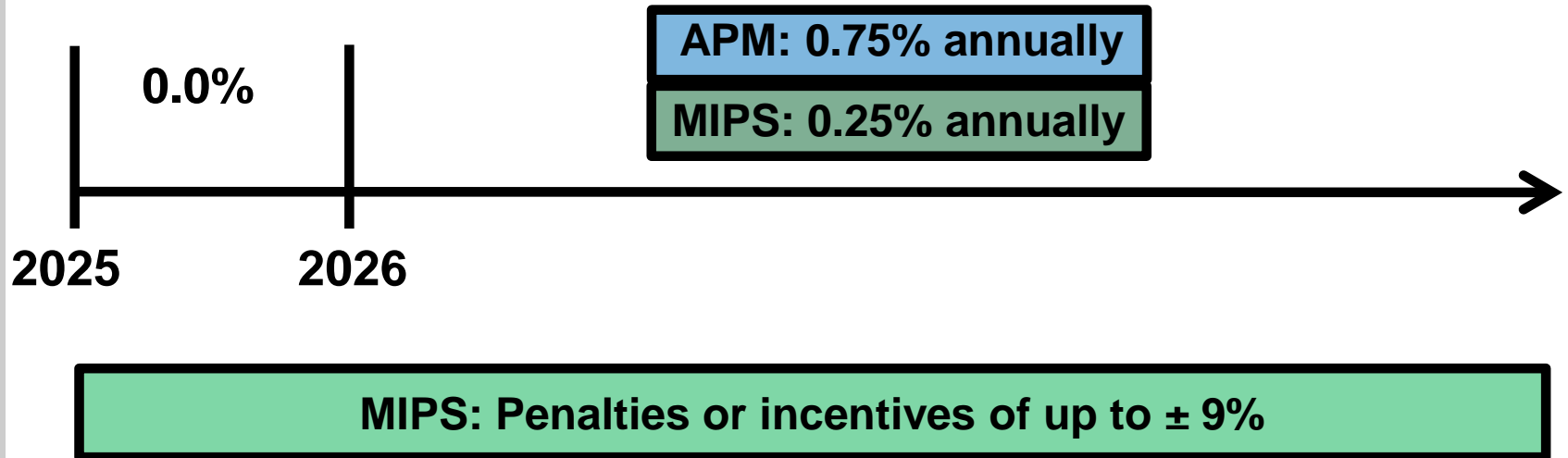


MIPS: Bonus for high performers (<10%)



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# Payment Under New Systems



# MIPS Performance Evaluation

- Composite Score of 0 to 100 based on:
  - Quality measures
  - Resource Use measures
  - Clinical Practice Improvement activities
  - Meaningful Use of EHRs
- CMS must establish scoring thresholds for upward / downward adjustment
- Beginning in 2020, scoring must recognize improvement (somewhat like hospital VBP)



