2016 Issue Brief

Improve MACRA

In 2015, Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA) which in part repealed the sustainable growth rate payment mechanism and eliminated the annual race to stop significant cuts to Medicare physician payment. The law grants providers stable payments over four years which allows medical groups to plan, develop budgets, and create care processes that better meet the needs of their patients. This spring, the Centers for Medicare and Medicaid (CMS) issued a proposed rule to implement this law with the objective of finalizing these MACRA regulations by the fall of 2016.

MACRA creates two payment systems that mandate provider risk: the Merit-Based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (Advanced APMs).

MIPS is a fee-for-service payment system with payment adjustments based upon a composite performance score. Beginning in 2017, providers will be assessed on four components: Quality, Health Information Technology Meaningful Use, Resource Use, and Clinical Practice Improvement Activities. In 2019, providers will receive a payment update based upon past performance with a potential +4% payment eventually growing to +9% in 2022 and beyond.

The other option for providers are Advanced APMs which commence a transition of Medicare physician payments from volume to value by mandating provider payment risk. Beginning in 2019, physicians and medical groups may qualify as an Advanced APM participant and are eligible to receive a 5% bonus if they meet certain requirements. However, these requirements as currently understood may not attract a substantial number of physicians and medical groups necessary to define success.

AMGA Asks the Congress To:

Adjust Advanced APM revenue thresholds. According to AMGA’s risk readiness survey, 22% of AMGA members indicated that no insurers were offering risk-based products in their market, while 48% of our members declared that only 1 to 19% of insurers were offering risk-based arrangements in their market. Consequently, most providers are unlikely to achieve Advanced APM revenue thresholds, which increase from 25% in 2019 to 75% in 2023 and beyond, without increased commercial payer involvement in offering risk based products. Revising the thresholds to better reflect market conditions is necessary to attract a sufficient numbers of APMs. Conversely, Congress could waive the threshold requirement if there is insufficient levels of commercial value products in local markets. Medical groups should not be excluded from being an Advanced APM because of a lack of commercial payer participation.
Include APM investments in the definition in nominal downside risk. APM participants will be required to take on more than “nominal” downside risk to be considered an Advanced APM. At a minimum, we believe the definition should include the multi-million dollar investments our members will make in information technology, care process re-design, and staffing needed to develop the competencies necessary to take on more than “nominal” downside risk. Medical groups are at risk for these costs and they should be included in the definition of “nominal” downside risk.

MACRA states that ACOs are APMs. However, it is clear that Track 1 ACOs will not be considered Advanced APMs. The Centers for Medicare and Medicaid Services (CMS) preliminarily estimated in 2011 that the average start-up and first-year operating expenses for establishing an ACO is $1.8 million. That figure is five years old and vastly underestimates actual costs. Track 1 ACOs are already at risk for these investments and should be considered Advanced APMs. We further note that of the 434 ACOs currently in the Medicare Shared Savings Program (MSSP) program, only 22 or 5% of ACOs are not in Track 1. If policymakers want to ensure that these 412 ACOs continue to participate in quality driven care, participants in these care models must receive the Advanced APM incentives under MACRA.

Delay the Advanced APMs and MIPS programs until 2021, to enhance the long-term viability of MACRA.

Beginning the Advanced APM program in 2019 will unnecessarily limit the number of medical groups and physicians that will participate in Advanced APMs. According to AMGA’s risk readiness survey, 41% of AMGA member organizations need between three and five years before they can accept downside risk. In fact, 17% of our members stated they needed six or more years to be able to successfully accept downside risk. The majority of our members have made multi-million dollar investments in the infrastructure needed to take risk and they continue to need more time before they can succeed in a risk environment. Other physicians are likely to be far behind this curve. We believe that delaying this program until 2021 would ensure increased provider participation and consequently enhance the long-term viability of Advanced APMs.

For the MIPS program, all Medicare Part B clinicians will report through this program beginning in January 2017. AMGA remains concerned about the quick timeline, as Medicare will begin assessing performance under a new program that will be finalized in the fall of 2016 and effective in less than six months.