Radical Redesign

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Patient-Centered Health Advisory Council
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Four Pillars of Health Care Transformation

• Put the patient in the center
• Transparency and openness
• Elimination of waste and continuous improvement
• Collaboration and partnership
CMS support of healthy care *Delivery System Reform* will result in better care smarter spending, and healthier people.
Delivery System Reform Requires Focus
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- Pay Providers
- Deliver Care
- Distribute Information
Medicare Reporting Prior to MACRA

- Physician Quality Reporting System (PQRS)
- Value-based Payment Modifier (MU) (Meaningful Use)
- Electronic Health Records Incentive Program (EHR)
• Medicare Access & CHIP Reauthorization Act of 2015 (MACRA)
  – Bipartisan legislation signed into law April 2015
  – Permanently repeals the 1997 Sustainable Growth Rate (SGR) formula
  – Streamlines multiple quality reporting programs into 1 new system (MIPS)
  – Provides Bonus Payments for participation in Eligible Alternative Payment Models (APMs)
MACRA, SGR and MIPS

• MACRA: *Must Choose* Between Two Value-Based Payment Tracks:
  1. Merit-Based Incentive Payment System (MIPS)
  2. Alternative Payment Models (APM)
MACRA
Paying for Value

Merit-based Incentive Payment System (MIPS)

Alternative Payment System (APM)
MACRA streamlines these programs into **MIPS**

- **PQRS**
- **MU**
- **EHR**

Merit-based Incentive Payment System (MIPS)
Merit-Based Incentive Payment System (MIPS)

• **Effective Date of January 1, 2019**
  – Performance measurement begins January 1, 2017

• **Features of PQRS, the Value Modifier (VM) and the EHR Meaningful Use program are included in MIPS**

• **Clinicians will be evaluated using a scoring system from 0 to 100**
  – Score will be used to determine and apply a MIPS payment adjustment factor for 2019 onward
  – Adjustment can be positive, negative or zero
  – Budget neutral program
MACRA changes how Medicare pays clinicians

Services Provided → Medicare Fee Schedule → Adjustments → Final Payment to clinician

PQRS

MU

EHR
MACRA changes how Medicare pays clinicians

Plus, minus or zero change based on MIPS score
Merit-Based Incentive Payment System (MIPS)

PQRS, MU and VM will combine into a single payment adjustment under MIPS in 2019

- Meaningful Use of EHRs (25%)
- Quality Measures (30%)
- Clinical Improvement Activities (Access, Care Coordination, Patient Satisfaction, Access Measures, etc.) (15%)
- Resource Use: Cost Measures (30%)

## MIPS Payment Adjustment Schedule

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Sunset of existing penalties PQRS, VBM, EHR 12/31/2018</td>
</tr>
<tr>
<td>2016</td>
<td>Permanent Repeal of SGR</td>
</tr>
<tr>
<td>2017</td>
<td>Updates in Physician Payments</td>
</tr>
<tr>
<td>2018</td>
<td>0.5% (7/2015-2019)</td>
</tr>
<tr>
<td>2019</td>
<td>0% (2020-2025)</td>
</tr>
<tr>
<td>2020</td>
<td>0.25% (2026)</td>
</tr>
<tr>
<td>2021</td>
<td>Merit-based Incentive Payment System (MIPS)</td>
</tr>
<tr>
<td>2022</td>
<td>Start of MIPS 2019 Measurement Cycle</td>
</tr>
<tr>
<td>2023</td>
<td>+/-4%</td>
</tr>
<tr>
<td>2024</td>
<td>+/-5%</td>
</tr>
<tr>
<td>2025</td>
<td>+/-7%</td>
</tr>
<tr>
<td>2026</td>
<td>+/-9%</td>
</tr>
<tr>
<td>2027</td>
<td>MIPS exceptional performance adjustment: Up to 10% annually (2019-2026)</td>
</tr>
</tbody>
</table>
What clinicians does MACRA not effect?

1. First year of Medicare Part B participation
2. Below low patient volume threshold
3. Certain participants in **ELIGIBLE** Alternative Payment Models
MACRA, SGR and MIPS

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Alternative Payment System (APM)

Merit-based Incentive Payment System (MIPS)
What is a Medicare Alternative Payment Model (APM)?

APMs are new approaches to paying for medical care through Medicare that incentivize quality and value.

1. **CMS Innovation Center Model**
2. **Medicare Shared Saving Program (MSSP)**
3. **Demonstrations** under the Health Care Quality Demonstration Program, or required by federal law
Alternative Payment System

4 In **Eligible** APM, and a **QP**

3 In **Eligible** APM, Not **QP**

2 In non-eligible APM

1 Not in APM: Subject to MIPS
“Eligible” APMs are the most advanced APMs

As defined by MACRA, eligible APMs must meet the following criteria:

1. *Base payment on quality* measures comparable to those of MIPS
2. Require use of **EHR** technology
3. Either…
   1. *Bear more than nominal financial risk*
   2. *Be a medical home model expanded under CMMI authority*
MACRA provides **additional** rewards for participating APMs

### Potential Financial Rewards

![Diagram showing financial rewards](diagram)

**NOT in APM**
- MIPS Adjustments

**In APM**
- MIPS Adjustments
  - **APM-specific rewards**

**In Eligible APM**
- APM-specific rewards
  - 5% Lump Sum Bonus
How do I become a **qualifying** APM participant (QP)?

**Qualifying Participants (QP) have a certain % of patients or payments through an eligible APM (25% in 2019-20)**

QPs will:

- **Receive a 5% lump sum bonus**
  - Bonus applies 2019-2024
  - Then will receive a higher fee schedule update starting in 2026
- **Be excluded from MIPS (as long as meet volume)**
MACRA provides additional rewards for participating APMs

**Potential Financial Rewards**

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**Potential Financial Rewards**

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*Some people may be in eligible APMs but not have enough payments or patients to be a QP*
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MACRA Take Away Points

1. MACRA changes the way Medicare pays clinicians and offers financial incentives for providing higher value care.

2. Medicare Part B clinicians will participate in the MIPS program, unless they are in their 1st year, have low volume, or meet criteria for participation in certain APMs.


4. A proposed rule has been released with final rule targeted for fall 2016.
So...why are we here?
Elements of Radical Redesign

1. Change the balance of power… *co-production*
2. Standardization
3. Customization
4. Promote well-being
5. Joy in the work
Elements of Radical Redesign

6. Make it easier…Lean
7. Modernization
8. Collaboration
9. Assume abundance
10. Return the money