CMS's Proposed MACRA Rule and What It Means for ACOs

May 2016

MACRA Implementation Overview

MACRA NPRM Released

- CMS released its major NPRM on MACRA implementation
- Major ACO implications:
  - Track 1 MSSP ACOs would be excluded from advanced APM list - would not earn 5% MACRA bonuses and must participate in the Merit-Based Incentive Payment System (MIPS).
  - Track 2, 3 and Next Generation ACOs on the list of advanced APMs
  - ACOs given favorable benefits under MIPS for being APMs
  - CMS proposes a 2-year lag for MIPS/APM performance and payment years (ex. 2017 performance for 2019 payment adjustments)
- CMS resources
  - Executive Summary of the Proposed Rule
  - Timeline of MIPS and APMs
  - Factsheet on proposed MIPS EHR performance category

APMs

Advanced APMs

To be an Advanced APM, an APM must:

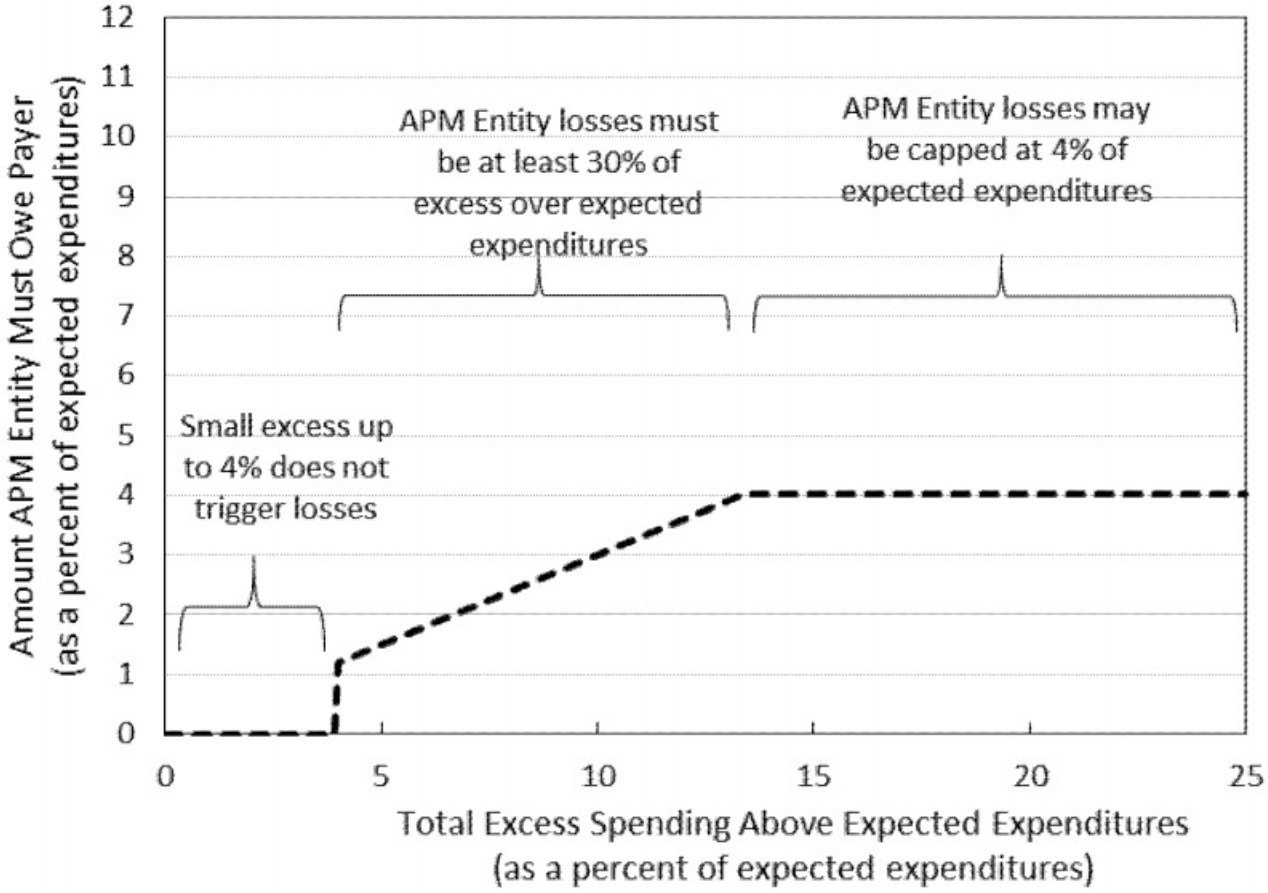
- Require participants to use certified EHR technology
- Provide payment for covered professional services based on quality measures comparable to those in MIPS
- Meet both the financial risk standard and nominal risk standard OR be an expanded Medical Home Model
- CMS would post the list of Advanced APMs on their website prior to/at the start of the performance period.

