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Medicare Access and CHIP Reauthorization Act

Educational briefing for providers

What is MACRA?

MACRA—the Medicare Access and CHIP Reauthorization Act of 2015, or "Doc Fix Bill"—established a new way to pay doctors who treat Medicare patients, called the Quality Payment Program. It is the most significant heath care bill since the Affordable Care Act and garnered strong bipartisan support. The law replaced the Sustainable Growth Rate formula that aligned Medicare Part B spending with gross domestic product (GDP) growth. It seeks to transition physician reimbursement from pure fee-for-service to pay-for-performance incentives on a diverse set of metrics, as well as encourage participation in risk-based payment models. The first performance year for the Quality Payment Program of MACRA was 2017. Payment is based on performance from two years prior.

How does MACRA work?

MACRA affects physician payment under the Medicare Physician Fee Schedule. It established baseline reimbursement updates of near-zero growth and requires eligible clinicians[1] to participate in one of two payment tracks: Merit-Based Incentive Payment System (MIPS) or Alternative Payment Models (APMs).

Merit-Based Incentive Payment System (MIPS)

MIPS rolls existing quality programs (Physician Quality Reporting System, Value-Based Payment Modifier, and Meaningful Use) into one budget-neutral program. Providers are scored on quality, cost, improvement activities (IA), and promoting interoperability (PI; or EMR[2] use) and assigned payment adjustment accordingly.

Who qualifies?

- Nearly all clinicians that do not meet the criteria to qualify for the APM track

Who is excluded?

- Medicare Part A, providers in first year billing Medicare
- Clinicians, groups that fall under low-volume threshold

Bonuses and penalties in MIPS

In MIPS, providers are assigned a score of 0-100 based on their performance in four categories. That score is compared to a CMS-determined performance threshold (PT). Those above the PT receive a bonus, those below a penalty. A scaling factor up to 3x may be applied to bonuses to ensure payout pool equals the penalty pool. High-performers may be eligible for up to 10% in additional incentives. Beginning in payment year 2026, MIPS participants will see a lower baseline annual update (0.25%) compared to APM participants.

Updated November 2018.

1) Eligible clinicians include physicians, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and groups that include such clinicians.
2) Electronic medical record.
3) The low volume threshold is $90,000 or less in Medicare charges OR 200 or fewer Medicare patients or 200 or fewer Medicare covered professional services for performance year 2019.

Source: CY 2018 Quality Payment Program Final Rule, CMS; H.R.1314 - Bipartisan Budget Act of 2015; Advisory Board research and analysis.

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Alternative Payment Models (APM)

The APM track exempts providers from the MIPS track. To qualify, participants must have a significant share of their Medicare revenue and/or patients in contracts that include two-sided payment risk.

To qualify, clinicians must meet two criteria:

✔ Participate in an advanced APM as defined by CMS

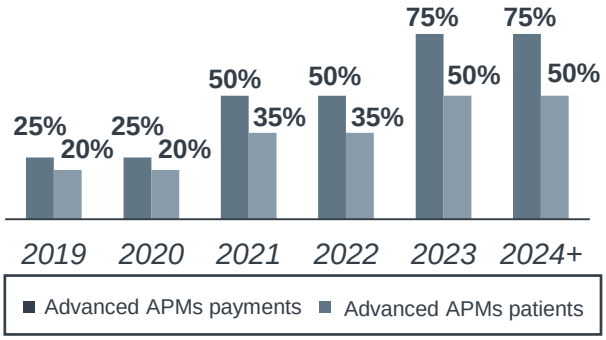
AND

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

Sample qualifying models for 2018[1]:

- MSSP[2] Track 1+, 2,3, Next Gen[3] ACOs
- Bundled Payments for Care Improvement Advanced Model (BPCI Advanced)
- Comprehensive Primary Care Plus (CPC+)
- Oncology Care Model (OCM) – Two-Sided

Payment or Patient Targets by Payment Year



Rewards in APM track

From payment years 2019-2024, participants will receive a 5% bonus. In payment year 2026, APM participants will receive a higher baseline payment adjustment (0.75%) compared to those in the MIPS track (0.25%). However, APM participants will be subject to penalties (and rewards) based on their risk model.

Why is MACRA a key issue for medical groups?

- **Bonuses and penalties impact clinician reimbursement:** Adherence to the MIPS performance categories directly impacts physician reimbursement. For MIPS to remain budget neutral, physicians who outperform their peers will be awarded bonuses, and those who underperform will receive penalties, so accurately reporting MIPS measures is key.
- **MACRA incentivizes groups to shift to value-based care:** MACRA aims to move away from fee-for-service, in favor of quality-based payment. By encouraging providers to seek out risk based payment models, MACRA will likely curve utilization and push leaders to focus on population health strategy.

Additional Advisory Board research and support

Prepare for MIPS reporting with our MIPS Toolkit or perfect your risk strategy by reading our study, Medicare Risk Strategy: ACO programs, Medicare Advantage, and the future of risk-based payment.

You can also contact your group's Dedicated Advisor or email pprresearch@advisory.com for more research on this topic or other strategic priorities for your group.

1) Performance year.
2) Medicare Shared Savings Program.
3) Next Generation ACO.

Source: CY 2018 Quality Payment Program Final Rule, CMS; H.R.1314 - Bipartisan Budget Act of 2015; Advisory Board research and analysis.