An Overview of MACRA & Value-Based Payment Models

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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)

TCPi Transforming Clinical Practice Initiative
INDIANACTSI
PURDUE HEALTHCARE ADVISORS
University of Kentucky
NORTHWESTERN UNIVERSITY
ALTARUM INSTITUTE
SYSTEMS RESEARCH FOR BETTER HEALTH

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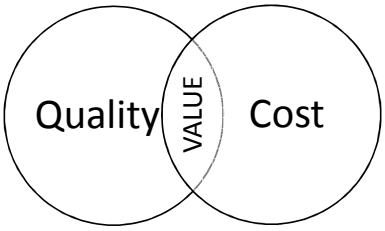
Moving to Value-Based Payment

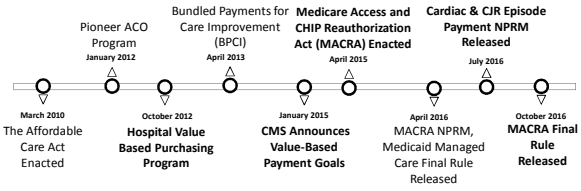
Understanding the What & Why

What is Value Based Payment?



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



Testing Phase

CMS Shifts to Value-Based Payment

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

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

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

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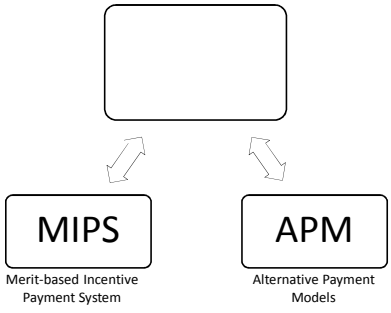
MACRA Creates a New Medicare Payment Program for Clinicians



Merit-based Incentive Payment System

Alternative Payment Models

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MACRA Quick Glossary

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

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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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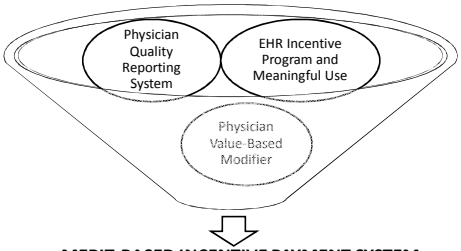
MIPS: A Consolidation of Programs



MERIT-BASED INCENTIVE PAYMENT SYSTEM (MIPS)

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2017 Reporting Options

Option 1: Test Only	Option 2: Partial Year
QPP	
Option 3: Full Year	Option 4: Advanced APM

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How will MIPS measure performance?

Providers will receive a **MIPS final score** based on 4 weighted performance categories:

	Quality	Cost	Improvement activities	Advancing Care Information
CY19	**60%**	**0%**	**15%**	**25%**
CY20	50%	10%	15%	25%
CY21	30%	30%	15%	25%

→ **MIPS Final Score 0-100**

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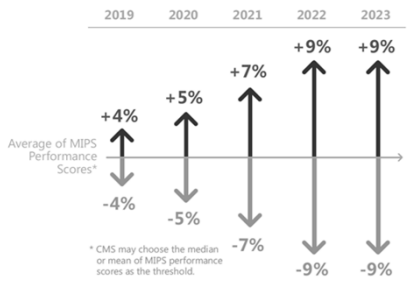
Maximum MIPS Payment Adjustments



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

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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%

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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

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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.

In new MACRA NPRM, Advanced APMs include:

- ✓ **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**.

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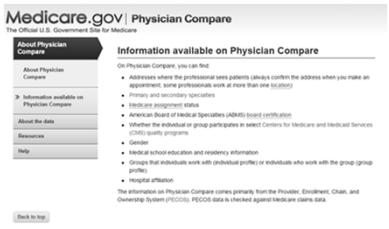
Physician Compare



Coming Soon – Your MACRA performance score!

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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

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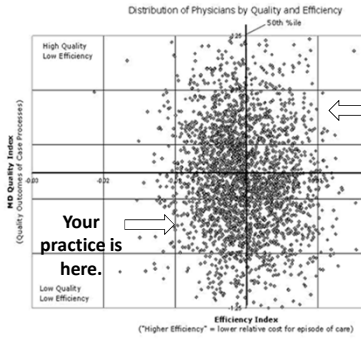
Case Study:

Is your organization ready for new payment models?



Under the new payment models, you can't get paid more unless you are here.

Your practice is here.

What do you do?

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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

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Thank you!

Questions?