Advanced APMs

CMS proposes Advanced APMs (other than medical homes) must meet these financial risk criteria:

- Minimum loss ratio at or below 4%
- Marginal risk of 30%+
- Total risk of 4%+ of expected expenditures

Example of Risk Arrangement That Would Meet Nominal Amount Standard (75% marginal risk rate, 2% MLR, 10% total risk, and non-episode payment model)



Advanced APMs

Advanced APMs for 2017 performance/2019 payment:

- Comprehensive ESRD Care (CEC) (LDO arrangement)
- Comprehensive Primary Care Plus (CPC +)
- Oncology Care Model (OCM) two-sided risk
- Medicare Shared Savings Program, Tracks 2 and 3
- Next Generation ACO

APMs

- **APM Entity (ex. MSSP ACO)**
  - An entity that participates in an APM or Other Payer APM through a direct agreement with CMS or a non-Medicare other payer, respectively.
- **APM Entity Group (ex. ACO participant TIN)**
  - Group of ECs participating in an APM Entity, as identified by a combination of the APM identifier, APM Entity identifier, TIN, and NP
- **APM Affiliated Practitioner (not applicable for ACOs)**
  - EC who has a contractual relationship with the Advanced APM Entity, based at least in part on supporting the Advanced APM Entity's quality or cost goals under the Advanced APM. Only relevant for APMs that don't have a formal Participant List.

APMs

- **Qualifying APM Professionals (QPs):**
  - 2019 through 2024, eligible clinicians (ECs) receiving a substantial portion of their revenue through Advanced APMs and meeting other applicable requirements
  - Would receive 5% lump-sum bonus based on their Medicare covered professional services in the preceding year.
  - CMS estimates that between 30,658 and 90,000 clinicians would qualify for Advanced APM bonuses, resulting in estimated total APM incentive payments of between $146M and $429M in 2019.
- **Partial QPs:**
  - Clinicians that are in Advanced APMs but fall just short of the required Medicare thresholds (ex. for 2017 performance: those with 20% of Part B payments through an Advanced APM rather than 25%+)
  - Partial QPs have the OPTION to report and be scored under MIPS.

Advanced APMs

- QPs must have a certain % of Medicare payments through the Advanced APM or must meet criteria for a patient count threshold.
- CMS proposes to calculate this threshold in the following manner

$$\frac{\text{Attributed beneficiaries}}{\text{Attribution-eligible beneficiaries}}$$

- **Attributed beneficiaries**: those attributed to the Advanced APM Entity according to the Advanced APM's attribution rules, based on the latest available list of attributed beneficiaries during the QP Performance Period.
- **Attribution-eligible beneficiaries:** (similar to ACO assignable beneficiaries) min. of one claim for E&M service by an EC/group within an APM Entity for any period during the QP performance period.
- CMS QP determination is calculated at the Advanced APM Entity level collectively across all ECs
- These definitions do not change ACO attribution definitions/methods

Advanced APM QP Thresholds

Payment Year	2019	2020	2021	2022	2023	2024+
QP Payment Threshold	25%	25%	50%	50%	75%	75%
Partial QP Payment Threshold	20%	20%	40%	40%	50%	50%
QP Patient Count Threshold	20%	20%	35%	35%	50%	50%
Partial QP Patient Count Threshold	10%	10%	25%	25%	35%	35%

Advanced APM Bonus

- AAPM eligibility based on two years prior to payment year. 5% bonus amount calculated based on Medicare estimated aggregate payments for covered professional services during year before bonus is paid (ex. 2018 for 2019 bonus)
  - 3 month claims run-out. Would not factor in Advanced APM payment adjustments (ex. shared savings to Next Gen ACO)
  - Payment would not be included in ACO expenditures for benchmarks
- CMS pays the bonus to the TIN associated with the QP's participation in the Advanced APM.
  - If QP leaves that TIN in between the performance and payment year, the bonus goes to the QP's new TIN
- Paid sometime in payment year (between June - Dec.)