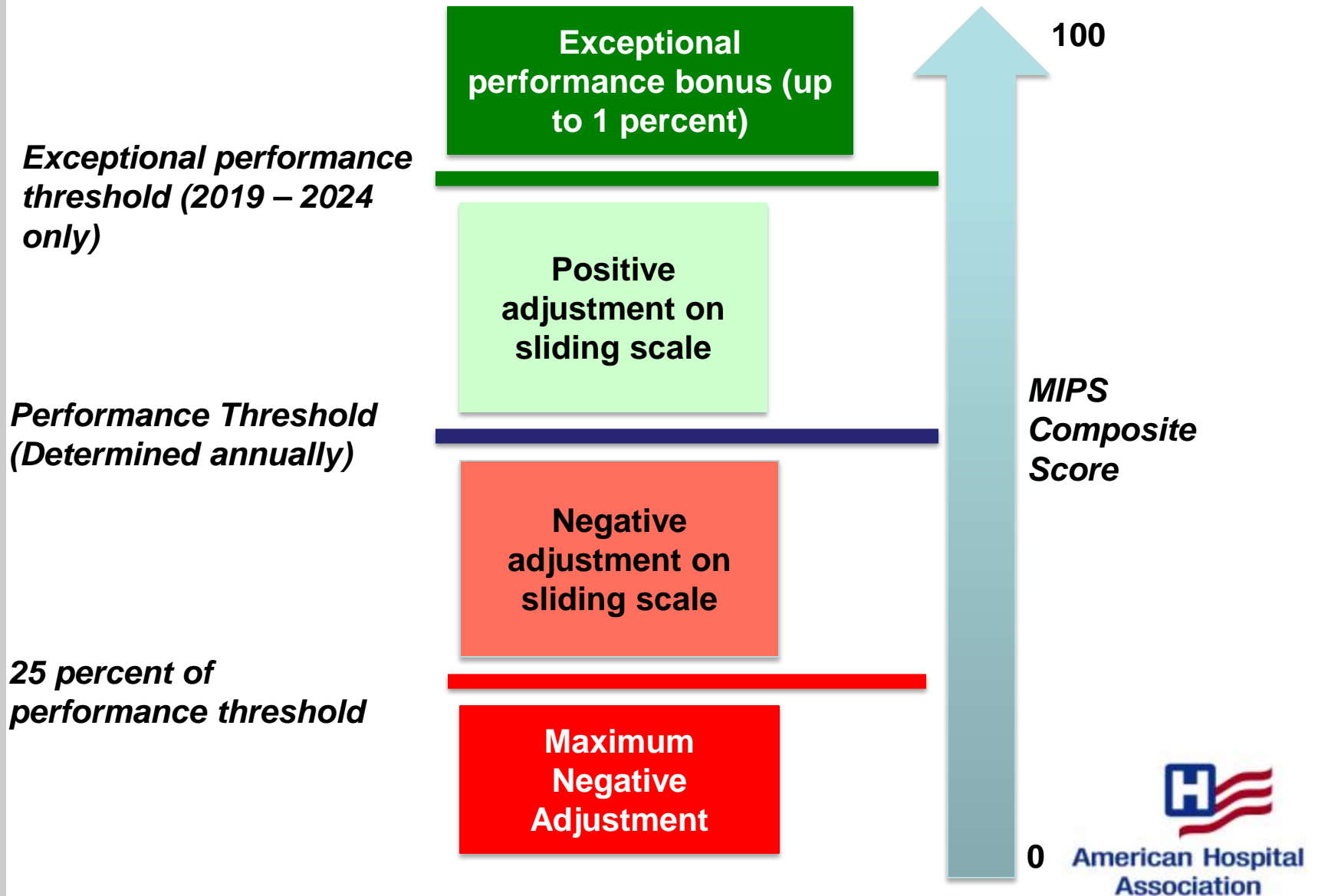
# MIPS Composite Score Weighting

Category	CY 2019	CY 2020	CY 2021 and beyond
Quality	50%	45 %	30%
Resource Use	10%	15 %	30%
Clinical Practice Improvement	15 %	15 %	15 %
Meaningful Use	25 %	25 %	25 %

- CMS can vary the percentages based on factors like EHR adoption, or lack of appropriate measures or activities
- Providers failing to report required data receive zero points for the applicable category



# Translating the MIPS Composite into Incentives and Penalties



# Physician Payment Transition – Current Law

Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual Payment Update (APU)	0.0%	+0.5%	+0.25%	+0.5%	+0.5%	+0.5%	+0.5%	0.0%	0.0%	0.0%
Medicare EHR Incentive	Variable incentive	Variable incentive	-2.0%	-2.0%	-3.0%	Max -4.0%	<b>Folded into MIPS</b>			
Physician Quality Reporting System (PQRS)	+0.5%	+0.5%	-1.5%	-2.0%	-2.0%	-2.0%				
Value-Based Payment Modifier (VM)			+1.0x OR -1.0%	+2.0x OR -2.0%	+4.0x OR -4.0%	TBD				
Merit-Based Incentive Payment System (MIPS)										
MIPS bonus							≤10%	≤10%	≤10%	≤10%
Alternative Payment Model (APM)							+5.0%	+5.0%	+5.0%	+5.0%
<b>Maximum Potential Increase</b>	0.5% plus Variable EHR	1.0% plus Variable EHR	0.5% plus 1.0x	0.5% plus 2.0x	0.5% plus 4.0x	0.5% plus VM	14.5%	15.0%	17.0%	19.0%
<b>Maximum Potential Reduction</b>	N/A	N/A	4.5%	6.0%	9.0%	9.0%	4.0%	5.0%	7.0%	9.0%

- **Payment Update in 2015 = 0.0% Jan 1 – June 30; 0.5% July 1 – Dec 31**
- **CMS has discretion to set VM pool, but has not done so for 2018 and beyond**
- **MIPS bonus payable for exceptional performance in 2020-2024**



