Medicare Law
Could Cost You, or Earn You More

4 REASONS TO GET MACRA-READY NOW

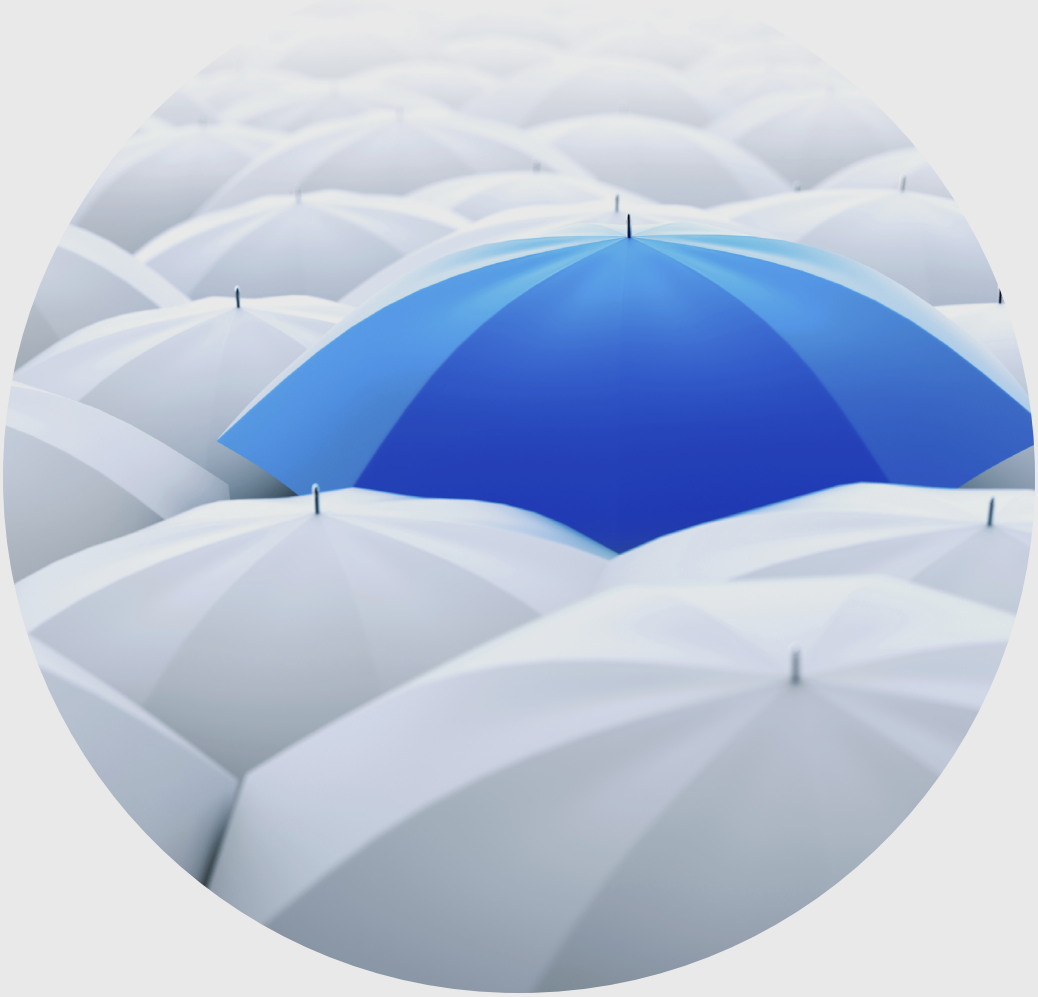

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TABLE OF CONTENTS

BE PREPARED

Asked what they think about Medicare, Millennials often say it won't exist by the time they are old enough to use it. And with 10,000 Baby Boomers entering Medicare every day, they may have a legitimate concern.

Fortunately, sustaining the social safety net is a government priority, and the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) was passed to transition clinician payments from the quantity-based Fee-For-Services (FFS) to a merit-based, Quality Payment Program (QPP).

Asked about the new program in the Deloitte Center for Health Solution 2016 Survey of US Physicians, 50 percent of physicians admitted that they have never heard of MACRA, and 32 percent recognized it by name but were not familiar with its requirements.

Although the first payment adjustments based on performance do not go into effect until January 1, 2019, participation began January 1, 2017, so it's important to get ready as soon as possible to maximize payment and prevent penalty.

This guide provides an overview of MACRA in 2017 as well as four reasons to get MACRA-ready as soon as possible.

MACRA BASIC FAQS FOR 2017

WHO DOES MACRA AFFECT?
In year one, if you are in an Advanced Alternative Payment Model (APM) OR if you bill Medicare more than $30,000 a year AND provide care for more than 100 Medicare patients a year, you will be part of the Quality Payment Program and will either be in the Advanced Alternative Payment Model (APM) or the Merit-Based Incentive Payment System (MIPS) track.

