



## MACRA Overview

Congress passed the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) with overwhelming bipartisan support in the March of 2015. MACRA did three things of particular importance to nephrologists:

1. Repealed the Sustainable Growth Rate (SGR)
2. Sunsetting three standalone physician facing CMS incentive programs
  - a. The Physician Quality Reporting System (PQRS)
  - b. The Electronic Health Records Incentive Program (aka Meaningful Use)
  - c. The Physician Value-based Payment Modifier (VM)
3. Established a new program-The Quality Payment Program (QPP) which directly impacts the Medicare Physician Fee Schedule

In October of 2016, CMS published the final rule that defines the QPP. With rare exception, starting January 1, 2017 all physicians and advanced practitioners are participating in the QPP. Excluded from the QPP are:

1. Providers new to Medicare
2. Providers who do not clear the low volume thresholds established by the final rule:
  - a. Those who encounter 100 or fewer Medicare beneficiaries during the performance year, or
  - b. Those whose Part B allowable is less than or equal to \$30,000 during the performance year.

Importantly, a provider's performance within the QPP directly impacts his or her Medicare Physician Fee Schedule (PFS) two years later. Specifically, QPP performance in 2017 (the performance year) determines the adjustment to the provider's 2019 PFS (the payment year). The provider's QPP performance in 2018 determines the adjustment to the provider's 2020 PFS, and so on.

### *Two Paths: MIPS and Advanced APMs*

The QPP establishes two distinct paths for providers:

1. **The Merit-based Incentive Payment System (MIPS)**
2. **Advanced Alternative Payment Models (Advanced APMs)**

MIPS will be the most common path for nephrologists in the early years of the program.



## MIPS

MIPS basically rolls up components of the three standalone quality programs which MACRA ended, and adds a fourth category to the mix. The four MIPS categories include:

- Quality
- Cost
- Advancing Care Information (ACI)
- Improvement Activities (IA)

At a very high level, quality looks a lot like PQRS but it's pay for *performance* as opposed to pay for *reporting*. Cost utilizes many aspects of the cost side of the Physician VM. Advancing Care Information is basically Meaningful Use, but easier. And Improvement Activities is a new category which is defined as "an activity that relevant eligible clinician organizations and other relevant stakeholders identify as improving clinical practice or care delivery, and that the Secretary determines, when effectively executed, is likely to result in improved outcomes".

The four categories vary in relative weight for a few years with Quality and Cost accounting for 60% (Cost has been zeroed out for 2017) and Advancing Care Information and Improvement Activities making up 40%. The provider's performance across these four categories is rolled up into a score on a scale from 1-100. The provider's MIPS score is then compared with the performance of all other providers around the nation, and it's that score which dictates the update to the provider's PFS during the payment year. MIPS is a budget neutral program, such that providers receiving a positive PFS adjustment are effectively paid with funds collected from providers receiving a negative PFS adjustment.



Providers may elect to participate in MIPS as individual providers, or they may participate as a practice.



### ***MIPS Scoring Framework***

- Each category has a score
- Each category score is based on measures you choose
- Most measures are scored based on performance – not just yes/no
- Measure performance compares you to all data submitted from prior years

### ***Nephrologists in Alternative Payment Models***

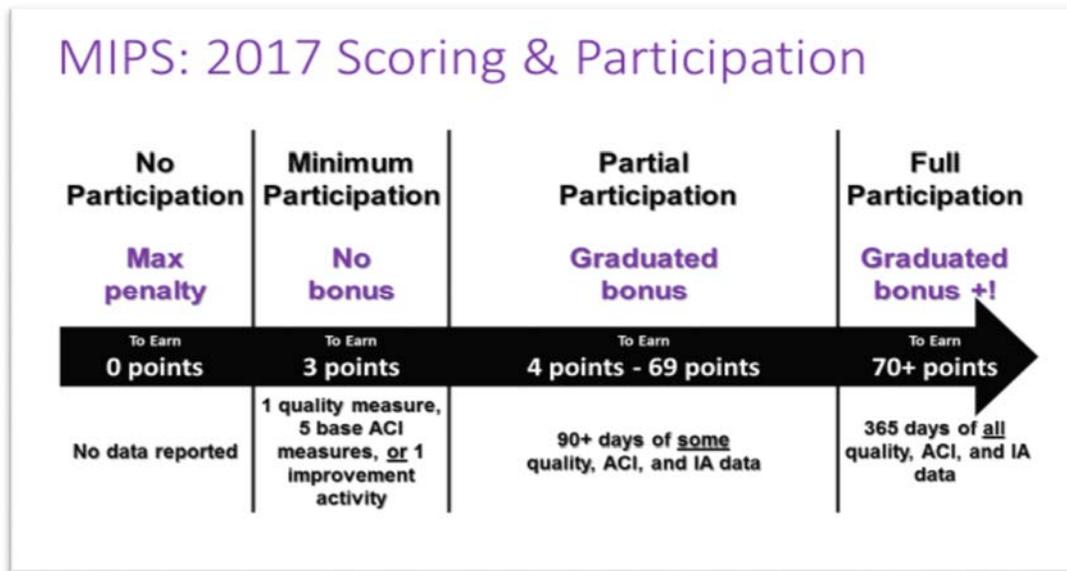
Of note, nephrologists participating in Alternative Payment Models (like a track 1 MSSP ACO) will take a slightly different approach to MIPS. The Quality component for MIPS will be derived from the quality component of the APM. In many instances participating in the APM generates credit for the Improvement Activities category within MIPS. The Cost category in MIPS is not scored for those in an APM. That leaves Advancing Care Information which functions as it does in MIPS. Importantly, all participants in the APM will receive the same MIPS score and as such will see the same PFS update during the payment year.

