An Overview of MACRA & Value-Based Payment Models

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HCCA Conference – Louisville, KY
November 4, 2016

Kentucky REC & the Great Lakes PTN

CMS established the Transforming Clinical Practices Initiative (TCPI) to help clinicians achieve large-scale health transformations through collaborative and peer-based learning networks

• Great Lakes PTN is one of 29 Practice Transformation Networks (PTNs)
• GLPTN works with 10 Support and Alignment Networks (SANs)

GLPTN State Level Leadership:
• Indiana University (primary grant recipient)
• University of Kentucky (Kentucky)
• Purdue Healthcare Advisors (Indiana)
• Northwestern University (Illinois)
• Altarum Institute (Michigan)

Moving to Value-Based Payment
Understanding the What & Why
What is Value Based Payment?

Quality  
Value  
Cost

Volume to Value Based Shift

Recent legislative, regulatory and marketplace developments suggest that the transition from volume to value-based payment is accelerating from a "testing" phase to a "scaling" phase.

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>The Affordable Care Act Enacted</td>
<td>March 2010</td>
</tr>
<tr>
<td>Pioneer ACO Program</td>
<td>January 2012</td>
</tr>
<tr>
<td>Hospital Value Based Purchasing Program</td>
<td>October 2012</td>
</tr>
<tr>
<td>Medicare Access and CHIP Reauthorization Act (MACRA) Enacted</td>
<td>April 2015</td>
</tr>
<tr>
<td>Value-Based Payment Goals Announced</td>
<td>April 2015</td>
</tr>
<tr>
<td>MACRA Final Rule Released</td>
<td>July 2016</td>
</tr>
<tr>
<td>MACRA NPRM Released</td>
<td>October 2016</td>
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In January 2015, the Department of Health and Human Services announced new goals for value-based payment and APMs in Medicare.
VBP Models At A Glance

<table>
<thead>
<tr>
<th>Medical Home / Advanced Primary Care</th>
<th>Accountable Care Organization</th>
<th>Episode-Based Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Emphasis on primary care</td>
<td>• May include hospitals, PCPs,</td>
<td>• Emphasis on acute</td>
</tr>
<tr>
<td>• Does not include hospitals or specialists</td>
<td>specialists, post acute providers</td>
<td>and post-acute</td>
</tr>
<tr>
<td>• Lower risk model</td>
<td>• Risk-based payment</td>
<td>care teams working</td>
</tr>
<tr>
<td>• Attribution - often assigned based on most recent visit</td>
<td>• Attribution – patients assigned on plurality of care</td>
<td>together</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Usually includes hospitals</td>
</tr>
</tbody>
</table>

Pay for Performance | Bundled / Episode-Based Payments | Shared Savings | Capitation = Global Capitation + Partial Capitation

Medicaid Managed Care Regulations

Final Rule issued April 2016

Among other provisions, State Medicaid Agencies may require an MCO to:

• Implement value based purchasing models for provider reimbursement
• Participate in multi-payer delivery system reform or performance improvement

Phase out of supplemental payments – with option to move payments into value-based payment models

Commercial Insurers Accelerate VBP

“Our industry is in the midst of a profound shift from fee-for-service, or volume-based care, to value-based care. Aetna has successfully built more than 72 ACO relationships with providers, growing from very small numbers in 2011 to more than 2 billion dollars in revenue today. … We plan to maintain 75 percent of our medical spending in value-based contracts by 2020.”

- Charles Kennedy, MD, chief population officer for Healthagen, Aetna

Source: Health Care Learning & Action Network
MACRA Overview

New Driver for Value-Based Payment

MACRA Creates a New Medicare Payment Program for Clinicians

MIPS
Merit-based Incentive Payment System

APM
Alternative Payment Models

MACRA Quick Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td>Quality Payment Program (QPP)</td>
<td>New program name for MACRA’s change in Medicare Physician Fee Schedule</td>
</tr>
<tr>
<td>Merit-Based Incentive Payment System (MIPS)</td>
<td>New pay for performance approach under Medicare</td>
</tr>
<tr>
<td>Alternative Payment Models (APMs)</td>
<td>Payment models (ACOs, medical home models, etc.) used by CMS and other payers</td>
</tr>
<tr>
<td>Eligible Clinicians</td>
<td>New term for Medicare eligible providers</td>
</tr>
<tr>
<td>Composite Performance Score (CPS)</td>
<td>Overall clinician score based on four weighted performance categories</td>
</tr>
<tr>
<td>Advancing Care Information (ACI)</td>
<td>Replaces requirements for the Medicare DRG incentive program; the new term to use instead of meaningful use</td>
</tr>
<tr>
<td>Improvement Activities (CPIAs)</td>
<td>Category of activities under MIPS that affects 15% of CPS; includes activities aimed at improving care</td>
</tr>
</tbody>
</table>
**MACRA Eligible Clinicians (ECs)**