WHEN DOES IT START?
You can choose to start any time between January 1 and October 2, 2017, but if you are trying to qualify for a positive payment adjustment, start right away.

HOW DOES IT WORK?
You submit all your 2017 data by March 31, 2018, and your 2019 Medicare payments will either remain the same, or be adjusted (up or down) based on your participation level, data submitted and payment model selected.

WHAT ARE THE DIFFERENT TRACKS?
You will either participate in the Merit-Based Incentive Payment System (MIPS), or an Advanced APM, depending on qualifying factors. If you participate in an Advanced APM through Medicare Part B, you may earn an incentive payment, and if you are in MIPS, you may receive a performance-based payment adjustment. The Advanced APM track does not result in penalties. Unfortunately, not all clinicians will have the qualifications to participate in an Advanced APM, so they will need to move quickly to prepare for the MIPS track.

MORE INFORMATION IS AVAILABLE AT WWW.QPP.CMS.GOV

WHAT ARE THE 2017 MIPS PARTICIPATION LEVEL CHOICES?

1. No participation. Organizations that are not exempt from MIPS and do not send in any 2017 data will receive a negative 4 percent payment adjustment.
2. Report one measure for a minimum 90-day period. Reporting only one Quality, ACI, or CPIA measure will earn enough MIPS points to avoid a penalty.
3. Report more than one measure for a minimum 90-day period. If you submit 90 days of 2017 Quality, ACI, or CPIA data to Medicare, you may avoid a penalty and potentially earn a positive payment adjustment.
4. Report a full year of 2017. If you submit a full year of 2017 data to Medicare, you may earn a positive payment adjustment.

HOW WILL PAYMENTS BE DETERMINED?

MIPS Payments

Medicare will pay clinicians based on their performance in the following categories: Quality, Resource Utilization, Clinical Practice Improvement Activities and Advancing Care Information. The size of your payment will depend both on how much data you submit and your performance results.

OR

Advanced APM Payments

If you receive 25% of Medicare payments or see 20% of your Medicare patients through an Advanced APM in 2017, then you earn a 5% incentive payment in 2019 and are exempt from MIPS.

NEXT UP: HOW YOU MAY BE AFFECTED

REASON ONE: **COMPETITION WILL INCREASE**

Because MACRA is a budget-neutral law, the government is not investing more or less money into the budget. Instead, the clinicians being penalized will finance those who are rewarded. Consequently, most clinicians will not break even, but will either perform above or below the requirements, so be sure you aren't the one funding someone else's reward. See the point system description below to see how the MIPS point system works on a basic level.

1. Each year, CMS sets a number of points as the Performance Threshold (PT) needed to result in a zero percent adjustment to clinicians' Medicare Part B payments.

2. For every point above the PT, the provider earns a higher incentive payment. For each point below the threshold, the provider is assessed a penalty, up to the maximum penalty.

3. Because every point on either side of the PT raises or lowers the reimbursement, it is likely that very few clinicians will experience a zero adjustment.

TOP PERFORMERS CAN WIN BIG

Performance Year	Payment Year	Maximum Negative Adjustment	Positive Adjustment Opportunity
2017	2019	-4%	+4% to +12%
2018	2020	-5%	+5% to +15%
2019	2021	-7%	+7% to +21%
2020	2022	-9%	+9% to +27%

Positive adjustments will be awarded to the top 25th percentile proportionally, resulting in up to a maximum of 3 times the payment for some clinicians.

IMPLICATIONS

If you are already in tough competition with other practices, be prepared for a new level of competition. You will need to improve patient outcomes and effectively track and report data in a short period of time. Updated technology will be essential. Now is the time to improve your processes so you are able to focus on what will count the most.

REASON TWO: **CLINICIAN SCORES WILL BE PUBLIC**

Understanding that consumers have become more interested in and adept at locating clinician ratings online, CMS will publish each clinician's annual MIPS Composite Performance Score (CPS) as well as his/her scores in each of the MIPS performance categories. Clinicians will be rated on a scale of zero to 100 alongside their national peers. All scores for the performance year are tied to and follow the clinician even if the clinician changes organizations.

What goes into a MIPS Composite Performance Score?

Clinician Quality performance score **multiplied by** the category weight (50% in 2017) + Resource Use/ Clinical Cost performance score **multiplied by** the category weight (10% in 2017) + Clinical Practice Improvement Activities performance score **multiplied by** the category weight (15% in 2017) + Advancing Care Information performance score **multiplied by** the category weight (25% in 2017) → Subtotal x 100 = **MIPS Composite Performance Score (CPS)**

Use the Quality Payment Program online education tool to explore category measures.

