

PUBLICATION

CMS Finalizes Changes to the Future of Physician Reimbursement with the Quality Payment Program [Ober|Kaler]

2016

CMS released the Final Rule with comment period delineating a portion of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) known as the Quality Payment Program (QPP) on October 14, 2016, with the official Federal Register version to be released on November 4, 2016. With the introduction of the QPP Proposed Rule earlier this year, CMS spurred a flurry of feedback and concerns from various stakeholders, especially those providers in small, independent practices. CMS received approximately 4,000 comments on its Proposed Rule, and, as a result, CMS introduced several notable changes in the Final Rule and launched a [website](#) to educate people about the QPP. One significant change in the Final Rule is that providers can pick alternative options for participation instead of full participation during the first performance period, **which begins on January 1, 2017.**

Prior to MACRA, CMS used a complex statutory formula, called the Sustainable Growth Rate, in an attempt to lower overall physician reimbursement from the Medicare Part B Trust Fund. The QPP supersedes the annual threat of reduced physician reimbursement posed by the Sustainable Growth Rate. Now, under the QPP, CMS will use a complex system of quality measures and combine previously distinct quality reporting programs under one program. As explained in our prior updates [here](#) and [here](#), physicians, physician practice groups, non-physician practitioners, and other health care industry stakeholders will need to understand QPP and its two tracks: the Merit-Based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (Advanced APMs). An in-depth resource for industry stakeholders on the QPP is forthcoming from the Ober|Kaler team. At this time, a high-level summary of both tracks are included below.

The Merit-Based Incentive Payment System

Under MIPS, CMS consolidated a variety of reporting systems, including the Physician Quality Reporting System, the Value-Based Payment Modifier, and the Medicare Electronic Health Record incentive program. MIPS will apply only to MIPS Eligible Clinicians (ECs), comprised of:

- Physicians,
- Physician Assistants,
- Certified Registered Nurse Anesthetists,
- Nurse Practitioners,
- Clinical Nurse Specialists, and
- Groups that include such professionals.

CMS will evaluate ECs based on four performance categories: quality, resource use (cost), clinical practice improvement, and meaningful use of certified electronic health records technology (CEHRT). CMS ascribes different weights to each performance category, and CMS can change these weights over time.

CMS begins collecting MIPS scores on January 1, 2017, and CMS will use those scores to provide payment adjustments to ECs' Medicare payments beginning in 2019. CMS will provide payment increases and decreases to ECs of up to 4% in 2019. That maximum percentage will increase annually from 4% until it

reaches 9% in 2022, and it is unknown whether the maximum percentage will increase in subsequent years after 2022.

Advanced Alternative Payment Models

CMS created a second track for providers who are participating in certain APMs that meet additional QPP-imposed requirements, called Advanced APMs. Providers who receive 25% of Medicare payments or see 20% of their Medicare patients through an Advanced APM could qualify for incentive payments and be exempt from the MIPS criteria discussed above. Incentive payments will take the form of a 5% increase in Medicare reimbursement beginning in 2019 and are in addition to the incentives built-in to the APM. CMS has currently announced the following Advanced APMs:

- [Comprehensive Primary Care Plus \(CPC+\)](#),
- Medicare Shared Savings Program – Tracks 2 and 3,
- Next Generation Accountable Care Organization Model,
- Comprehensive ESRD Care Model (accountable care model for large dialysis organizations), and
- Oncology Care Model Two-Sided Risk Arrangement.

CMS also introduced in the Final Rule a new Medicare Accountable Care Organization (ACO), called the ACO Track 1+ model. CMS hints that the Track 1+ model will qualify as an Advanced APM and will include lower risk levels for participation in contrast to its Track 1 counterpart. Further details on the ACO Track 1+ model is anticipated from CMS. Additionally, CMS plans to expedite the development of APMs in general so that providers have more options for potential participation in the Advanced APM track of the QPP.

Ober|Kaler's Comments

The Final Rule makes it clear that the QPP could impact the reimbursement of every physician and non-physician practitioner. Although Medicare's Physician Fee Schedule remains unchanged, CMS is subjecting providers, via the QPP, to risk-adjusted payments by tying those payments to quality measures. Whether participating in MIPS or an Advanced APM, physicians can expect the QPP to add complexity in this new era of billing, collecting, and understanding reimbursement.

The Final Rule also allows for a transitional approach for participation. With 2017 as a transition year, physicians, non-physician practitioners, and other health care industry stakeholders should take advantage of this transition by evaluating the QPP's requirements to determine the impact of future payment adjustments, which begin in 2019, against the investment in possible options to maximize reimbursement in such a program.

The percentage of providers subject to risk-adjusted reimbursement will continue to grow. For those providers willing to take on increased financial risk under the QPP, they should consider the Advanced APM track that allows for a potential of a 5% increase in Medicare reimbursement. Providers can monitor the CMS Innovation Center's [website](#) to find out the latest information on new APMs, including how to participate.

Physicians, non-physician practitioners, and other stakeholders should consider the economic and legal ramifications of participating in MIPS, APMs, and Advanced APMs. To assist in this, Ober|Kaler will provide in-depth resources through our *QPP Perspective Series*, which will be a series of articles aimed towards the individual stakeholders impacted by the QPP that will be rolled out in the near future.