### ***Transition Year - 2017***

In an effort to ease the burden of this substantial change, CMS will permit providers to “pick your pace” in 2017. This creates four MIPS options in 2017:

1. Do nothing which will result in a 4% downward adjustment to the provider’s 2019 PFS. **RPA strongly recommends against this option.**
2. Report a minimum amount of data for either Quality (1 measure for 1 patient), Advancing Care Information (all base ACI measures) or Improvement Activity (1 activity) which will avoid the 4% penalty in 2019.
3. Partial participation-submit at least 90 days of data for more than 1 performance category which may result in a small positive payment adjustment to the provider’s 2019 PFS. The last 90-day reporting period of 2017 begins October 2.
4. Full participation-Submit a full year of data for all required quality measures, all required improvement activities, and all four required ACI measures (base measures) which may result in a moderate positive payment adjustment to the provider’s 2019 PFS.





## Advanced APMs

The second path within the QPP is participation in an Advanced Alternative Payment Model. The QPP places APMs into one of two categories; MIPS APMs, like the track 1 MSSP ACO example above, and Advanced APMs. The ESRD Seamless Care Organization or ESCO is the Advanced APM most familiar to nephrologists. The principle distinction between a MIPS APM and an Advanced APM is that Advanced APMs must:

- Require participants to use Certified EHR Technology
- Base payments for services on quality measures comparable to those in MIPS
- Require participants to bear more than nominal financial risk

Each year CMS will publish the list of APMs that meet the criteria to be classified as an Advanced APM. Participation in an Advanced APM creates two potential advantages for nephrologists:

1. Exclusion from MIPS, and
2. Potential for receipt of bonus equivalent to 5% of the provider's Medicare Part B allowable payments

These benefits occur when the APM entity clears the thresholds necessary to become a Qualifying Participant (QP). Important points about the QP calculation include:

- The QP designation applies equally to all of the participants in the Advanced APM.
- There is a patient count and a revenue QP calculation, clearing either one achieves the QP designation.
- The QP calculation is performed three times during the year if necessary (once an Advanced APM clears either the patient count or the revenue QP threshold, the APM entity is a QP and the calculation is not repeated).
- The patient count and revenue QP thresholds increase over time.



Requirements for APM Incentive Payments for Participation in Advanced APMs (Clinicians must meet payment or patient requirements)						
Performance Year	2017	2018	2019	2020	2021	2022 and later
Percentage of Medicare Payments through an Advanced APM	25%	25%	50%	50%	75%	75%
Percentage of Medicare Patients through an Advanced APM	20%	20%	35%	35%	50%	50%

Providers within an Advanced APM designated as a QP in 2017 are excluded from MIPS in 2017, and in 2019 those providers receive a lump sum bonus payment equivalent to 5% of their estimated aggregated amounts paid for Medicare Part B covered services in 2018. Advanced APM participants who do not achieve the QP designation may be considered Partial QPs (by achieving a threshold below the QP threshold). Partial QPs do not receive the 5% bonus and they have the option of participating in MIPS. Finally, nephrologists within an Advanced APM that fails to clear the Partial QP hurdles will be subject to MIPS and the approach will be similar to the one outlined above for Track 1 MSSP ACO participants (see *Nephrologists in Alternative Payment Models*).