5 Types of Eligible Clinicians (ECs)
- Physicians, PAs, NPs, CNS, CRNA
- After 2020, CMS may expand to other clinicians in Medicare FFS: PT, OT, NMW, CSW, Clinical Psychologists, Dieticians and Nutrition professionals

**Not covered by MACRA:**
- Hospitals/Medicare Part A payments
- FQHCs/RHCs and Medicaid Providers

**Exclusions:**
- 1st year ECs
- “Non-patient facing” provider
- Low-volume providers who do not bill at least $30,000 under the Medicare Physician Fee Schedule or care for more than 100 Medicare patients yearly
- Advanced APM Qualifying Provider

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**MIPS: A Consolidation of Programs**

**MERIT-BASED INCENTIVE PAYMENT SYSTEM (MIPS)**

- Physician Quality Reporting System
- EHR Incentive Program and Meaningful Use
- Physician Value-Based Modifier

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**2017 Reporting Options**

<table>
<thead>
<tr>
<th>Option 1:</th>
<th>Option 2:</th>
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<tbody>
<tr>
<td>Test Only</td>
<td>Partial Year</td>
</tr>
<tr>
<td><strong>QPP</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Option 3:</th>
<th>Option 4:</th>
</tr>
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<tbody>
<tr>
<td>Full Year</td>
<td>Advanced APM</td>
</tr>
</tbody>
</table>
Providers will receive a **MIPS final score** based on 4 weighted performance categories:

<table>
<thead>
<tr>
<th>Year</th>
<th>Quality</th>
<th>Cost</th>
<th>Improvement Activities</th>
<th>Advancing Care Information</th>
<th>MIPS Final Score 0-100</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY19</td>
<td>60%</td>
<td>0%</td>
<td>15%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>CY20</td>
<td>50%</td>
<td>10%</td>
<td>15%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>CY21</td>
<td>30%</td>
<td>30%</td>
<td>15%</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

**How will MIPS measure performance?**

**Maximum MIPS Payment Adjustments**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY19</td>
<td>-4%</td>
<td>+5%</td>
<td>+7%</td>
<td>+9%</td>
<td>+9%</td>
</tr>
<tr>
<td>CY20</td>
<td>-5%</td>
<td>-7%</td>
<td>-9%</td>
<td>-9%</td>
<td></td>
</tr>
</tbody>
</table>

*CMS may choose the median or mean of MIPS performance scores as the threshold.*

**Source:** Leavitt Partners - MACRA: Quality Incentives, Provider Considerations, and the Path Forward

**MACRA Timeline**

- **October 14, 2016:**
  - Release of Final Rule
- **Jan – Dec 2017:**
  - 1st Performance Period for MACRA
- **March 31, 2018:**
  - Reporting Deadline for First Year
- **Jan – Dec 2019:**
  - 1st Payment Year = +/- up to 4%
What's the big deal about APMs?

Stated intention of CMS that more and more of its $ will be spent in APMs over time

**5% Annual Participation Bonus for Advanced APM participants from 2019-2025**

Favorable scoring under MIPS for all APM participants

Annual update after 2025 is 0.75% for APM entities versus 0.25% for MIPS entities

Advanced Alternative Payment Models

Advanced APM participants are eligible for 5% bonus payment. But, only some APMs are risk-bearing Medicare payment models that qualify for this bonus payment.

- Next Generation ACO Model
- Medicare Shared Savings Program – Tracks 2 & 3
- Comprehensive Primary Care Plus (CPC+)
- Comprehensive ESRD Care Model
- Oncology Care Model Two-Sided Risk Arrangement (in 2018)
- Cardiac & CJR Episode Model (in 2018)

- MACRA does not change how any particular APM rewards value.
- APM participants who are not “Qualifying Providers” (QPs) will receive favorable scoring under MIPS.

Physician Compare

Coming Soon – Your MACRA performance score!
Impact of MACRA on Medicare Providers

Financial & Strategy Implications
- MACRA moves Medicare payment from one size fits all to a meritocracy
- Market share will shift from low performers to high performers over time
- Laggards will have to make exponential leaps in value to catch up with those that perform better as thresholds increase over time

Reputational Status
Publicly available scores on quality and value that compare organizations/professionals will affect:
- Health plan negotiations
- Talent recruitment
- Consumer choice

Case Study:
Is your organization ready for new payment models?

What do you do?

VBP Integrity & Compliance Issues
✓ Reporting requirements & auditing
  - New security risk assessment, data blocking requirements
  - Claims edits, improper payment identification
✓ Patient attribution issues
  - Verification of attributed patients
  - Dumping & Cherry-Picking Patients across providers
✓ Referrals & waivers for services
Thank you!

Questions?