NAACOS Response to AAPMs

- We have consistently advocated to have all ACOs included as eligible/advanced APMs under MACRA
  - Ex. NAACOS comments on MACRA request for information (2015)
- Over 90% of ACOs are still in Track 1 and unable to commit to the considerable financial risk required under 2-sided models
- We have been urging CMS to recognize and reward the significant investments ACOs make to provide high quality care and participate in the program.
- NAACOS statement with concerns about CMS's MACRA NPRM
- Ongoing discussion and meetings with CMS, Congress, White House and MedPAC and gearing up for major advocacy initiatives this spring and summer

MIPS

MIPS Eligible Clinicians

- MIPS evaluates the following clinicians: physicians, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists and groups including such clinicians.
- Only applies to office-based physicians/clinicians reimbursed by Medicare. Does not apply to hospitals, facilities, or Medicaid.
- Can elect evaluation at the group level – performance aggregated across the TIN's ECs. APMs are evaluated at APM Entity (ACO) level
- ECs are identified by TIN/NPI combination. Those in an ACO would be identified by a combination of the ACO identifier/TIN/NPI
- CMS estimates that between approximately 687,000 and 746,000 clinicians would be evaluated under MIPS in PY 1 (2017)

MIPS Exclusions

- Advanced APM QPs and certain Partial QPs (those who do not report on applicable measures/activities under MIPS). Partial QPs given the option to report under MIPS.
- Those with less than $10,000 in Medicare billed charges & provide care for fewer than 100 Medicare patients during reporting period
- Newly enrolled ECs
- ECs with certain specialties
  - Audiology, Certified Nurse Midwives, Counselor/Clinical Psychologist, Dietitian/ Nutritionist, Physical/Occupational Therapy, Social Worker
- Non-patient-facing MIPS ECs: EC or group that bills 25 or fewer patient-facing encounters during a performance period.
- Hospital-based clinicians (i.e., those with 90%+ services furnished in hospital POS during performance period)

MIPS and ACOs

- CMS determines an EC's composite performance score (CPS) to determine and apply a MIPS adjustment factor for a specific year.
- An ACO in MIPS would receive a single CPS that would be applied to each of its participating MIPS ECs.

Performance Category	General weights for MIPS ECs/groups	ACO weights
Quality	50%	50%
Advancing Care Information	25%	30%
Resource Use	10%	0%
Clinical Practice Improvement Activities	15%	20%

MIPS: Quality

- For most ECs: report on 6 measures with at least one cross-cutting measure and an outcome measure if available.
  - If outcome measure is not available, the EC would report one other high priority measure (ex. appropriate use, patient safety, efficiency, patient experience, or care coordination measures)
- CMS intends to decrease weight of quality over time to 30%
- ACOs continue to report through the CMS Web Interface
  - MIPS quality satisfied by ACOs through successful MSSP quality reporting via the CMS Web Interface
  - Web Interface MIPS benchmarks would be determined from the corresponding reporting year

MIPS: Advancing Care Information

- Replaces Meaningful Use for ECs (changes for hospitals to come)
- Not an all or nothing approach, multiple paths to achieve the max. score
- 15 measures, 11 required
- Base evaluation is calculated on 6 yes/no questions related to:
  - Protecting Patient Health Information*, Electronic Prescribing, Patient Electronic Access, Coordination of Care through Patient Engagement, Health Information Exchange, Public Health and Clinical Registry Reporting* (* required)
- Scoring: ECs receive an overall score (up to 100 points) equal to: base score (up to 50 points) plus performance score (up to 80 points) and optional Public Health Registry bonus. ECs with 100+ receive full credit.
- MSSP ACO's performance is evaluated based on the participant TINs' performance, weighted across TINs based on their number of ECs. Next Gen ACO performance is a mean of individual EC's performance
- Learn more with this CMS resource on Advancing Care Information