IMPLICATIONS

It will be increasingly important for your organization to protect its reputation because performance scores cannot be changed until the next performance year's results are released—essentially for two years. For organizations interested in hiring clinicians, the clinician CPS may factor in to hiring decisions and compensation plans.

REASON THREE: **MEANINGFUL USE WILL BE LESS FORGIVING**

Meaningful Use was previously an all-or-nothing compliance program where a clinician only needed to meet the compliance threshold to be considered 100 percent compliant. With Meaningful Use being replaced by the new Advancing Care Information (ACI) performance category, the extent of a clinician's compliance will be reflected in his/her ACI point score. Use the chart below to see how a clinician may go from good scores to bad scores without doing anything differently.

HOW PREVIOUS MEANINGFUL USE RATES TRANSLATE TO NEW ACI SCORES

	PRIOR SCORING		NEW SCORING	
	Performance Rate with Meaningful Use (10% threshold)	Meaningful Use Compliance	ACI Score in Points	ACI Compliance Translated into Percentages
Clinician A	15%	100%	2/10	20%
Clinician B	90%	100%	10/10	100%

In the example above, using prior Meaningful Use performance rates, Clinician A and Clinician B both received the compliant designation even though Clinician B performed at a higher level. With the MIPS ACI category, Clinician A would no longer have a good score for Meaningful Use. *It's important to note that neither Medicaid Meaningful Use, nor eligible hospital MU programs are affected by MACRA. ACI is only replacing Medicare Meaningful Use.*

IMPLICATIONS

Good scores will be harder to achieve. Look back at all your data that will fall into the new MIPS categories and see where there is room for improvement. If change is needed, consider implementing policies and procedures to re-orient your organization so you will be able to maximize your MIPS scores.

REASON FOUR: **SMALL PRACTICES MAY EXPERIENCE EXODUS**

MIPS category scoring will result in rewards that are based on population health and coordinated care, so specialists who work with primary care doctors should benefit greatly. However, because small and rural practices are more isolated, they may suffer lower reimbursement rates. With odds against them, physicians in smaller practices are more likely to either seek employment with hospitals and large independent physician groups, or seek to affiliate with them to avoid penalties.

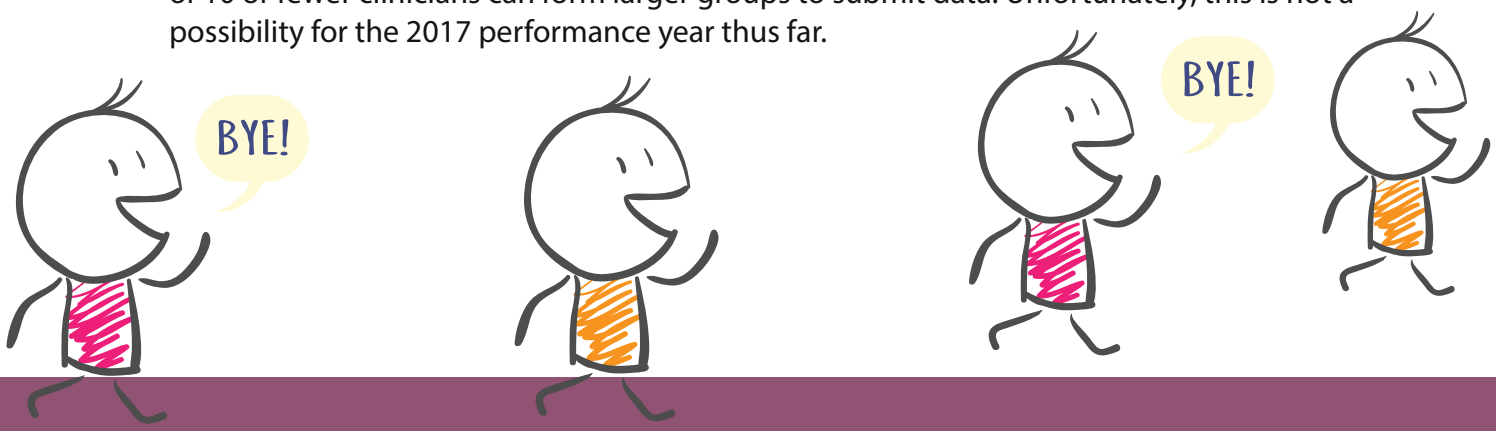
HOW CMS PROPOSES TO HELP SMALL PRACTICES

1. Originally, the CMS proposed a $10,000 per year threshold, but changed it out of concern for smaller practices. Practices billing less than $30,000 or with under 100 Medicare patients per year will be exempt from MIPS.

2. The CMS promised increased technical assistance for small practices, those in rural areas, and those in areas with healthcare professional shortages.

