



H.R. 2 “THE MEDICARE ACCESS AND CHIP REAUTHORIZATION ACT” (MACRA)
What Physicians Need to Know About Medicare Payment Reform

Most physicians are aware that the new MACRA law eliminated the terrible Medicare Sustainable Growth Rate (SGR) payment formula that threatened large physician payment cuts for the last decade. But most physicians are not aware that MACRA makes sweeping changes to the way Medicare will reimburse physicians in the future. And the private sector is sure to follow. There are many opportunities under MACRA for physicians to take the lead in defining quality and clinical improvement, and designing new payment systems. CMA will be working with AMA and all of organized medicine to ensure that the new payment systems are physician-led and patient-centered.

MACRA is the new law that largely begins in 2019 and positively revamps the Medicare physician payment system. It establishes two different payment systems from which physicians can choose to participate. It maintains the existing fee-for-service payment program and streamlines the existing burdensome reporting programs (PQRS, Value Modifier and Meaningful Use) into one new program. The MACRA fee-for-service program represents a vast improvement over current law, which no longer provides bonus payments and would have subjected physicians to nearly 13% in potential penalties for failing to meet the reporting requirements. The new program reduces the penalty impact and provides up to 9% quality bonus payments with an additional 10%+ bonuses for exceptional performance and it allows physicians to define quality and clinical improvement. The upside potential in the fee-for-service program provides real opportunities for physicians to restore and improve their practices.

The second payment track allows physicians to participate in Alternative Payment Models that have yet to be defined. MACRA allows physicians to design and develop the models and submit them to CMS. This track provides an automatic 5% bonus payment but requires physicians to accept some financial risk. And it requires physicians to participate in clinical quality improvement activities.

Finally, the new law provides millions in direct funding assistance to help small practices. While there is tremendous upside potential for physicians, Medicare payments will continue to be budget neutral which places some physicians at risk. However, California physicians in most regions of the state provide high-quality, cost-effective care compared to the rest of the nation and should do well under the new programs.

Below is a brief outline of the new law. Many of the details will be promulgated through regulation over the next few years because MACRA stipulates physician involvement in developing the new systems. CMA, AMA, the national specialty societies, and others will be actively involved and working collaboratively to develop specialty and multi-specialty payment initiatives that define clinical quality and cost-effective care.

H.R. 2 “THE MEDICARE ACCESS AND CHIP REAUTHORIZATION ACT” (MACRA)
BRIEF SUMMARY

- **Repeals the Medicare Fee-for-Service Sustainable Growth Rate Formula (SGR);**
- **Provides automatic, stable 0.5% updates each year for 4 years:**
 - 0.5% update on June 1, 2015;
 - 0.5% update on January 1, 2016;
 - 0.5% updates annually thereafter until 2019 when the new programs start.
 - .25% annual updates resume in 2026 and beyond.
- **In 2019, physicians can choose to participate in one of two payment track options:**
 - 1. Fee-for-Service Program Track** that simplifies and consolidates the existing quality reporting programs, reinstates large bonuses, and reduces the current penalties.
 - Streamlines the Physician Quality Reporting System (PQRS), Meaningful Use (MU), and Value Based Modifier (VBM) quality programs to create the Merit-Based Incentive Payment System (MIPS). Therefore,
 - Current PQRS, MU and VBM penalties will end in 2019.
 - The maximum MIPS bonuses and penalties will be
 - 4% in 2019;
 - 5% in 2020,
 - 7% in 2021;
 - 9% in 2022 and beyond.However, physicians will be eligible for additional annual bonuses of at least 10% ++ for exceptional performance to be defined.
 - MIPS performance will be assessed using four criteria weighted as follows:
 - Clinical Quality (30%)
 - Resource Utilization (30%)
 - Meaningful Use (15%)
 - Clinical Practice Improvement (25%)These percentages are adjustable for individual physicians and group practices.
 - Quality feedback reports will be more timely and targets known ahead of time.
 - 2. Alternative Payment Model Track** that provides automatic 5% bonus payments but requires physicians to accept “more than nominal” downside financial risk. Allows physicians to develop the new models and submit to CMS. Physicians must certify use of an EHR and participate in quality improvement but they do not have to participate in the fee-for-service quality reporting programs under MIPS.
- **Provides \$125 million in funding to help small practice physicians** transition to the alternative models or quality reporting programs;
- **Provides total cost of care data** to help physicians better manage their practices.