Delivery System Reform requires focusing on the way we pay providers, deliver care, and distribute information.

"Improving the way providers are incentivized, the way care is delivered, and the way information is distributed will help provide better care at lower cost across the health care system."

**FOCUS AREAS**

- Pay Providers
- Deliver Care
- Distribute Information

Source: Burwell SM. Setting Value-Based Payment Goals — HHS Efforts to Improve U.S. Health Care. NEJM 2015 Jan 26; published online first.
Target percentage of payments in ‘FFS linked to quality’ and ‘alternative payment models’ by 2016 and 2018

- **Alternative payment models (Categories 3-4)**
- **FFS linked to quality (Categories 2-4)**
- **All Medicare FFS (Categories 1-4)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Historical Performance</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>68% 0% 0%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>85% 22% 0%</td>
<td>85% 30% 0%</td>
</tr>
<tr>
<td>2016</td>
<td>85% 30% 0%</td>
<td>85% 30% 0%</td>
</tr>
<tr>
<td>2018</td>
<td>90% 50% 0%</td>
<td>90% 50% 0%</td>
</tr>
</tbody>
</table>
What does it mean for you?

THE

MEDICARE ACCESS & CHIP REAUTHORIZATION ACT

OF 2015
What is “MACRA”? 
What is “MACRA”?


What does it do?

- **Repeals** the Sustainable Growth Rate (SGR) Formula
- **Changes the way that Medicare pays clinicians** and establishes a new framework to reward clinicians for **value** over volume
- **Streamlines** multiple quality reporting programs into 1 new system (MIPS)
- **Provides bonus payments** for participation in **eligible** alternative payment models (APMs)
What does MACRA address?
Medicare Payment Prior to MACRA

**Fee-for-service** (FFS) payment system, where clinicians are paid based on **volume** of services, not **value**.

The Sustainable Growth Rate (SGR)

Each year, Congress passed temporary “**doc fixes**” to avert cuts (no fix in 2015 would have meant a 21% **cut** in Medicare payments to clinicians)

MACRA replaces the **SGR** with a **more predictable** payment method that **incentivizes** **value**.
Currently there are **multiple quality and value reporting programs** for Medicare clinicians:
MACRA streamlines these programs into MIPS.

- Physician Quality Reporting Program (PQRS)
- Value-Based Payment Modifier
- Medicare Electronic Health Records (EHR) Incentive Program

Merit-Based Incentive Payment System (MIPS)
Which clinicians does MACRA affect? (Will it affect me?)
Short answer:
MACRA affects clinicians who participate in Medicare Part B.
Are there any exceptions to participation in MIPS?

There are 3 groups of clinicians who will NOT be subject to MIPS:

1. **FIRST year of Medicare Part B participation**
2. Below **low patient volume threshold**
3. Certain participants in **ELIGIBLE Alternative Payment Models**

Note: MIPS does not apply to hospitals or facilities
How will MACRA affect Medicare clinicians?
MACRA changes how Medicare pays clinicians. 

The current system:

- Services provided
- Medicare Fee Schedule
  - Physician Quality Reporting Program (PQRS)
  - Value-Based Payment Modifier
- Adjustments
- Final payment to clinician
- Medicare EHR Incentive Program
MACRA changes how Medicare pays clinicians.

The system after MACRA:

- Services provided
- Medicare Fee Schedule
- Merit-Based Incentive Payment System (MIPS)
- Final payment to clinician
- *Or special lump sum bonuses through participation in eligible Alternative Payment Models*
How much can MIPS adjust payments?

Based on a composite performance score, clinicians will receive +/- or neutral adjustments up to the percentages below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>-4%</td>
</tr>
<tr>
<td>2020</td>
<td>-5%</td>
</tr>
<tr>
<td>2021</td>
<td>-7%</td>
</tr>
<tr>
<td>2022</td>
<td>-9%</td>
</tr>
<tr>
<td>2022+</td>
<td>+4%</td>
</tr>
<tr>
<td>2022+</td>
<td>+5%</td>
</tr>
<tr>
<td>2022+</td>
<td>+7%</td>
</tr>
<tr>
<td>2022+</td>
<td>+9%</td>
</tr>
</tbody>
</table>

The potential maximum adjustment % will increase each year from 2019 to 2022.
How much can MIPS adjust payments?

**Note:** MIPS will be a **budget-neutral** program. Total upward and downward adjustments will be balanced so that the average change is 0%.

*Potential for 3X adjustment*
What will determine my MIPS score?

The MIPS composite performance **score** will factor in performance in **4 weighted categories**:

- **Quality**
- **Resource use**
- **Clinical practice improvement activities**
- **Use of certified EHR technology**
The MIPS composite performance score will factor in performance in 4 weighted categories:

- Quality measures will be published in an annual list
- Clinicians will be able to choose the measures on which they’ll be evaluated
The MIPS composite performance score will factor in performance in 4 weighted categories:

- **Quality**
- **Resource use**
- **Clinical practice improvement activities**
- **Use of certified EHR technology**

*Will compare resources used to treat similar care episodes and clinical condition groups across practices*

*MIPS Composite Performance Score*

*Can be risk-adjusted to reflect external factors*
What will determine my MIPS score?

The MIPS composite performance score will factor in performance in 4 weighted categories:

- **Quality**
- **Resource use**
- **Clinical practice improvement activities**
- **Use of certified EHR technology**

*Examples include care coordination, shared decision-making, safety checklists, expanding practice access*
The MIPS composite performance score will factor in performance in 4 weighted categories:

- Quality
- Resource use
- Clinical practice improvement activities
- Use of certified EHR technology

* % weight of this may decrease as more users adopt EHR.
What is a Medicare Alternative Payment Model (APM)?

