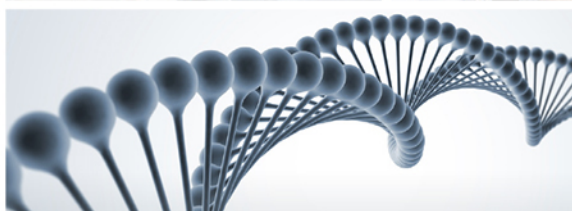


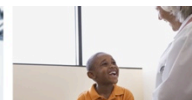
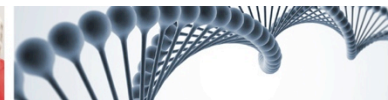
MACRA and Alternative Payment Models

July 1, 2015



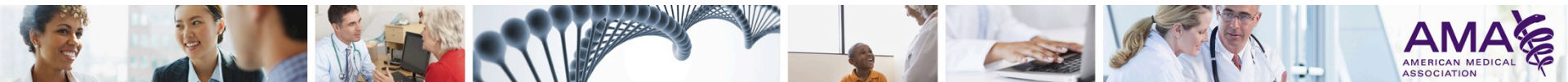
APM provisions in MACRA

- For services furnished during 2019 through 2024, physicians participating in APMs receive annual lump sum bonus payments equal to 5% of their covered Medicare professional services
- To be eligible for these payments, physicians' level of participation in the qualified APMs must reach certain threshold levels, starting with 25% of either revenues or patients in 2019-20 and growing to 75% by 2023
 - Physicians who are close to these thresholds can “partially qualify”
- For purposes of calculating the percentage of a physician's revenue that is attributable to an APM, CMS can take the revenue percentage for part of a year and extrapolate to the whole year



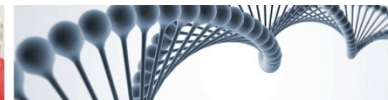
APM provisions in MACRA

- To qualify for these payments, the “alternative payment entity” must require use of a certified EHR, have quality measures in place, and bear “more than nominal financial risk”
- APMs include Medicare Shared Savings Program ACOs, all CMS Innovation Center initiatives *except* Health Care Innovation awards, and certain demonstration programs
- Physicians participating in patient-centered medical homes authorized by CMMI also qualify for bonuses and do not need to bear financial risk
- Threshold levels may be met either through Medicare APMs alone or in combination with other payers’ APMs



Payment Updates for Physicians in APMs

- For 6 years, physicians who meet threshold participation levels are eligible for lump sum bonuses of 5%
 - 5% is on top of the regular payment updates for all physician services
 - 5% is also on top of any extra revenue the physician receives from the APM, such as savings achieved or monthly per-patient payments
- Beginning in 2026, physicians in APMs receive annual payment updates of 0.75% whereas other physicians receive payment updates of 0.25%



MACRA Provisions to Support APM Development

- Physician-Focused Payment Model Technical Advisory Committee
 - Reviews proposed models submitted by stakeholders and makes recommendations to the HHS Secretary
 - 11 members appointed by GAO; no more than 5 can be providers
 - Nominations due to GAO July 22 with appointments to be made in October
- Technical Assistance
 - \$20 million per year for FY 2016 through 2020
 - Eligible entities include QIOs, regional collaboratives and others
 - Assistance to practices of 15 or less, rural and HPSAs for MIPS participation and transition to APMs





Challenges

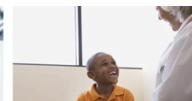
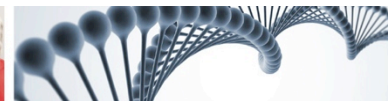
Getting Sufficient APMs Implemented by 2019

- All physicians should have access to at least one APM in which they could feasibly participate
- Few physicians likely to be interested in current CMS approach of tying financial risk to total cost of care for a patient population
- Many specialties commented on Specialty Payment Models RFI but CMMI has not yet responded and asked for proposals
- CMS and Payment Models Committee should facilitate development of new models that allow physicians to take accountability for managing costs that they can influence, such as the quality and cost of care for particular conditions or treatment plans
- MACRA encourages CMMI to develop models for non-primary care physicians and those in practices of 15 or fewer professionals



Engaging Physicians for Sustained Effort

- AMA has met with many physicians who are very interested in APMs
- The need to focus on billable services in order to sustain practice revenues as well as Medicare penalties and compliance burdens have made many physicians skeptical of new initiatives
- Once a few good prototypes become available, others are likely to see APMs as a positive opportunity to get off the hamster wheel
- Important to demonstrate movement towards new models in order to retain the incentives that start in 2019