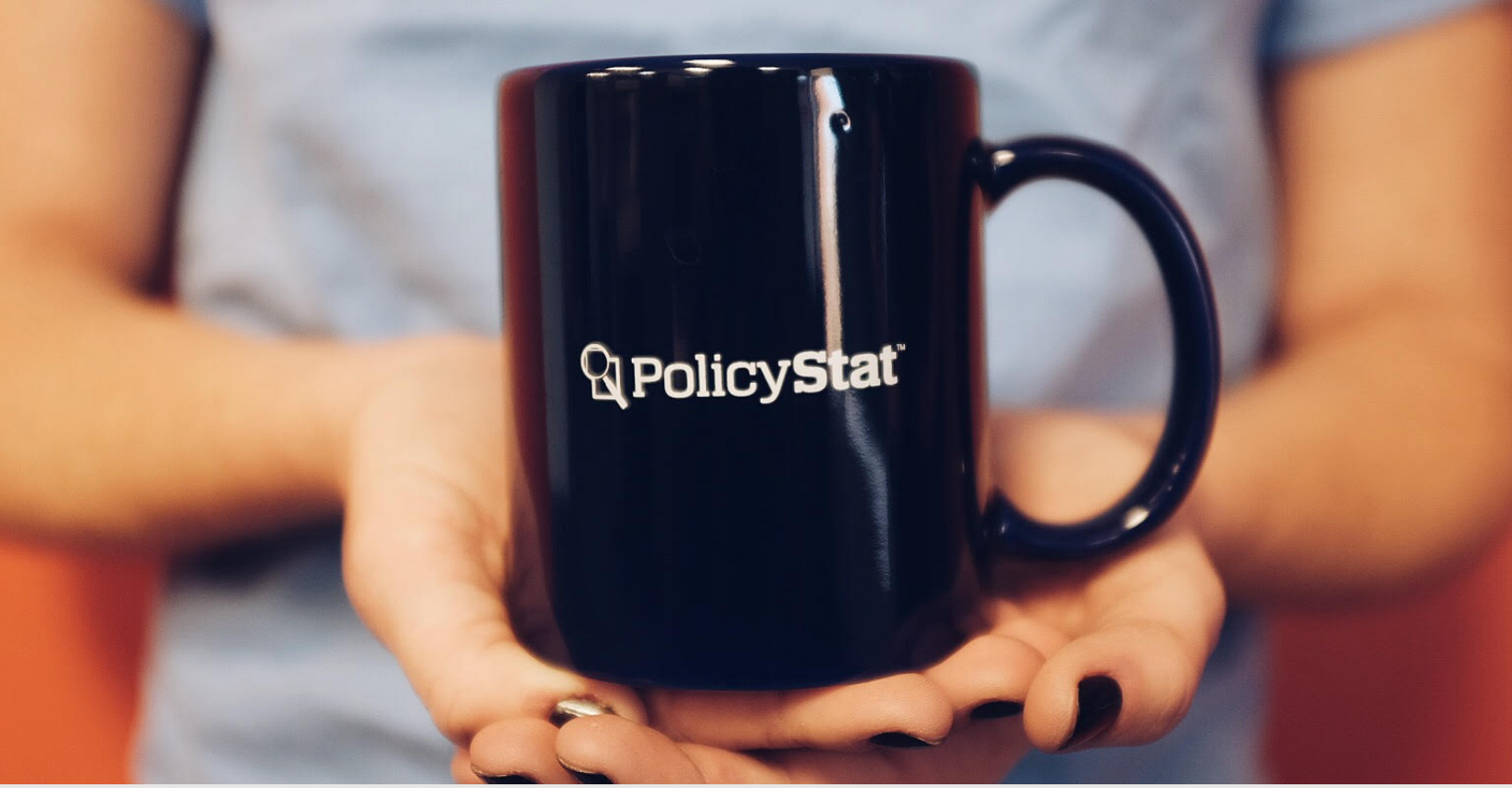
3. In the 2017 performance year, clinicians can choose to be scored on either an individual-clinician basis or as a group of clinicians (defined by a tax ID), so it is possible to affiliate and report with a larger group of physicians.

4. In future years, CMS plans to implement virtual groups where individual clinicians and groups of 10 or fewer clinicians can form larger groups to submit data. Unfortunately, this is not a possibility for the 2017 performance year thus far.



IMPLICATIONS

Although CMS plans to implement virtual groups, it hasn't done so yet. Physicians in small practices may begin seeking employment and affiliation with larger groups and hospitals. Hospitals taking on the extra physicians may have higher costs because they will need to ensure ongoing compliance with MIPS. Patients may have to travel farther to see their clinicians. And clinician shortages may result in some areas while clinician supply may outweigh demand in other areas.



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