MIPS: CPIA

- Focuses on a patient-centered approach to care designed to drive improved patient health outcomes
- Each clinical practice improvement activity is worth a certain number of points (10 or 20), which are summed and compared against the highest potential score (60) points.
- Based on MSSP participation, ACOs start with 50% base score (30 points)
  - ACOs are evaluated at the ACO level, which is based on reporting by each ACO participant TIN. CMS weights the TINs based on number of ECs. Next Gen ACO performance is a mean of individual EC performance.

CPIA requires MIPS ECs to select subcategories from the following:

- **Expanded practice access** (ex. same day appointments for urgent needs and afterhours access to clinician advice.)
- **Population management** (ex. monitoring health conditions of individuals to provide timely health care interventions)

MIPS: CPIA

- **Care coordination** (ex. timely communication of test results, timely exchange of clinical information to patients or other providers, and use of remote monitoring or telehealth.)
- **Beneficiary engagement** (ex. establishment of care plans for individuals with complex care needs, beneficiary self-management assessment and training, and using shared decision-making mechanisms.)
- **Participation in an APM**
- **Achieving health equity** (ex. gives bonus to high quality care to underserved populations)
- **Emergency Preparedness and Response** (ex. ex. MIPS EC participation in Medical Reserve Corps)
- **Integrated behavioral and mental health (**ex. integrating behavioral health with PC to address substance abuse disorders)

MIPS Scoring

MIPS Composite Performance Scores (CPS) calculated based on each reporting year.

- Scores above the threshold → positive adjustment factor
- Scores equal to the threshold → neutral adjustment factor
- Scores below the threshold → negative adjustment factor

MIPS Year	Max Bonus/Penalty
2019	4%
2020	5%
2021	7%
2022 and beyond	9%

MIPS Scoring

- CMS computes a CPS for each EC ranging from 0 – 100
  - Based on the performance standards for each category, taking into account the assigned weights of each category.
- Scaling factor can result in 3 times the max. payment adjustment (ex. 4% x 3 = 12% in 2019). Additional bonus of up to 10% available for exceptional performance (i.e., those in the top 25th percentile)
- Targeted review process where EC could request CMS review the calculation of their MIPS adjustment factor
- The performance threshold is the level of performance at the composite performance score level and those above that level receive bonuses / those below receive penalties
- MIPS performance would be posted on Physician Compare website

MIPS

CMS's projected MIPS penalties and bonuses across specialties and the overall estimated adjustments

TABLE 63: MIPS PROPOSED RULE ESTIMATED IMPACT ON TOTAL ALLOWED CHARGES BY SPECIALTY: MID-POINT ESTIMATE*

Provider Type	# of Physicians / Clinicians	Allowed Charges (mil)	% with Negative Payment Adjustments	% with Positive Payment Adjustments
All specialties	**761,342**	**$72606**	**45.5%**	**54.1%**

NAACOS Advocacy

- NAACOS has repeatedly advocated that all ACOs be included as advanced APMs under MACRA
- CMS must recognize and reward the significant investments ACOs make to provide high quality care and participate in the program
- Concerns that Track 1 ACOs will drop out of MSSP
- Strongly advocating that the proposal to exclude Track 1 ACOs not be finalized

MACRA Next Steps

- Comments on the MACRA proposed rule are due June 27 and may be submitted via regulations.gov
- NAACOS planning to release results of ACO Cost and MACRA Implementation survey in the coming weeks
  - THANK YOU! to those who participated
- Final rule by November – could be sooner
- 2017 performance impacts MIPS and APM payment for 2019

Learn More about MACRA

- The Fall 2016 Conference will focus in many ways on the implementation of MACRA
- September 28-30 at the Capital Hilton, Washington, D.C.
- Registration is now open. Please visit https://conferences.naacos.com/fall2016/index.htm to view the agenda and register for the conference.