2017 Issue Brief

Improve MACRA

AMGA appreciates Congressional passage of the Medicare Access and CHIP Reauthorization Act 0f 2015 (MACRA), which repealed the sustainable growth rate payment mechanism and aims to bring more stability to Medicare physician reimbursement. The law grants providers predictable payments until 2019 when two new systems will be implemented: the Merit-based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (APMs). During this time of transition, AMGA members have been working to prepare for this new payment system to provide an even higher level of care.

MACRA also begins to transition from volume-based Medicare payments to payments based on value by mandating provider payment risk. The legislation relies significantly on the creation of Advanced APMs to incentivize this transition to a value-based payment model. Beginning in 2019, physicians and medical groups may qualify as an APM participant and receive a 5% bonus if they meet certain requirements. To qualify as an Advanced APM participant, providers must meet or exceed minimum revenue thresholds coming from Advanced APMs or minimum numbers of Medicare beneficiaries in APMs. In 2019, 25% of a provider's Medicare revenue must come from APMs. In 2021, 50% of revenue must come from an APM, 25% of which must be from Medicare. This threshold increases to 75% in 2023, 25% of which must be from Medicare revenue.

However, these requirements as currently drafted are unlikely to be met and will not attract the critical mass of physicians and medical groups necessary to define success.

AMGA Asks Congress to:

Count Medicare Advantage (MA) Revenue in 2019

Many providers contract with MA plans, which incent coordinated care and value-based payment, a tenet of MACRA. But in 2019, MA revenue will not count towards providers' calculations to qualify as an Advanced APM. **Congress should allow MA revenue to count in payment year 2019 to ensure that providers have greater opportunities to participate in APMs, which have the potential to improve overall population health.**

Do Not Penalize Providers in Areas That Lack Commercial Risk Products

According to AMGA's 2nd annual risk readiness survey, 64% of AMGA members reported that they had little to no access to commercial risk products in their local markets. This is relevant because in 2021, providers' participation in commercial risk products will assist them in meeting revenue threshold requirements for the Advanced APM program. Congress should not penalize providers if there are insufficient levels of risk arrangements in their local markets. **If there is an insufficient level of commercial risk penetration in a local market, an Advanced APM should instead have to meet the 25% Medicare financial threshold to qualify for the Advanced APM incentive.**

Allow All ACOs to Qualify as Advanced APMs

Congress should allow all federal ACOs to qualify as Advanced APMs. Currently, only downside risk ACOs can qualify as Advanced APMs although all ACOs require multimillion-dollar investments in information technology, care process re-design, and staffing needed to develop the competencies necessary to participate in value-based payment.

It is important to note that of the 480 ACOs currently in the Medicare Shared Savings Program (MSSP); only 42 or 8% of ACOs were not in Track 1. These 42 ACOs take downside risk and would qualify as an Advanced APM. If policymakers want to ensure that these 438 remaining ACOs continue to participate in quality-driven care, participants in these care models must receive the Advance APM incentives under MACRA.

AMGA supports MACRA's goal of developing new APMs that better align quality with cost. However, current APM requirements are unlikely to be met, and we do not believe the program will attract sufficient numbers of medical groups and physicians to make the program successful. Adopting the changes noted above will allow Congress to meet its goal of transitioning Medicare Part B into a truly value-based payment system.