

# MACRA, MIPS & More: Making it all Manageable

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## Presentation Overview

- MACRA background and policy objectives
- Merit-Based Incentive Payment System (MIPS)
- Alternative Payment Models (APM)
- Implications, issues, concerns and opportunities
- Problems, Pitfalls & Practical Guidance
- Questions



## Physician Payment



- Based on a complicated formula:
  - Facility or Non-Facility Pricing Amount =  
$$[(\text{Work RVU} * \text{Work GPCI}) + (\text{Transitioned Facility or Non-Facility PE RVU} * \text{PE GPCI}) + (\text{MP RVU} * \text{MP GPCI})] * \text{Conversion Factor (CF)}$$
- Initial conversion factor was created in 1992 and adjusted annually based on three factors:
  - The Medicare Economic Index (MEI)
  - RVU budget neutrality
  - Medicare expenditures for physician services as compared to a sustainable growth rate

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## Sustainable Growth Rate



- For the first few years of SGR, Medicare expenditures did not exceed targets and doctors received modest pay increases
- In 2002, doctors faced a 4.8% pay cut
- Every year since 2002, Congress has passed legislation to temporarily defer these physician pay cuts



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# Too many payment patches



Law	Cut Year	Score (bil.)	Law	Cut Year	Score (bil.)
PL 108-7	2003	\$54.0	PL 111-192	2010 (6 mos)	\$6.0
PL 108-173	2004, 2005	\$0.2	PL 111-286	2010 (1 mo)	\$1.0
PL 109-171	2006	-\$0.4	PL 111-309	2011	\$14.9
PL 109-432	2007	\$3.1	PL 112-78	2012 (2 mos)	\$3.6
PL 110-173	2008 (6 mos)	\$6.4	PL 112-96	2012 (10 mos)	\$18.0
PL 110-276	2008 (6 mos), 2009	\$9.4	PL 112-240	2013	\$25.2
PL 111-118	2010 (2 mos)	\$2.0	PL 113-67	Jan-Mar 2014	\$7.3
PL 111-144	2010 (1 mo)	\$1.0	P.L. 113-93	Apr 2014-Mar 2015	\$15.8
PL 111-157	2010 (2 mos)	\$2.0	<b>Total Cost</b>		<b>\$169.5</b>

Source: Congressional Budget Office 2015

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# Pre MACRA Goals



## Medicare Fee-for-Service

**GOAL 1:** 30% 

Medicare payments are tied to quality or value through **alternative payment models** (categories 3-4) by the end of 2016, and 50% by the end of 2018

**GOAL 2:** 85% 

Medicare fee-for-service payments are **tied to quality or value** (categories 2-4) by the end of 2016, and 90% by the end of 2018

**STAKEHOLDERS:**  
Consumers | Businesses  
Payers | Providers  
State Partners



Set internal goals for HHS



Invite private sector payers to match or exceed HHS goals

Source: Centers for Medicare & Medicaid Services (CMS)

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