APMs are **new approaches to paying** for medical care through Medicare that **incentivize quality and value**.

As defined by MACRA, APMs include:

- **CMS Innovation Center model** (under section 1115A, other than a Health Care Innovation Award)
- **MSSP** (Medicare Shared Savings Program)
- **Demonstration** under the Health Care Quality Demonstration Program
- **Demonstration** required by federal law
“Eligible” APMs are the most advanced APMs.

As defined by MACRA, eligible APMs must meet the following criteria:

- Base payment on quality measures comparable to those in MIPS
- Require use of certified EHR technology
- Either (1) bear more than nominal financial risk for monetary losses OR (2) be a medical home model expanded under CMMI authority
MACRA provides **additional** rewards for participating in APMs.

<table>
<thead>
<tr>
<th></th>
<th>Not in APM</th>
<th>In APM</th>
<th>In <strong>eligible</strong> APM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential financial <strong>rewards</strong></td>
<td></td>
<td></td>
<td></td>
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<table>
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<th>Not in APM</th>
<th>In APM</th>
<th>In <strong>eligible</strong> APM</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIPS adjustments</td>
<td></td>
<td></td>
<td></td>
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</table>
MACRA provides additional rewards for participating in APMs.

Potential financial **rewards**

<table>
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<tr>
<th>Not in APM</th>
<th>In APM</th>
<th>In eligible APM</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIPS adjustments</td>
<td>+</td>
<td>APM-specific rewards</td>
</tr>
</tbody>
</table>

APM participation = **favorable scoring** in certain MIPS categories
MACRA provides additional rewards for participating in APMs.

Potential financial rewards

<table>
<thead>
<tr>
<th>Not in APM</th>
<th>In APM</th>
<th>In eligible APM</th>
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<tr>
<td>MIPS adjustments</td>
<td>MIPS adjustments</td>
<td>APM-specific rewards</td>
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</tbody>
</table>

If you are a qualifying APM participant (QP)

5% lump sum bonus
How do I become a qualifying APM participant (QP)?

You must have a certain % of your patients or payments through an eligible APM.

QPs will:
- Be excluded from MIPS
- Receive a 5% lump sum bonus

Bonus applies in 2019-2024; then will receive higher fee schedule update starting in 2026.

25% in 2019 and 2020
Note: Most practitioners will be subject to MIPS.

Subject to MIPS

Not in APM

In non-eligible APM

In eligible APM, but not a QP

QP in eligible APM

Some people may be in eligible APMs and but not have enough payments or patients through the eligible APM to be a QP.

Note: Figure not to scale.
TAKE-AWAY POINTS

1) MACRA changes the way Medicare pays clinicians and offers financial incentives for providing high value care.

2) Medicare Part B clinicians will participate in the MIPS program, unless they are in their 1st year of Part B participation, meet criteria for participation in certain APMs, or have a low volume of patients.

3) Payment adjustments and bonuses will begin in 2019.

4) A proposed rule is targeted for spring 2016, with the final rule targeted for fall 2016.
Other than payment adjustments, what else does MACRA change?
MACRA supports care delivery and promotes innovation.

Several examples:

1. Allocates $20 million / yr. from 2016-2020 to small practices to provide technical assistance regarding MIPS performance criteria or transitioning to an APM.

2. Creates an advisory committee to help promote development of Physician-Focused Payment Models
Independent PFPM Technical Advisory Committee

PFPM = Physician-Focused Payment Model

Encourage new APM options for Medicare physicians and practitioners.

Submission of model proposals

Technical Advisory Committee (11 appointed care delivery experts)

Review proposals, submit recommendations to HHS Secretary

Secretary comments on CMS website, CMS considers testing proposed model
The big picture: how does MACRA relate to broader health care delivery system reform?
Target % of Medicare payments tied to quality or value in 2016 and 2018

Actual % (Pre-HHS Goal Announcement)

<table>
<thead>
<tr>
<th>Year</th>
<th>Category 1</th>
<th>Category 2-4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0%</td>
<td>~70%</td>
</tr>
<tr>
<td>2014</td>
<td>~20%</td>
<td>&gt;80%</td>
</tr>
</tbody>
</table>

New HHS Goals:

<table>
<thead>
<tr>
<th>Year</th>
<th>Category 1</th>
<th>Category 2-4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>30%</td>
<td>85%</td>
</tr>
<tr>
<td>2018</td>
<td>50%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Images not drawn to scale

**Legend**

- **All** Medicare fee-for-service (FFS) payments (Categories 1-4)
- Medicare FFS payments **linked to quality and value** (Categories 2-4)
- Medicare payments linked to quality and value via APMs (Categories 3-4)
MACRA moves us closer to meeting these goals…

**MIPS** helps to link *fee-for-service payments* to quality and value.

The law also *incentivizes participation in APMs*.

---

**New HHS Goals:**

- **2016**
  - 30% of Medicare payments linked to quality and value (Categories 2-4)
  - 85% of Medicare fee-for-service (FFS) payments (Categories 1-4)

- **2018**
  - 50% of Medicare payments linked to quality and value (Categories 3-4)
  - 90% of Medicare payments linked to quality and value via *APMs* (Categories 3-4)

---

*Images not drawn to scale*
...and toward transforming our health care system.

3 goals for our health care system:

BETTER care
SMARTER spending
HEALTHIER people

We look forward to working together to achieve these shared goals.
Contact Information

Kate Goodrich, M.D., MHS
Director, Center for Clinical Standards & Quality
kate.goodrich@cms.hhs.gov