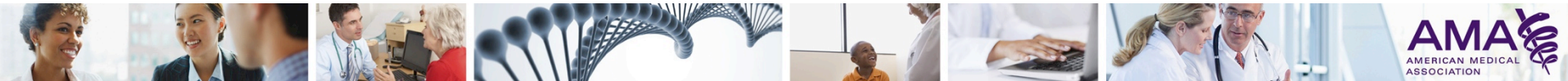




Steps to Develop APMs

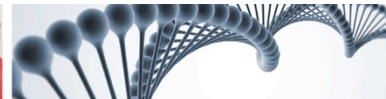
Steps Needed for Medical Societies to Develop APMs

1. Identify leading health conditions/procedures for the specialty
2. Organize physician task force to identify opportunities and barriers
3. Prioritize opportunities/barriers for development of an APM
4. Appoint payment reform committee to develop APMs for priority areas
5. Provide resources to support committee's work
6. Coordinate development of APMs with other specialties
7. Gain support from the physicians in the specialty
8. Demonstrate business case for change to purchasers/payers



Key Considerations

- There are no shortcuts to developing a good APM for your specialty that is going to help them financially and improve patient care
- Need a group of committed and engaged physicians because only physicians themselves know where the real opportunities are to improve care and lower costs:
 - Which patients are getting unnecessarily expensive tests or procedures
 - Which repeat operations could be avoided with better advance planning
 - How to improve patients' self-management of their chronic conditions to avoid exacerbations
 - How to manage high-risk patients to prevent them from developing these chronic conditions



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Medicare Alternative Payment Models

The AMA's successful effort to repeal Medicare's sustainable growth rate formula also succeeded in creating new opportunities to create better payment systems. The Medicare Access and CHIP Reauthorization Act (MACRA) requires a 5% annual bonus payment to physicians who are participating in alternative payment models on top a 0.5% annual update and it exempts them from participating in the new merit-based incentive payment system.

- Goals for payment reform
- Efforts to support physician-designed alternative payment models
- Opportunities to improve care and reduce spending
- Barriers in current payment systems
- Payment changes that can overcome barriers
- Developing the business case for payment reform
- Designing alternative payment models

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Related Links

- Understanding Medicare Physician Payment Reform
- RAND study: Effects of Health Care Payment Models on Physician Practice in the United States
- H.R. 2 Bill Summary
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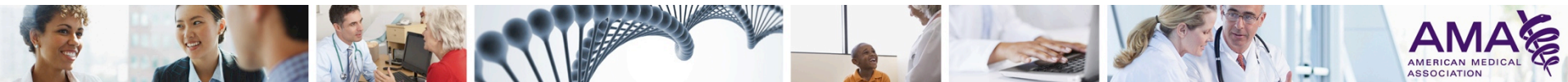
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How AMA Can Help

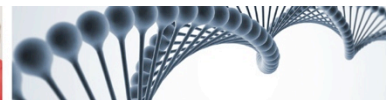
- Facilitate meetings to help identify potential APM opportunities
- Address cross-cutting issues, such as how to:
 - Identify the accountable provider
 - Determine which patients are in the model (triggering service or diagnosis)
 - Risk adjust payments
 - Code or report which patients are in the APM
- Convene multiple specialties to work on APMs that involve different disciplines, like stroke and osteoarthritis
- Connect societies with organizations that can help with data issues
- Advocacy with Administration, Congress, CMS, MedPAC, private payers



Physicians Will Need Help Choosing a Path

Risks under APMs

- Will APM payments be adequate to cover services patients need?
- Will risk adjustment be adequate to control for differences in need?
- How will costs of other APM providers involved in patients' care be controlled?
- What portion of payments will be withheld based on quality measures?
- Will the practice have enough patients in the APM to cover the costs of managing the new payment and get the 5% Medicare bonus?



It's Not *More* Risk Than Today, It's Just *Different* Risk

Risks under FFS

- Will payments be adequate to cover the costs of delivering services?
- What utilization controls will payers impose on services?
- What “value-based” payment reductions will be made based on “efficiency” or quality measures?
- What payments will be retroactively recouped due to payer audits?
- Will the practice have enough patients to cover its practice expenses?
- Will accountable payment model networks disrupt FFS referrals?

Risks under APMs

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- Will risk adjustment be adequate to control for differences in need?
- How will costs of other APM providers involved in patients' care be controlled?
- What portion of payments will be withheld based on quality measures?
- Will the practice have enough patients in the APM to cover the costs of managing the new payment and get the 5% Medicare bonus?





APM Regulatory Issues in MACRA

Key Issues to be Addressed in MACRA Regs

- Define Alternative Payment Model and Alternative Payment Entity
 - Truly new models vs. additions to “fee-for-service architecture”
- Identify pathways to get APMs developed, approved and implemented
- Define how to meet requirement for “more than nominal financial risk”
- Resolve timing of MIPS and APM “performance periods” for purposes of getting bonus payments
- Determine what role Physician-Focused Payment Model Committee will play in getting qualified APMs implemented
- Fund technical assistance and define its content