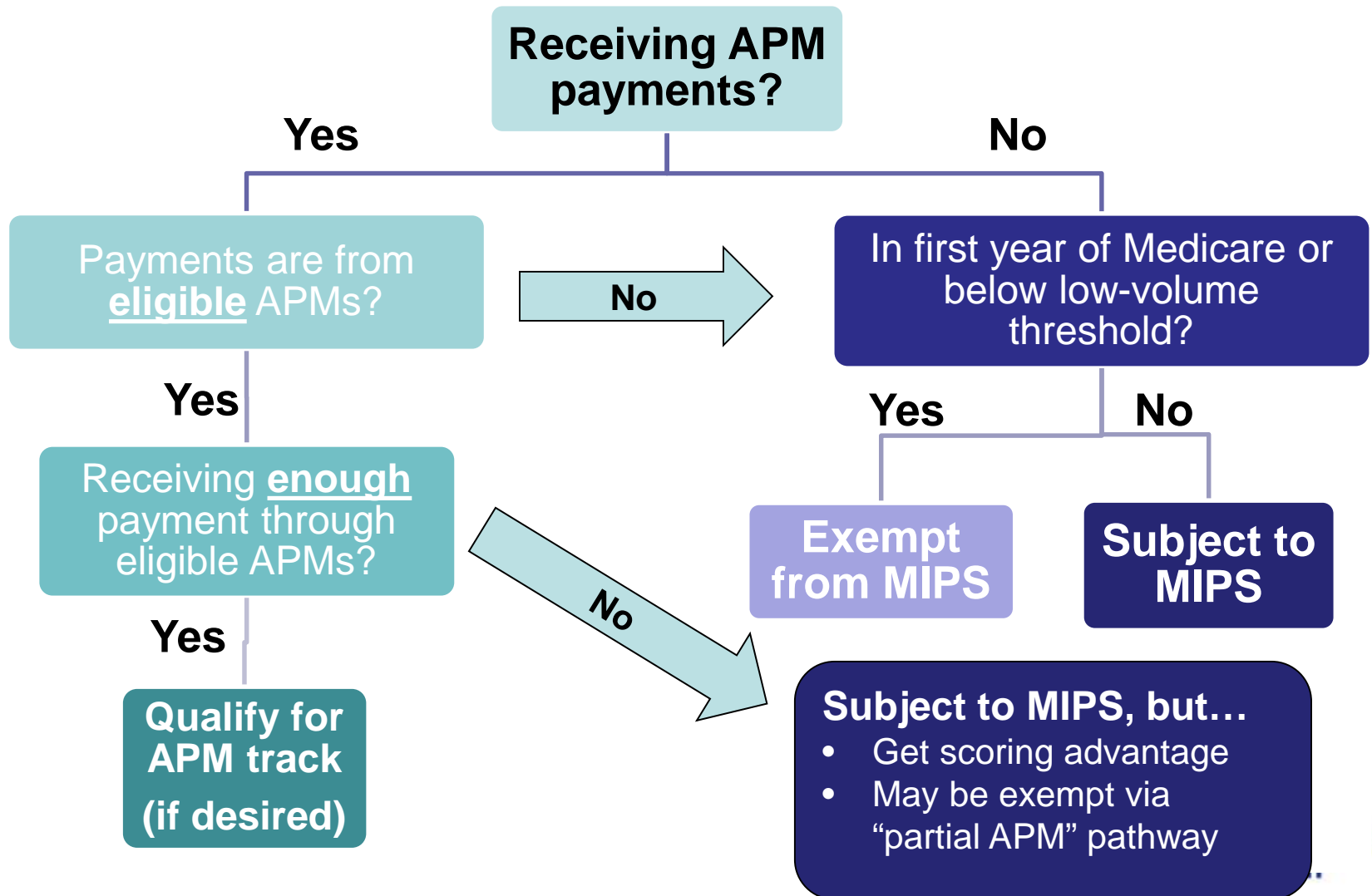
# Post-SGR Physician Payment Details

Program	2019	2020	2021	2022	2023	2024	2025	2026
Annual Payment Update	+0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	APM: 0.75% Others: 0.25%
MIPS at-risk payment	+/- 4.0%	+/- 5.0%	+/- 7.0%	+/- 9.0%	+/- 9.0%	+/- 9.0%	+/- 9.0%	+/- 9.0%
MIPS bonus	≤10%	≤10%	≤10%	≤10%	≤10%	≤10%		
APM (bonus)	+ 5.0%	+ 5.0%	+ 5.0%	+ 5.0%	+5.0%	+5.0%		
Maximum Potential Increase	MIPS: 14.5% APM: 5.5%	MIPS: 15% APM: 5%	MIPS: 17% APM: 5%	MIPS: 19% APM: 5%	MIPS: 19% APM: 5%	MIPS: 19% APM: 5%	MIPS: 9% APM: 0.0%	MIPS: 9.25% APM: 0.75%
Maximum Potential Reduction	MIPS: 4% APM: 0%	MIPS: 5% APM: 0%	MIPS: 7 % APM: 0%	MIPS: 9 % APM: 0%	MIPS: 9 % APM: 0%	MIPS: 9 % APM: 0%	MIPS: 9 % APM: 0%	MIPS: 9 % APM: 0%

- APM participants avoid penalties and in 2019-2024 receive a bonus
- The maximum increase/reduction under MIPS is 9 percent in 2022 and subsequent years
- Variable MIPS bonus payable for exceptional performance in 2020-2024

# Putting it all together...

*How might MACRA affect me or my physician group?*





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