Yes, No, Maybe So… Getting Ready for MACRA

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Over the last decade, the switch to a value based payment model is continuing to intensify. Healthcare is always searching for opportunities to improve quality and cost while purchasers, especially federal and state governments, are demanding it. No longer tolerated are payments for poor quality, poor service or waste. Obvious, the herculean challenge to our federal and state regulatory processes is actually formulating, achieving consensus and then enacting the law.

To exacerbate this challenge is that the vacillation on final decisions in Washington DC causes confusion and perpetuates doubt because of the delays. For example, we've seen delays with ICD10, HITECH and now potentially Medicare Access and CHIP Reauthorization Act (MACRA) of 2015. During a U.S. Senate Committee on Finance hearing, Andy Slavitt, acting administrator for the Centers for Medicare & Medicaid Services (CMS), indicated that there could be some revisions to the proposed rule, including a possible delay in the January 1, 2017 proposed start date.

It appears that **delays with MACRA** will be no different than other key healthcare financial legislation, which is both disappointed and frustrating.

Regardless of the impending delay, healthcare payers and providers must be ready! To that end, what is MACRA and what can you do to be ready for yet another regulatory requirements? First of all, at a very high level, MACRA establishes new ways to pay physicians for Medicare patients. Within the Quality Payment Program (QPP), participating providers will be paid based on quality & effectiveness of care with **two new incentive structures:**

Based Incentive Payments System (MIPS)

- Combines three existing incentive programs and adds a fourth component to promote ongoing improvement and innovation to clinical activities into one new Quality Program (QPP)

Based Incentive Payments System (MIPS) *continued*

  - The Physician Quality Reporting System (PQRS), the Value Modifier (VM or Value-based Payment Modifier) and the Medicare Electronic Health Record (EHR) incentive program
  - Clinical Practice Improvement Activities (CPIA)

- Measures will be based on Quality, Resource Use, Clinical Practice Improvement, and Meaningful Use of EHR Technology
- Positive, negative or neutral adjustments to base rate of Medicare Part B Payment will increase each year starting in 2019
- Adjustments are required to be budget neutral, no additional spending as higher performers are reimbursed from reduced payments of poorer performers
- Positive and negative adjustments will increase from 4% to 9% from 2019 (based on 2017 performance) to 2022 and after

Alternative Payment Models (APM)

- Provides an alternative payment method to incent quality and cost savings for Medicare providers
- Some providers in APMs are also subject to MIPS, but favorable scoring with correspondingly higher reimbursement rates
- Requires use of certified EHR
- Payments must be calculated using evidence-based quality measures that are reliable and valid
- Eligible APMs will only include payment models in which physicians bear 'more than nominal' risk for financial losses
- Examples of APMs include ACO, Patient Centered Medical Homes and bundled payments
- Opportunity for incentive payment to providers who qualify for advanced APM

As with all healthcare legislation, both providers and payers must be ready. Ensuring clinical information systems, information sharing across the care continuum, optimizing clinical work flows and engaging patients for education and compliance are paramount for success.

The following lists some key areas as to how providers will be impacted and/or can be prepared.

- MACRA rules and payments only apply to Medicare Part B payments
- Providers will need to know what is happening across the system outside of their offices for patient outcomes for a longitudinal view
- Informatics will be key since the reliance for good and accurate data is critical, which will often come from multiple delivery systems
- May require the need to change or modify technology and data infrastructure, to ensure that current EHR systems can support data interoperability
- MIPS data reporting will need to be aggregated, assessed and mined quickly, efficiently and accurately to target opportunities for intervention and action
- Data sharing standards will be key component to enable changes in patient care
- Penalties for not reporting or for low quality may impact financials this year

How providers will be impacted and/or can be prepared. *(continued)*

- Physicians must choose MIPS or APMs after careful review of financial benefit/impact and potential to influence holistic care delivery and adherence to care plans
- Understand payment outcomes to MACRA established physician fee schedule updates each year. Also, understanding exemptions from MIPS will be critical.
- If a PQRS tool is currently used, determine if it can be leverage for MIPS requirements.
- Analyze current Quality and Resource Use Report (QRUR) to understand your performance in terms of cost and quality to help prioritize improvements
- If your practice doesn't provide Chronic Care Management (CCM), consider the cost-benefit opportunity for increasing revenue to support performance and quality improvements

To fully promote the focus on paying for value and better outcomes, there is opportunity for payers to consider the following actions with the launch of MACRA:

- Renegotiate existing Medicare Provider contracts to ensure incentives and penalties are included for quality improvement, customer servicing and cost reductions
- Provide transparency for provide and health plan costs, quality and service performance
- Provide comprehensive chronic care management services for the disease states aligned with HEDIS, PQRS, MACRA

Regulatory changes bring challenges but also opportunity to transform internal processes to improve quality and financial performance. Also, with transparency, the opportunity presents itself to market your performance results nationally to promote your health system as a benchmark for quality improvement and potentially establishing yourself as a center of excellence. Although there's uncertainty of when MACRA will be enacted, it is fortuitous to be ready at least with your planning process.

Enacting on the proposed guidelines now will improve your organizational readiness to **ensure your desired results are achieved** and hopefully exceeded.

Contact

For additional information on any of the material you've read here, please feel free to reach out to Jim Slubowski directly.

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